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

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

Or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0-10436

L. B. FOSTER COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1324733**
(State of Incorporation)	*(I.R.S. Employer Identification No.)*
415 Holiday Drive, **Pittsburgh, Pennsylvania** *(Address of principal executive offices)*	**15220** *(Zip Code)*

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, Par Value $0.01.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). ☑ Yes o No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, as of the last business day of the registrant's most recently completed second fiscal quarter was $76,584,384.

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

Class	Outstanding at February 28, 2005
Common Stock, Par Value $0.01	10,070,520 shares

Documents Incorporated by Reference:

Portions of the Proxy Statement prepared for the 2005 annual meeting of stockholders are incorporated by reference in Items 10, 11, 12 and 14 of Part III.

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PART I

ITEM 1. *BUSINESS*

Summary Description of Businesses

L. B. Foster Company is engaged in the manufacture, fabrication and distribution of products that serve the nation's surface transportation infrastructure. As used herein, "Foster" or the "Company" means L. B. Foster Company and its divisions and subsidiaries, unless the context otherwise requires.

For rail markets, Foster provides a full line of new and used rail, trackwork, and accessories to railroads, mines and industry. The Company also designs and produces concrete railroad ties, insulated rail joints, power rail, track fasteners, coverboards and special accessories for mass transit and other rail systems worldwide.

For the construction industry, the Company sells steel sheet, H-bearing and pipe piling and rents steel sheet piling for foundation and earth retention requirements. In addition, Foster supplies fabricated structural steel, bridge decking, bridge railing, expansion joints, mechanically stabilized earth wall systems, precast concrete buildings and other products for highway construction and repair.

For tubular markets, the Company supplies pipe coatings for natural gas pipelines and utilities. The Company also produces threaded pipe products for industrial water well and irrigation markets.

The Company classifies its activities into three business segments: Rail products, Construction products, and Tubular products. Financial information concerning the segments is set forth in Item 8, Note 19. The following table shows for the last three fiscal years the net sales generated by each of the current business segments as a percentage of total net sales.

	Percentage of Net Sales		
	2004	2003	2002
Rail Products	48%	48%	50%
Construction Products	46%	46%	45%
Tubular Products	6%	6%	5%
	100%	100%	100%

RAIL PRODUCTS

L. B. Foster Company's rail products include heavy and light rail, relay rail, concrete ties, insulated rail joints, rail accessories and transit products. The Company is a major rail products supplier to industrial plants, contractors, railroads, mines and mass transit systems.

The Company sells heavy rail mainly to transit authorities, industrial companies, and rail contractors for railroad sidings, plant trackage, and other carrier and material handling applications. Additionally, the Company makes some sales of heavy rail to railroad companies and to foreign buyers. The Company sells light rail for mining and material handling applications.

Rail accessories include trackwork, ties, track spikes, bolts, angle bars and other products required to install or maintain rail lines. These products are sold to railroads, rail contractors and industrial customers and are manufactured within the Company or purchased from other manufacturers.

The Company's Allegheny Rail Products (ARP) division engineers and markets insulated rail joints and related accessories for the railroad and mass transit industries. Insulated joints are made in-house and subcontracted.

The Company's Transit Products division supplies power rail, direct fixation fasteners, coverboards and special accessories primarily for mass transit systems. Most of these products are manufactured by subcontractors and are usually sold by sealed bid to transit authorities or to rail contractors, worldwide.

The Company's Trackwork division sells new and used rail, rail accessories, and produces trackwork for industrial markets.

The Company's CXT subsidiary manufactures engineered concrete railroad ties for the railroad and transit industries.

The Company's Rail Technologies subsidiary developed rail signaling and communications devices for North American railroads. On December 31, 2002, this business was reclassified as a discontinued operation and was sold in February 2003.

CONSTRUCTION PRODUCTS

L. B. Foster Company's construction products consist of sheet, pipe and bearing piling, fabricated highway products, and precast concrete buildings.

Sheet piling products are interlocking structural steel sections that are generally used to provide lateral support at construction sites. Bearing piling products are steel H-beam sections which, in their principal use, are driven into the ground for support of structures such as bridge piers and high-rise buildings. Sheet piling is sold or leased and bearing piling is sold principally to contractors and construction companies.

Other construction products consist of precast concrete buildings, sold principally to national and state parks, and fabricated highway products. Fabricated highway products consist principally of fabricated structural steel, bridge decking, aluminum and steel bridge rail and other steel products, which are fabricated by the Company, as well as mechanically stabilized earth wall systems. The major purchasers of these products are contractors for state, municipal and other governmental projects.

Sales of the Company's construction products are partly dependent upon the level of activity in the construction industry. Accordingly, sales of these products have traditionally been somewhat higher during the second and third quarters than during the first and fourth quarters of each year.

TUBULAR PRODUCTS

The Company provides fusion bond epoxy and other coatings for corrosion protection on oil, gas and other pipelines. The Company also supplies special pipe products such as water well casing, column pipe, couplings, and related products for agricultural, municipal and industrial water wells, as well as micropiles for construction foundation repair and slope stabilization.

MARKETING AND COMPETITION

L. B. Foster Company generally markets its rail, construction and tubular products directly in all major industrial areas of the United States through a national sales force of 72 employees, including outside sales, inside sales, and customer service representatives. The Company maintains 17 sales offices and 14 warehouse, plant and yard facilities throughout the country. During 2004, approximately 5% of the Company's total sales were for export.

The major markets for the Company's products are highly competitive. Product availability, quality, service and price are principal factors of competition within each of these markets. No other company provides the same product mix to the various markets the Company serves. The Company faces significant competition from different groups of companies in each product line.

RAW MATERIALS AND SUPPLIES

Most of the Company's inventory is purchased in the form of finished or semi-finished product. With the exception of relay rail which is purchased from railroads or rail take-up contractors, the Company purchases most of its inventory from domestic and foreign steel producers. There are few domestic suppliers of new rail products and the Company could be adversely affected if a domestic supplier ceased making such material available to the Company. Additionally, the Company has an agreement with a steel mill to distribute steel

sheet piling and H-bearing pile in North America. See Note 18 to the consolidated financial statements for additional information on this matter.

The Company's purchases from foreign suppliers are subject to the usual risks associated with changes in international conditions and to United States laws which could impose import restrictions on selected classes of products and anti-dumping duties if products are sold in the United States below certain prices.

BACKLOG

The dollar amount of firm, unfilled customer orders at December 31, 2004 and 2003 by segment follows:

	December 31,	
	2004	2003
	In thousands	
Rail Products	$ 29,079	$ 37,529
Construction Products	67,736	67,100
Tubular Products	3,249	1,035
	$ 100,064	$ 105,664

Approximately 11% of the December 31, 2004 backlog is related to projects that will extend beyond 2005.

RESEARCH AND DEVELOPMENT

The Company's expenditures for research and development are not material.

ENVIRONMENTAL DISCLOSURES

While it is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly for future remediation and other compliance efforts, in the opinion of management, compliance with environmental protection laws will not have a material adverse effect on the financial condition, competitive position, or capital expenditures of the Company. However, the Company's efforts to comply with stringent environmental regulations may have an adverse effect on the Company's future earnings.

EMPLOYEES AND EMPLOYEE RELATIONS

The Company has 621 employees, of whom 365 are hourly production workers and 256 are salaried employees. Approximately 150 of the hourly paid employees are represented by unions. The union contract at the Company's Bedford, PA fabricated products facility expired on March 10, 2005. The employees are continuing to work under the terms of the expired contract while negotiations continue. The Company believes it can successfully negotiate an extension to the contract without a work stoppage. The Company has not suffered any major work stoppages during the past five years and considers its relations with its employees to be satisfactory.

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

ITEM 2. ***PROPERTIES***

The location and general description of the principal properties which are owned or leased by L. B. Foster Company, together with the segment of the Company's business using the properties, are set forth in the following table:

Location	Function	Acres	Business Segment	Lease Expires
Birmingham, AL	Pipe coating facility.	32	Tubular	2007
Doraville, GA	Transit products facility. Yard storage.	28	Rail	Owned
Niles, OH	Rail fabrication. Trackwork manufacturing. Yard storage.	35	Rail	Owned
Houston, TX	Casing, upset tubing, threading, heat treating and painting. Yard storage.	65	Tubular, Rail and Construction	Owned
Bedford, PA	Bridge component fabricating plant.	10	Construction	Owned
Georgetown, MA	Bridge component fabricating plant.	11	Construction	Owned
Spokane, WA	CXT concrete tie and crossings plant. Yard storage.	13	Rail	2006
Spokane, WA	Precast concrete facility. Yard storage.	5	Construction	2007
Grand Island, NE	CXT concrete tie plant.	9	Rail	Month to month
Hillsboro, TX	Precast concrete facility.	9	Construction	2012
Petersburg, VA	Piling storage facility.	48	Construction	Owned
Suwanee, GA	Office, warehouse and product testing.	4	Rail	2014

Including the properties listed above, the Company has 17 sales offices and 14 warehouse, plant and yard facilities located throughout the country. The Company's facilities are in good condition. During 2005, the Company plans to build a new concrete tie facility in Tucson, AZ in order to maintain adequate production facilities for its present and foreseeable future.

In 2004, the operations at the Doraville, GA location which consisted of transit products operations and yard storage moved to a leased facility in Suwanee, GA. The Doraville, GA location is currently being rented and the Company is preparing the property for sale. At December 31, 2004, the property did not meet the criteria to be classified as "held for resale" under Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and thus, continues to be classified as held and used.

ITEM 3. ***LEGAL PROCEEDINGS***

In 2000, the Company's subsidiary sold concrete railroad crossing panels to a general contractor on a Texas transit project. Due to a variety of factors, including deficiencies in the owner's project specifications, the panels have deteriorated and the owner either has replaced or is in the process of replacing these panels. The general contractor and the owner are currently engaged in dispute resolution procedures, which probably will continue through the second quarter of 2005. The general contractor has notified the Company that, depending on the outcome of these proceedings, it may file a suit against the Company's subsidiary. Although no assurances can be given, the Company believes that it has meritorious defenses to such claims and will vigorously defend against such a suit.

In the second quarter of 2004, a gas company filed a complaint against the Company in Allegheny County, PA, alleging that in 1989 the Company had applied epoxy coating on 25,000 feet of pipe and that, as a result of inadequate surface preparation of the pipe, the coating had blistered and deteriorated. The Company does not believe that the gas company's alleged problems are the Company's responsibility. Although no assurances can be given, the Company believes that it has meritorious defenses to such claims and will vigorously defend against such a suit.

Another gas company filed suit against the Company in August, 2004, in Erie County, NY, alleging that pipe coating which the Company furnished in 1989 had deteriorated and that the gas supply company had incurred $1,000,000 in damages. The Company does not, however, believe that the gas supply company's alleged problem is the Company's responsibility. Although no assurances can be given, the Company believes that it has meritorious defenses to such claims and will vigorously defend against such a suit.

ITEM 4. ***SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS***

None.

ITEM 4A. ***EXECUTIVE OFFICERS OF THE REGISTRANT***

Information concerning the executive officers of the Company is set forth below. With respect to the period prior to August 18, 1977, references to the Company are to the Company's predecessor, Foster Industries, Inc.

Name	Age	Position
Lee B. Foster II	58	Chairman of the Board
Stan L. Hasselbusch	57	President and Chief Executive Officer
Alec C. Bloem	54	Senior Vice President — Concrete Products
Merry L. Brumbaugh	47	Vice President — Tubular Products
Samuel K. Fisher	52	Senior Vice President — Rail
Donald L. Foster	49	Senior Vice President — Construction Products
Robert J. Howard	49	Vice President — Human Resources
John F. Kasel	40	Vice President — Operations and Manufacturing
Gregory W. Lippard	36	Vice President — Rail Product Sales
Linda K. Patterson	55	Controller
David J. Russo	46	Senior Vice President, Chief Financial Officer and Treasurer
David L. Voltz	52	Vice President, General Counsel and Secretary
David J.A. Walsh	52	Vice President — Fabricated Products

Mr. Lee Foster has been a director of the Company since 1990 and he has been Chairman of the Board since 1998. He was the Chief Executive Officer of the Company from May 1990 until January 2002.

Mr. Hasselbusch has been Chief Executive Officer and a director of the Company since January 2002, and President of the Company since March 2000. He served as Vice President — Construction and Tubular Products from December 1996 to December 1998 and as Chief Operating Officer from January 1999 until he was named Chief Executive Officer in January 2002.

Mr. Bloem was elected Senior Vice President — Concrete Products in March 2000, having previously served as Vice President — Geotechnical and Precast Division from October 1999, and President — Geotechnical Division from August 1998. Prior to joining the Company in August 1998, Mr. Bloem served as Vice President — VSL Corporation.

Ms. Brumbaugh was elected Vice President — Tubular Products in November 2004, having previously served as General Manager, Coated Products since 1996. Ms. Brumbaugh has served in various capacities with the Company since her initial employment in 1980.

Mr. Fisher was elected Senior Vice President — Rail in October 2002, having previously served as Senior Vice President — Product Management since June 2000. From October 1997 until June 2000, Mr. Fisher served as Vice President — Rail Procurement. Prior to October 1997, Mr. Fisher served in various other capacities with the Company since his employment in 1977.

Mr. Donald Foster was elected Senior Vice President — Construction Products in February 2005, having served as Vice President — Piling Products since November 2004, and General Manager of Piling since September, 2004. Prior to joining the Company, Mr. Foster was President of Metalsbridge, a financed supply chain logistics entity. He served U.S. Steel Corporation as an Officer from 1999 to 2003. During that time, Mr. Foster functioned as Vice President International, President of UEC Technologies and President, United States Steel International, Inc. Joining U.S. Steel Corporation in 1979, he served in a number of general management roles in the distribution and construction markets.

Mr. Howard was elected Vice President — Human Resources in June 2002. Mr. Howard was Vice President — Human Resources of Bombardier Transportation, the former Daimler Chrysler Rail Systems, a supplier of rail vehicles, transportation systems and services, worldwide, from January 1992 until June 2002. Mr. Howard also served as Director of Employee Relations with US Airways from 1981 until 1992.

Mr. Kasel was elected Vice President — Operations and Manufacturing in April 2003. Mr. Kasel served as Vice President of Operations for Mammoth, Inc., a Nortek company from 2000 to 2003. His career also included General Manager of Robertshaw Controls and Operations Manager of Shizuki America prior to 2000.

Mr. Lippard was elected Vice President — Rail Product Sales in June 2000. Prior to re-joining the Company in 2000, Mr. Lippard served as Vice President — International Trading for Tube City, Inc. from June 1998. Mr. Lippard served in various other capacities with the Company since his initial employment in 1991.

Ms. Patterson was elected Controller in February 1999, having previously served as Assistant Controller since May 1997 and Manager of Accounting since March 1988. Prior to March 1988, Ms. Patterson served in various other capacities with the Company since her employment in 1977.

Mr. Russo was elected Senior Vice President, Chief Financial Officer and Treasurer in December 2002, having previously served as Vice President and Chief Financial Officer since July 2002. Mr. Russo was Corporate Controller of WESCO International Inc., a distributor of electrical construction products, electrical and industrial MRO supplies and integrated supply services, from 1999 until joining the Company in 2002. Mr. Russo also served as Corporate Controller of Life Fitness Inc., an international designer, manufacturer and distributor of aerobic and strength training fitness equipment, primarily to the commercial marketplace (health clubs), from 1991 until 1998.

Mr. Voltz was elected Vice President, General Counsel and Secretary in December 1987. Mr. Voltz joined the Company in 1981.

Mr. Walsh was elected Vice President — Fabricated Products in February 2001. Prior to joining the Company in February 2001, Mr. Walsh served as General Manager of IKG-Greulich, a business unit of Harsco Corp., from February 1998, and as Vice President of Harris Specialty Chemicals Inc. from January 1995.

Officers are elected annually at the organizational meeting of the Board of Directors following the annual meeting of stockholders.

Code of Ethics

L. B. Foster Company maintains a code of ethics applicable to all directors and employees, including its Chief Executive Officer, Chief Financial Officer and Controller. The code of ethics is posted on the Company's website, *www.lbfoster.com*. The Company intends to satisfy the disclosure requirement regarding certain amendments to, or waivers from, provisions of its code of ethics by posting such information on the Company's website.

PART II

ITEM 5. *MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Stock Market Information

The Company had 695 common shareholders of record on January 31, 2005. Common stock prices are quoted daily through the National Association of Security Dealers, Inc. in its over-the-counter NASDAQ quotation service (Symbol FSTR). The quarterly high and low bid price quotations for common shares (which represent prices between broker-dealers and do not include markup, markdown or commission and may not necessarily represent actual transactions) follow:

	2004		2003	
Quarter	High	Low	High	Low
First	$ 8.97	$ 6.50	$ 4.64	$ 3.85
Second	8.25	7.50	5.75	4.03
Third	9.08	6.90	6.05	4.90
Fourth	9.60	7.75	6.94	5.80

Dividends

No cash dividends were paid on the Company's Common stock during 2004 and 2003, and the Company has no plan to pay dividends in the foreseeable future. The Company's ability to pay cash dividends is limited by its revolving credit agreement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information as of December 31, 2004 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by shareholders	1,134,675	$ 4.67	85,125
Equity compensation plans not approved by shareholders	—	—	—
Total	1,134,675	$ 4.67	85,125

The Company awarded shares of its common stock to its outside directors on a biannual basis from June 2000 through January 2003 under an arrangement not approved by the Company's shareholders. A total of 22,984 shares of common stock was so awarded and this program has been terminated. At the Company's 2003 Annual Shareholders' Meeting, a new plan was approved by the Company's shareholders under which outside directors receive 2,500 shares of the Company's common stock at each annual shareholder meeting at which such outside director is elected or re-elected, commencing with the Company's 2003 Annual Shareholders' Meeting. Through 2004, there have been 20,000 shares issued under this plan.

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 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 financing sources.

ITEM 6. ***SELECTED FINANCIAL DATA***

Income Statement Data	Year Ended December 31, 2004(1)	2003(2)	2002(3)	2001(4)(5)	2000(5)(6)
	(All amounts are in thousands, except per share data)				
Net sales	$ 297,866	$ 264,266	$ 257,950	$ 282,119	$ 264,614
Operating profit	2,734	4,796	2,992	5,098	7,960
Income (loss) from continuing operations	1,480	2,163	(5,029)	1,303	3,743
Income (loss) from discontinued operations, net of tax	—	1,277	(2,005)	(666)	(253)
Cumulative effect of change in accounting principle	—	—	(4,390)	—	—
Net income (loss)	1,480	3,440	(11,424)	637	3,490
Basic earnings (loss) per common share:					
Continuing operations	0.15	0.23	(0.53)	0.14	0.39
Discontinued operations	—	0.13	(0.21)	(0.07)	(0.03)
Cumulative effect of change in accounting principle	—	—	(0.46)	—	—
Basic earnings (loss) per common share	0.15	0.36	(1.20)	0.07	0.37
Diluted earnings (loss) per common share:					
Continuing operations	0.14	0.22	(0.53)	0.14	0.39
Discontinued operations	—	0.13	(0.21)	(0.07)	(0.03)
Cumulative effect of change in accounting principle	—	—	(0.46)	—	—
Diluted earnings (loss) per common share	0.14	0.35	(1.20)	0.07	0.37

Balance Sheet Data	December 31, 2004	2003	2002	2001	2000
Total assets	$ 134,095	$ 131,159	$ 133,984	$ 160,042	$ 177,147
Working capital	46,831	46,844	46,694	62,011	71,477
Long-term debt	17,395	20,858	26,991	32,758	43,484
Stockholders' equity	73,743	70,544	66,013	77,145	77,359

(1) 2004 includes a $493,000 gain from the sale of the Company's former Newport, KY pipe coating machinery and equipment which had been classified as "held for resale".

(2) The 2003 results from discontinued operations include the release of a $1,594,000 valuation allowance against foreign net operating losses that was utilized as a result of the dissolution of the Foster Technologies subsidiary.

(3) 2002 includes the following non-cash charges: a $5,050,000 write-off of advances made to a specialty trackwork supplier which were not expected to be recovered; a $1,893,000 charge related to an "other than temporary" impairment of the Company's equity investment in that trackwork supplier; a $765,000 charge for depreciation expense from assets that had been classified as held for resale, but the sale did not materialize; a $660,000 impairment charge to adjust assets related to the Company's rail signaling business, classified as a discontinued operation, to their expected fair value; a $4,390,000, net of tax,

charge from the cumulative effect of a change in accounting principle as a result of the adoption of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets;" and a $2,232,000 charge related to mark-to-market accounting for derivative instruments. Goodwill amortization, net of tax, was $423,000 and $372,000 in 2001 and 2000, respectively.

(4) 2001 includes pretax charges of approximately $1,879,000 related to the Company's plan to consolidate sales and administrative functions and plant operations.

(5) 2001 and 2000 were restated to reflect the classification of the Company's rail signaling business as a discontinued operation.

(6) 2000 includes pretax charges of approximately $1,349,000 related to the Company's plan to consolidate sales and administrative functions and plant operations; a pretax gain of approximately $800,000 on the sale of an undeveloped 62-acre property located in Houston, TX; and an after-tax gain on the sale of the Monitor Group, classified as a discontinued operation, of $900,000.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

Overview

General

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

The Company makes certain filings with the Securities and Exchange Commission (SEC), including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments and exhibits to those reports, available free of charge through its website, *www.lbfoster.com*, as soon as reasonably practicable after they are filed with the SEC. These filings are also available through the SEC at the SEC's Public Reference Room at 450 Fifth Street N.W. Washington, D.C. 20549 or by calling 1-800-SEC-0330. Also, these filings are available on the internet at *www.sec.gov*. The Company's press releases are also available on its website.

Rail Products

The Rail segment is comprised of several manufacturing and distribution businesses that provide a variety of products utilized by railroads, transit authorities, industrial companies and mining applications throughout the Americas. Rail Products has sales offices throughout the United States and frequently bids on rail projects where it can offer products manufactured by L.B. Foster Company as well as products sourced from numerous suppliers. These products are provided as a package to rail lines, transit authorities and construction contractors which decreases the procurement effort required by customers and provides value added, just in time delivery.

The Rail segment designs and manufactures bonded insulated rail joints and a variety of specialty trackwork, cuts and drills rail, panelizes track for quick construction use, and manufactures standard concrete railroad ties and turnout ties. The Company has concrete tie manufacturing facilities in both Spokane, WA and Grand Island, NE, and is planning to construct a new facility in Tucson, AZ where we expect to commence tie manufacturing in the fourth quarter of 2005. The Company also has two facilities that design, test and fabricate rail products in Atlanta, GA and Niles, OH.

The Rail distribution business provides our customers with access to numerous different products including stick rail, continuous welded rail, specialty trackwork, power rail and various rail accessories. This is a highly competitive business that, once specifications are met, depends heavily on pricing. The Company maintains relationships with several rail manufacturers but procures the majority of the rail it distributes from one supplier. Rail accessories are sourced from a wide variety of suppliers.

Construction Products

The Construction segment is comprised of the following business units: Piling, Fabricated Products, Precast concrete wall retention systems ("Geotechnical Division") and Precast Concrete Buildings.

The Piling division, via a sales force deployed throughout the United States, markets and sells piling worldwide. This division offers its customers various types and dimensions of structural beam piling, sheet piling, pipe piling and micropiles. These piling products are sourced from various suppliers; however, the Company has a distribution agreement with its primary beam and sheet piling supplier.

The Fabricated Products unit manufactures a number of fabricated steel and aluminum products primarily for the highway, bridge and transit industries including grid reinforced concrete deck and open steel grid flooring systems, guardrails, and expansion joints and heavy structural steel fabrications.

The concrete wall business engineers and supplies large mechanically stabilized earth retention projects ("MSE Wall") and concrete soundwall systems primarily for highway construction projects. Although precasting of this product is usually outsourced to a qualified third party, the Company does manufacture MSE Walls at its facilities in Hillsboro, TX, Spokane, WA and Grand Island, NE.

The Building unit manufactures concrete buildings primarily for national parks as well as numerous state park and municipal authorities. This unit manufactures restrooms, concession stands and other protective storage buildings available in multiple designs, textures and colors. The Company believes it is the leading high-end supplier in terms of volume, product options and capabilities. The buildings are manufactured in Spokane, WA and Hillsboro, TX.

Tubular Products

The Tubular segment is comprised of two discrete business units; Coated Pipe and Threaded Products. The Coated Pipe unit, located in Birmingham, AL, coats the outer dimension and, to a lesser extent, the inner dimension of pipe primarily for the gas transmission industry. Coated Pipe partners with its primary customer, a pipe manufacturer, to market a fusion bonded epoxy coating, abrasion resistant coatings and internal linings for a wide variety of pipe dimensions for pipeline projects that typically extend for several miles.

The Threaded Products unit, located in Houston, TX, cuts, threads and paints pipe primarily for water well products for the agriculture industry and municipal water authorities. Threaded Products has also entered the micro-pile business and threads pipe used in earth and other structural stabilization.

2004 Developments

The Company had reached an agreement in 2003 to sell, modify and install its former Newport pipe coating machinery and equipment. During the first quarter of 2004, the Company completed the installation of these assets and, as a result, recognized a $0.5 million gain on net proceeds of $0.9 million.

The Company experienced unprecedented increases in steel prices in 2004, affecting most of the Company's businesses. Due primarily to these higher steel prices, the Company's 2004 results included a $3.5 million LIFO charge, as compared to no LIFO charge in 2003. This charge had no impact on the Company's cash flow from operations, although the Company will benefit by deducting LIFO expenses for income tax purposes.

Recent Developments

The Company's CXT subsidiary was awarded a long-term contract for the supply of prestressed concrete railroad ties to the Union Pacific Railroad (UPRR). CXT will upgrade its manufacturing equipment at its Grand Island, NE plant and build a new facility in Tucson, AZ to accommodate the contract's requirements. The UPRR has agreed to purchase ties from the Grand Island, NE facility through December 2009, and the Tucson, AZ facility through December 2012.

In January 2005, the Company amended its revolving credit agreement to extend its maturity to April 2006. The Company is also working on a new long-term credit and security agreement with its bank group.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 1 to the consolidated financial statements. The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles. When more than one accounting principle, or the method of its application, is generally accepted, management selects the principle or method that is appropriate in the Company's specific circumstance. Application of these accounting principles requires management to make estimates that affect the reported amount of assets, liabilities, revenues, and expenses, and the related disclosure of contingent assets and liabilities. The following critical accounting policies relate to the Company's more significant judgments and estimates used in the preparation of its consolidated financial statements. There can be no assurance that actual results will not differ from those estimates.

Asset impairment — The Company is required to test for asset impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. The Company applies Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144) in order to determine whether or not an asset is impaired. This statement indicates that if the sum of the future expected cash flows associated with an asset, undiscounted and without interest charges, is less than the carrying value, an asset impairment must be recognized in the financial statements. The amount of the impairment is the difference between the fair value of the asset and the carrying value of the asset. The Company believes that the accounting estimate related to an asset impairment is a "critical accounting estimate" as it is highly susceptible to change from period to period, because it requires management to make assumptions about the existence of impairment indicators and cash flows over future years. These assumptions impact the amount of an impairment, which would have an impact on the income statement.

Goodwill and other intangible assets — The Company follows Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" whereby goodwill and intangible assets deemed to have an indefinite life are subject to annual impairment tests. The impairment testing is a two step process. The first step, which is used to identify potential impairment only, compares the fair value of each reporting unit that has goodwill with its carrying value. Since quoted market prices are not readily available for the Company's reporting units, the Company estimates fair value of the reporting unit based on the present value of estimated future cash flows. If the fair value of the reporting unit exceeds it carrying amount, goodwill is not considered to be impaired and the second step of the process is not necessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the impairment testing must be performed to measure the amount of the impairment loss, if any. Step two requires a hypothetical purchase price allocation be done to determine the implied fair value of goodwill. The resulting fair value is then compared to the carrying value of goodwill. If the implied fair value of the goodwill is lower than the carrying value of goodwill, impairment must be recorded.

The Company believes that the accounting estimates used in this testing are "critical accounting estimates" because the underlying assumptions used for the discounted cash flow can change from period to period affecting the fair value calculation which may have a material impact to the income statement. Management's assumptions require significant judgments related to anticipated revenues, and other internal and external economic conditions such as growth rate, discount rate and inflation. At December 31, 2004 and 2003, the goodwill on the Company's balance sheet was $0.4 million.

Allowance for Bad Debts — The Company's operating segments encounter risks associated with the collection of accounts receivable. As such, the Company records a monthly provision for accounts receivable that are deemed uncollectible. In order to calculate the appropriate monthly provision, the Company reviews its accounts receivable aging and calculates an allowance through application of historic reserve factors to overdue receivables. This calculation is supplemented by specific account reviews performed by the Company's credit department. As necessary, the application of the Company's allowance rates to specific

customers is reviewed and adjusted to more accurately reflect the credit risk inherent within that customer relationship. The reserve is reviewed on a monthly basis. An account receivable is written off against the allowance when management determines it is uncollectible.

The Company believes that the accounting estimate related to the allowance for bad debts is a "critical accounting estimate" because the underlying assumptions used for the allowance can change from period to period and the allowance could potentially cause a material impact to the income statement. Specific customer circumstances and general economic conditions may vary significantly from management's assumptions and may impact expected earnings. At December 31, 2004 and 2003, the Company maintained an allowance for bad debts of $1.0 million and $0.8 million, respectively.

Product Liability — The Company maintains a current liability for the repair or replacement of defective products. For certain manufactured products, a nominal accrual is made on a monthly basis as a percentage of cost of sales. For long-term construction products, a liability is established when the claim is known and quantifiable. The Company believes that this is a "critical accounting estimate" because the underlying assumptions used to calculate the liability can change from period to period. At December 31, 2004 and 2003, the product liability was $0.6 million and $1.2 million, respectively.

Slow-Moving Inventory — The Company maintains reserves for slow-moving inventory. These reserves, which are reviewed and adjusted routinely, take into account numerous factors such as quantities-on-hand versus turnover, product knowledge, and physical inventory observations. The Company believes this is a "critical accounting estimate" because the underlying assumptions used in calculating the reserve can change from period to period and could have a material impact on the income statement. At December 31, 2004 and 2003, the reserve for slow-moving inventory was $1.4 million.

Revenue Recognition on Long-Term Contracts — Revenues from long-term contracts are recognized using the percentage of completion method based upon the proportion of actual costs incurred to estimated total costs. For certain products, the percentage of completion is based upon the ratio of actual direct labor costs to estimated total direct labor costs.

As certain contracts extend over one or more years, revisions to estimates of costs and profits are reflected in the accounting period in which the facts that require the revisions become known. Historically, the Company's estimates of total costs and costs to complete have reasonably approximated actual costs incurred to complete contracts. At the time a loss on a contract becomes known, the entire amount of the estimated loss is recognized in the financial statements. The Company estimates the extent of progress towards completion, contract revenues and contract costs on its long-term contracts. The Company believes these estimates are "critical accounting estimates" because they require the use of judgments due to uncertainties inherent in the estimation process. As a result, actual revenues and profits could differ materially from estimates.

Pension Plans — The calculation of the Company's net periodic benefit cost (pension expense) and benefit obligation (pension liability) associated with its defined benefit pension plans (pension plans) requires the use of a number of assumptions that the Company deems to be "critical accounting estimates". Changes in these assumptions can result in a different pension expense and liability amounts, and future actual experience can differ significantly from the assumptions. The Company believes that the two most critical assumptions are the expected long-term rate of return on plan assets and the assumed discount rate.

The expected long-term rate of return reflects the average rate of earnings expected on funds invested or to be invested in the pension plans to provide for the benefits included in the pension liability. The Company establishes the expected long-term rate of return at the beginning of each fiscal year based upon information available to the Company at that time, including the plan's investment mix and the forecasted rates of return on these types of securities. Any differences between actual experience and assumed experience are deferred as an unrecognized actuarial gain or loss. The unrecognized actuarial gains or losses are amortized in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" (Statement No. 87). The expected long-term rate of return determined by the Company for 2004 and 2003 was 7.75%. Pension expense increases as the expected long-term rate of return decreases.

The assumed discount rate reflects the current rate at which the pension benefits could effectively be settled. In estimating that rate, Statement No. 87 requires that the Company look to rates of return on high quality, fixed income investments. The Company's pension liability increases as the discount rate is reduced. Therefore, the decline in the assumed discount rate has the effect of increasing the Company's pension obligation and future pension expense. The assumed discount rate used by the Company was 6.00% and 6.25% for 2004 and 2003, respectively.

Deferred Tax Assets — The recognition of deferred tax assets requires management to make judgments regarding the future realization of these assets. As prescribed by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109), valuation allowances must be provided for those deferred tax assets for which it is more likely than not (a likelihood more than 50%) that some portion or all of the deferred tax assets will not be realized. SFAS 109 requires management to evaluate positive and negative evidence regarding the recoverability of deferred tax assets. Determination of whether the positive evidence outweighs the negative and quantification of the valuation allowance requires management to make estimates and judgments of future financial results. The Company believes that these estimates and judgments are "critical accounting estimates".

See Note 14, "Income Taxes". The Company's ability to realize these tax benefits may affect the Company's reported income tax expense (benefit) and net income (loss).

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123(R), "Share-Based Payment", which is a revision of SFAS No. 123 and supersedes APB Opinion No. 25. SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be valued at fair value on the date of grant, and to be expensed over the applicable vesting period. Pro forma disclosure of the income statement effects of share-based payments is no longer an alternative. SFAS 123(R) is effective for all stock-based awards granted on or after July 1, 2005. In addition, companies must also recognize compensation expense related to any awards that are not fully vested as of the effective date. Compensation expense for the unvested awards will be measured based on the fair value of the awards previously calculated in developing the pro forma disclosures in accordance with SFAS 123. The Company will begin recording compensation expense utilizing modified prospective application in its 2005 first quarter financial statements. Based on unvested awards at December 31, 2004, the Company projects 2005 compensation expense will be approximately $0.2 million, net of tax.

In October 2004, the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004 (the Act) was signed into law. This Act includes a tax deduction of up to 9 percent (when fully phased-in) of the lesser of (a) "qualified production activities income," as defined in the Act, or (b) taxable income (after the deduction for the utilization of any net operating loss carryforwards). This tax deduction is limited to 50 percent of W-2 wages paid by the taxpayer. As a result of the Act, an issue arose as to whether that deduction should be accounted for as a special deduction or a tax rate reduction under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109).

In December 2004, the FASB issued FSP 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" (FSP 109-1). In FSP 109-1, the FASB stated that the qualified production activities deduction's characteristics are similar to special deductions illustrated in SFAS 109 because the qualified production activities deduction is contingent upon the future performance of specific activities, including level of wages. Accordingly, the FASB staff believes that the deduction should be accounted for as a special deduction in accordance with SFAS 109. The FASB staff also observes that the special deduction should be considered by an enterprise in (a) measuring deferred taxes when graduated tax rates are a significant factor and (b) assessing whether a valuation allowance is necessary. The Company is currently assessing the impact this special deduction will have on its 2005 deferred taxes.

Results of Operations

	Three Months Ended December 31,		Twelve Months Ended December 31,		
	2004	2003	2004	2003	2002
			Dollars in thousands		
Net Sales:					
Rail Products	$ 28,822	$ 21,656	$ 144,504	$ 126,781	$ 128,249
Construction Products	36,748	28,910	136,479	121,571	116,748
Tubular Products	4,159	2,583	16,883	15,914	12,953
Other	—	—	—	—	—
Total Net Sales	$ 69,729	$ 53,149	$ 297,866	$ 264,266	$ 257,950
Gross Profit:					
Rail Products	$ 3,218	$ 2,381	$ 15,660	$ 14,116	$ 12,643
Construction Products	4,470	3,245	16,378	15,552	16,296
Tubular Products	855	652	3,416	3,728	2,389
Other	(2,571)	(216)	(4,843)	(1,664)	(1,861)
Total Gross Profit	5,972	6,062	30,611	31,732	29,467
Expenses:					
Selling and Administrative Expenses	7,429	6,443	27,877	26,936	26,475
Interest Expense	417	517	1,801	2,250	2,592
Other (Income) Expense:					
Impairment of Equity Investment and Advances	—	—	—	—	6,943
Other	(205)	(560)	(1,471)	(1,315)	1,097
Total Expenses	7,641	6,400	28,207	27,871	37,107
(Loss) Income from Continuing Operations, Before Income Taxes	(1,669)	(338)	2,404	3,861	(7,640)
Income Tax (Benefit) Expense	(625)	65	924	1,698	(2,611)
(Loss) Income From Continuing Operations	(1,044)	(403)	1,480	2,163	(5,029)
(Loss) Income from Discontinued Operations, Net of Tax	—	(2)	—	1,277	(2,005)
Cumulative Effect of Change in Accounting Principle, Net of Tax	—	—	—	—	(4,390)
Net (Loss) Income	$ (1,044)	$ (405)	$ 1,480	$ 3,440	$ (11,424)
Gross Profit %:					
Rail Products	11.2%	11.0%	10.8%	11.1%	9.9%
Construction Products	12.2%	11.2%	12.0%	12.8%	14.0%
Tubular Products	20.6%	25.2%	20.2%	23.4%	18.4%
Total Gross Profit %	8.6%	11.4%	10.3%	12.0%	11.4%

Fourth Quarter of 2004 vs. Fourth Quarter of 2003

The Company had a loss from continuing operations of $1.0 million, or $0.10 per share for the fourth quarter of 2004 on net sales of $69.7 million. The loss from continuing operations for the fourth quarter of 2003 was $0.4 million, or $0.04 per share on net sales of $53.1 million. Due to higher steel prices, the 2004

fourth quarter results include a $2.4 million LIFO charge, as compared to no charge in the fourth quarter of 2003.

Sales for the fourth quarter of 2004 increased 31.2% from the same period last year primarily due to the effect of increased steel prices in all of our business segments. Rail products' net sales increased 33.1% primarily as a result of a $6.6 million increase in new rail distribution sales due to increased demand, as well as increased prices. Construction products' sales increased 27.1% in comparison to the fourth quarter of 2003. The increase resulted primarily from an increase of over $6.0 million for piling products due to a significant increase in H-bearing piling sales over last year's fourth quarter. Sales of tubular products increased 61.0% compared to the prior year. The increase in sales was the result of an increase in threaded product raw material costs that were passed on to customers, as well as an increase in volume.

The 2004 fourth quarter gross margin percentage for the Company declined almost 25% to 8.6%, compared to the same prior year period. This decline in gross margin was primarily due to the effects of escalating steel prices, which include the previously mentioned LIFO charge. Rail products' gross margin percentage remained steady at approximately 11%. Construction products' gross margin percentage improved more than 8% from the year earlier period. This increase primarily resulted from improved margins for most piling products. Tubular products' gross margin percentage declined almost 19% as a result of low pipe coating volumes.

Selling and administrative expense increased 15.3% over the same prior year period, primarily due to increased costs of employee benefits, as well as increased auditing and consulting fees associated with the implementation of Section 404 of the Sarbanes-Oxley Act. Interest expense declined 19.3% from the prior year period, due principally to the retirement of a $10.0 million LIBOR based interest rate collar agreement in April 2004 that had a minimum annual interest rate. Other income declined over 63% as a result of a decrease in mark-to-market income recorded by the Company in the fourth quarter of 2004, related to derivative instruments, as compared to the prior year fourth quarter.

The Year 2004 Compared to the Year 2003

For the year ended December 31, 2004, income from continuing operations was $1.5 million, or $0.14 per diluted share on net sales of $297.9 million. This compares to income from continuing operations of $2.2 million, or $0.22 per diluted share for 2003 on net sales of $264.3 million. Due to higher steel prices, the 2004 results include a $3.5 million LIFO charge, as compared to no LIFO charge in the 2003 results. Net income in 2004 was $1.5 million, or $0.14 per diluted share, compared to net income of $3.4 million, or $0.35 per diluted share in 2003. The 2003 results included income from discontinued operations of $1.3 million, or $0.13 per diluted share, related primarily to tax benefits realized from the dissolution of the Company's Foster Technologies subsidiary.

Net sales for the year ended December 31, 2004 increased almost 13% from the prior year. Sales related to each of the Company's segments improved over 2003; however, the largest improvements came from our Rail and Construction segments. Rail segment sales increased 14%, or almost $18.0 million from the prior year as a result of increased sales of new rail distribution products. Construction segment sales increased more than 12%, or almost $15.0 million from the prior year due primarily to increases in sales of H-bearing piling. Tubular segment sales increased approximately 6% over the prior year. As mentioned in the fourth quarter comparisons, the sales increase was primarily the result of increases for threaded products.

The Company's 2004 gross margin percentage declined more than 14% from last year. The decline is primarily attributable to the effects of escalating steel prices, which resulted in the previously mentioned LIFO charge. Rail products' gross margin percentage declined 2.7% which included the write-down of slow-moving inventory for trackwork and transit products. Construction products' gross margin percentage declined over 6% from the year earlier period, due principally to the decline in margins for fabricated bridge and highway products. The competitive environment which resulted from reduced government spending for infrastructure projects continues to have an unfavorable impact on the results of the Fabricated Products division. Tubular products' gross margin percentage declined almost 14% as reduced volumes of coated pipe products had a negative impact on results.

Selling and administrative expenses increased approximately 3% compared to the prior year as a result of increases in selling related expenses and employee benefit costs, as well as auditing and consulting fees associated with the implementation of Section 404 of the Sarbanes-Oxley Act. Interest expense declined 20% in 2004 as a result of the previously mentioned collar retirement and a reduction in average borrowing levels during 2004. Other (income) expense increased almost 12%, or $0.2 million from the prior year period primarily as a result of the 2004 sale of the Company's former Newport, KY pipe coating machinery and equipment which had been classified as "held for resale", offset by reduced mark-to-market income recorded by the Company related to derivative instruments. Approximately $1.0 million of dividend income on DM&E Preferred stock was included in other (income) expense in both 2004 and 2003. The 2004 income tax provision for continuing operations was 38.4% compared to 44.0% for 2003. The 2003 effective tax rate included the impact of additional income tax expense of approximately $0.3 million related to the increased valuation allowance placed on certain deferred tax assets previously recorded. This additional expense increased the 2003 effective tax rate by approximately 22%. See Note 14 "Income Taxes" for more information.

The Year 2003 Compared to the Year 2002

For the year ended December 31, 2003, the Company had net income from continuing operations of $2.2 million, or $0.22 per diluted share on net sales of $264.3 million. This compares to a net loss from continuing operations of $5.0 million, or $0.53 per diluted share on net sales of $258.0 million for 2002. In 2003, net income from discontinued operations was $1.3 million, or $0.13 per diluted share, and resulted primarily from the release of a $1.6 million valuation allowance against foreign net operating losses that was utilized as a result of the dissolution of the Company's Foster Technologies subsidiary. Results for 2002 included a net loss from discontinued operations of $2.0 million, or $0.21 per diluted share. See Note 5 "Discontinued Operations" for more details.

The 2002 twelve month results included non-cash charges of $6.9 million related to an "other than temporary" impairment of the Company's equity investment in a specialty trackwork supplier and write-downs of advances to this supplier; $2.2 million related to mark-to-market accounting for derivative instruments as a result of the Company entering into a new credit agreement; and $0.8 million of depreciation expense that had been suspended while the Company's Newport pipe-coating assets were classified as "held for resale". Results for 2002 also included a $4.4 million, net of tax, non-cash charge from the cumulative effect of a change in accounting principle.

Sales for 2003 increased 2.4% over the prior year. Rail products' net sales declined 1.1% as a result of a reduction in concrete tie sales, due to the expiration of a long-term contract. Construction products' net sales improved over 4% due to an increase in sheet piling sales as a result of increased availability from the prior year, and an increase in mechanically stabilized earth retention systems. Tubular products' sales improved almost 23% over a weak 2002. An increase in demand for pipe coating services, as a result of a stronger energy market, was the primary factor for the sales increase.

The Company's gross margin percentage improved over 5% compared to 2002. Excluding a prior year charge for additional depreciation of $0.8 million related to the Company's Newport, KY pipe coating assets, the gross margin percentage for the Company improved almost 3%. Rail products' gross margin percentage improved almost 13% due primarily to an improvement in relay rail and transit products margins. Construction products' gross margin percentage declined over 8% from the year earlier period. The competitive environment which resulted from reduced government spending for infrastructure projects has had an unfavorable impact on 2003 margins for bridge products and mechanically stabilized earth wall systems in the Construction segment. Tubular products' gross margin percentage improved 27% as a result of higher volumes due to the stronger energy market mentioned above.

Selling and administrative expenses increased almost 2% compared to the prior year. Interest expense declined over 13% in 2003 as a result of a $6.3 million reduction in debt. Other (income) expense in 2003 was comprised primarily of $1.0 million accrued dividend income on DM&E Preferred stock and $0.5 million income related to mark-to-market accounting for derivative instruments. For the 2002 twelve month period,

other (income) expense consisted primarily of an impairment loss of $6.9 million on its investment in and advances to a specialty trackwork supplier, a $2.2 million charge related to mark-to-market accounting for derivative instruments, and $1.1 million dividend income on DM&E Preferred stock. The income tax provision from continuing operations was 44% in 2003 compared to 34.2% in the prior year. The 2003 effective tax rate included the impact of additional income tax expense of approximately $0.3 million related to the increased valuation allowance placed on certain deferred tax assets previously recorded. This additional expense increased the 2003 effective tax rate by approximately 22%. See Note 14, “Income Taxes” for more information.

Liquidity and Capital Resources

The following table sets forth L.B. Foster’s capitalization:

	December 31,	
	2004	2003
	In millions	
Debt:		
Revolving Credit Facility	$ 14.1	$ 17.0
Capital Leases	1.1	1.6
Other (primarily revenue bonds)	2.8	2.9
Total Debt	18.0	21.5
Equity	73.7	70.5
Total Capitalization	$ 91.7	$ 92.0

Debt as a percentage of capitalization (debt plus equity) was reduced to 20% in 2004 from 23% in 2003. Working Capital was $46.8 million in 2004 and 2003.

The Company’s liquidity needs arise from seasonal working capital requirements, capital expenditures, acquisitions and debt service obligations.

The following table summarizes the impact of these items during the past three years:

	December 31,		
	2004	2003	2002
		In millions	
Liquidity needs:			
Working capital and other assets and liabilities	$ (7.6)	$ 1.6	$ 12.6
Capital expenditures, net of asset sales	(1.6)	(2.5)	(4.2)
Acquisition of businesses and other investments	—	—	(2.7)
Scheduled debt service obligations — net	(0.6)	(0.9)	(0.1)
Cash interest	(1.6)	(2.1)	(2.8)
Net liquidity (requirements) surplus	(11.4)	(3.9)	2.8
Liquidity sources:			
Internally generated cash flows before interest	8.6	9.6	9.5
Credit facility activity	(2.9)	(6.0)	(12.0)
Equity transactions	1.8	1.0	0.2
Other	—	(0.2)	(1.1)
Net liquidity sources (uses)	7.5	4.4	(3.4)
Net Change in Cash	$ (3.9)	$ 0.5	$ (0.6)

Capital expenditures including acquisitions of businesses and other investments in 2004 were $2.6 million compared to $2.6 million in 2003 and $7.4 million in 2002. Spending in 2003 and 2004 represents maintenance capital plus a small amount of facility improvement spending. A sharp increase in capital spending is anticipated in 2005 for new facilities to accommodate new or revised supply agreements with certain customers as well as facility improvements to add capabilities or capacity. The expenditures will be funded from cash flow from operations and available external financing sources. The new or improved facilities are

expected to be completed late in the third quarter and into the fourth quarter of 2005; therefore most volume or productivity improvements will not be realized until 2006. While the Company reviews potential acquisitions from time to time, none are currently being contemplated.

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 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 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. In January 2005, the agreement was amended to extend the maturity date from September 2005 to April 2006. The revolving credit facility is secured by substantially all of the Company's inventory and trade receivables. Availability under this agreement is limited by the amount of eligible inventory and accounts receivable applied against certain advance rates. Borrowings under the credit facility bear interest at either the base rate or the LIBOR plus an applicable spread based on the fixed charge coverage ratio. The base rate is equal to the higher of (a) PNC Bank's base commercial lending rate or (b) the Federal Funds Rate plus ..50%. The base rate spread ranges from 0% to .50%, and the LIBOR spread ranges from 1.75% to 2.50%. Base-rate loans are structured as revolving borrowings, whereby the Company's lockbox receipts are immediately applied against any outstanding borrowings. The Company classifies base-rate borrowings as short-term obligations, in accordance with current accounting requirements. At December 31, 2004, $0.1 million in base-rate loans were outstanding. At December 31, 2003, no base-rate loans were outstanding.

Long-term revolving credit agreement borrowings at December 31, 2004 were $14.0 million, a decrease of $3.0 million from the end of the prior year. At December 31, 2004, remaining available borrowings under this facility were approximately $29.6 million. Outstanding letters of credit at December 31, 2004 were approximately $3.0 million. The letters of credit expire annually and are subject to renewal. Management believes its internal and external sources of funds are adequate to meet anticipated needs for the foreseeable future.

The credit agreement includes financial covenants requiring a minimum net worth and a minimum level for the fixed charge coverage ratio. The primary restrictions to this agreement include investments, indebtedness, and the sale of certain assets. As of December 31, 2004, the Company was in compliance with all of the agreement's covenants.

Tabular Disclosure of Contractual Obligations

A summary of the Company's required payments under financial instruments and other commitments are presented in the following table:

	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
			In thousands		
Contractual Cash Obligations					
Long-term borrowings	$ 16,787	$ 94	$ 14,197	$ 175	$ 2,321
Short-term borrowings	112	112	—	—	—
Capital leases	1,085	383	431	133	138
Operating Leases	5,110	2,092	2,338	230	450
Purchase obligations not reflected in the financial statements	10,845	10,845	—	—	—
Total contractual cash obligations	$ 33,939	$ 13,526	$ 16,966	$ 538	$ 2,909
Other Financial Commitments					
Standby letters of credit	$ 3,014	$ 3,014	$ —	$ —	$ —

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements include the operating leases, purchase obligations and standby letters of credit disclosed in the "Liquidity and Capital Resources" section in the contractual obligations table. These arrangements provide the Company with increased flexibility relative to the utilization and investment of cash resources.

Dakota, Minnesota & Eastern Railroad

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

At December 31, 2004, the Company's investment was comprised of $0.2 million of DM&E common stock, $1.5 million of Series B Preferred Stock and warrants, $6.0 million of Series C Preferred Stock and warrants, $0.8 million of Preferred Series C-1 Stock and warrants, and $0.5 million of Series D Preferred Stock and warrants. In addition, the Company has a receivable for accrued dividend income on Preferred Stock of approximately $5.7 million. The Company owns approximately 13.6% of the DM&E.

In December 1998, in conjunction with the issuance of Series C Preferred Stock and warrants, the DM&E ceased paying dividends on the Series B shares. The terms of the Series B Preferred Stock state in the event that regular dividends are not paid timely, dividends accrue at an accelerated rate until those dividends are paid. In addition, penalty interest accrues and compounds annually until such dividends are paid. Subsequent issuances of Series C, C-1, and D Preferred Stock have all assumed distribution priority over the previous series, with Series D not redeemable until 2008. As subsequent preferred series were issued, the Company, based on its own valuation estimate, stopped recording the full amount due on all preferred series given the delay in anticipated realization of the asset and the priority of redemption of the various issuances. The amount of dividend income not recorded was approximately $3.8 million at December 31, 2004. The Company will only recognize this income upon redemption of the respective issuances or payment of the dividends.

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

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

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

Other Matters

Specialty trackwork sales of the Company's Rail segment have declined since a decision was made in 2002 to terminate our relationship with a principal trackwork supplier. In the third quarter of 2003, we exchanged our minority 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 was fully reserved and no gain or loss was recorded on this transaction. In 2004, it was determined that the note was not collectible and the note and related reserve were removed from the Company's accounts. The Company's proportionate share of the unaudited financial results for this investment was immaterial for the

years ended December 31, 2004, 2003 and 2002. During 2004, 2003 and 2002, the volume of business conducted with this supplier was $1.5 million, $8.4 million and $13.4 million, respectively. Substantially all of the order backlog related to this supplier has been completed.

The union contract at our Bedford, PA fabricated products facility expired on March 10, 2005. The employees are continuing to work under the terms of the expired contract while negotiations continue. We believe we can successfully negotiate an extension to the contract without a work stoppage.

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

Outlook

Our CXT Rail operation and Allegheny Rail Products division are dependent on a Class I railroad for a significant portion of their business. In January 2005, the CXT Rail operation was awarded a long-term contract from this Class I railroad for the supply of prestressed concrete railroad ties. CXT will upgrade its manufacturing equipment at its Grand Island, NE plant and build a new facility in Tucson, AZ to accommodate the contracts requirements. The Class I railroad has agreed to purchase ties from the Grand Island facility through December 2009, and the Tucson, AZ facility through December 2012.

Steel is a key component in the products that we sell. During most of 2004, producers and other suppliers quoted continually increasing product prices and some of our suppliers experienced supply shortages. Since many of the Company's projects can be six months to twenty-four months in duration, we have, on occasion, found ourselves caught in the middle of some of these pricing and availability issues. The high price of steel continues to impact our business, although the pricing volatility that we experienced in 2004 has moderated recently and we expect significantly less volatility in 2005. However, if this situation were to resurface, it could have a negative impact on the Company's results of operations and cash flows.

In the second half of 2004, our primary supplier of sheet piling improved its capability to provide a significantly larger amount of sheet piling than in previous years. This supplier also increased the number of sections it provides to us, although there are still sections that remain unavailable. While management's outlook is positive considering the developments in 2004, additional sections are important for us to compete effectively in the structural steel market.

A substantial portion of the Company's operations is heavily dependent on governmental funding of infrastructure projects. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on the operating results of the Company. The most recent extension of the federal highway and transit bill (TEA-21) is to expire May 31, 2005, as reauthorization of a successor bill continues to be delayed. A new highway and transit bill is important to the future growth and profitability of many of our businesses. Our fabricated products and rail transit businesses continue to suffer from low volumes and are experiencing more competitive pressure due to the lack of new legislation. 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 December 31, 2004 was approximately $100.1 million. The following table provides the backlog by business segment:

	December 31,		
	2004	2003	2002
		In thousands	
Backlog:			
Rail Products	$ 29,079	$ 37,529	$ 45,371
Construction Products	67,736	67,100	59,774
Tubular Products	3,249	1,035	3,995
Total Backlog	$ 100,064	$ 105,664	$ 109,140

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 or government approvals for the Project in a timely fashion, the DM&E's ability to continue to obtain interim funding to finance the Project, the expense of environmental mitigation measures required by the Surface Transportation Board, an inability to obtain financing for the Project, competitors' response to the Project, market demand for coal or electricity and changes in environmental laws and regulations.

The Company cautions readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements made from time to time in news releases, proxy statements, registration statements and other written communication (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. An inability to produce a full complement of piling products by a Virginia steel mill could adversely impact the growth of the Piling division. Delays or problems encountered at our concrete tie facilities during construction or implementation could have a material, negative impact on the Company's operating results. The Company's businesses could be affected adversely by continued price increases in the steel scrap market. Except for historical information, matters discussed in such oral and written communications are forward-looking statements that involve risks and uncertainties, including but not limited to general business conditions, the availability of material from major suppliers, labor disputes, the impact of competition, the seasonality of the Company's business, the adequacy of internal and external funds to meet financing needs, taxes, inflation and governmental regulation. Sentences containing such words as "believes," "intends," "anticipates," "expects," or "will" generally should be considered forward-looking statements.

/s/ David J. Russo

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

/s/ Linda K. Patterson

Linda K. Patterson
Controller

ITEM 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

The Company does not purchase or hold any derivative financial instruments for trading purposes. The Company uses derivative financial instruments to manage interest rate exposure on variable-rate debt, primarily by using interest rate collars and variable interest rate swaps. The Company's primary source of variable-rate debt comes from its revolving credit agreement. In conjunction with the Company's debt refinancing in the third quarter of 2002, the Company discontinued cash flow hedge accounting treatment for its interest rate collars and has applied mark-to-market accounting prospectively. The Company has a LIBOR-based interest rate collar agreement, which became effective in March 2001 and expires in March 2006, with a notional value of $15 million, a maximum annual interest rate of 5.60% and a minimum annual interest rate of 5.00%. The counter-party to the collar agreement had the option, on March 6, 2005, to convert the $15 million collar to a one-year, fixed-rate instrument with interest payable at an annual rate of 5.49%. The counter-party has exercised this option in 2005. The fair value of this collar agreement was a liability of $0.4 million as of December 31, 2004 and is recorded in "Other Long-Term Liabilities". The Company also had a LIBOR-based interest rate collar agreement, which became effective in April 2001 and expires in April 2006, with a notional value of $10 million, a maximum annual interest rate of 5.14%, and a minimum annual interest rate of 4.97%. The counter-party to the collar agreement had the option, on April 18, 2004, to convert the $10 million collar to a two-year fixed-rate instrument with interest payable at an annual rate of 5.48%. In April 2004, prior to the counter-party option, the Company terminated this interest rate collar agreement by purchasing it for its fair value of $0.7 million.

Although these derivatives are not deemed to be effective hedges of the new credit facility in accordance with the provisions of SFAS 133, the Company retained these instruments as protection against interest rate risk associated with the new credit agreement and the Company records the mark-to-market adjustments on these interest rate collars in its consolidated statements of operations. During the fourth quarter of 2004 and 2003, the Company recognized $0.2 million of income and $0.3 million of income, respectively, to adjust these instruments to fair value. For the year ended December 31, 2004 and 2003, the Company recognized $0.6 million of income and $0.5 million of income, respectively, to adjust these instruments to fair value.

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

The remaining interest rate collar agreement has a minimum annual interest rate of 5.00% to a maximum annual interest rate of 5.60%. Since the interest rate on the revolving credit agreement floats with the short-term market rate of interest, the Company is exposed to the risk that these interest rates may decrease below the minimum annual interest rate on the interest rate collar agreement. The effect of a 1% decrease in rate of interest below the 5.00% minimum annual interest rate on $14 million of outstanding floating rate debt would result in increased annual interest costs of approximately $0.1 million.

The Company is not subject to significant exposures to changes in foreign currency exchange rates. The Company will, however, manage its exposure to changes in foreign currency exchange rates on firm sale 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 these transactions over the duration of the transactions. During 2004, the Company entered into commitments to sell Canadian funds based on the anticipated receipt of Canadian funds from the sale of certain rail. During the fourth quarter of 2004, circumstances indicated that the timing of the anticipated receipt of Canadian funds was not expected to coincide with the sale commitments and the Company recorded a $0.2 million loss to record these commitments at market.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
L. B. Foster Company

We have audited the accompanying consolidated balance sheets of L. B. Foster Company and Subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of L. B. Foster Company and Subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, in 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangibles.*

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the L. B. Foster Company's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 4, 2005, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Ernst & Young LLP

Pittsburgh, Pennsylvania
March 4, 2005

REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

Board of Directors and Stockholders
L. B. Foster Company

We have audited management's assessment, included in Management's Report on Internal Control Over Financial Reporting and appearing in the accompanying Item 9A Controls and Procedures, that L. B. Foster Company maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). L. B. Foster Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that L. B. Foster Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, L. B. Foster Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of L. B. Foster Company and Subsidiaries as of December 31, 2004 and 2003 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004 and our report dated March 4, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Ernst & Young LLP

Pittsburgh, Pennsylvania
March 4, 2005

L. B. FOSTER COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

	2004	2003
	In thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 280	$ 4,134
Accounts receivable — net	39,929	34,773
Inventories — net	42,014	36,894
Current deferred tax assets	1,289	1,413
Other current assets	786	877
Property held for resale	—	446
Total Current Assets	84,298	78,537
PROPERTY, PLANT AND EQUIPMENT — NET	30,378	33,135
OTHER ASSETS:		
Goodwill and other intangibles — net	780	935
Investments	14,697	13,707
Deferred tax assets	3,877	4,095
Other assets	65	750
Total Other Assets	19,419	19,487
TOTAL ASSETS	$ 134,095	$ 131,159

	2004	2003
	In thousands	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 477	$ 611
Short-term borrowings	112	—
Accounts payable — trade	27,736	23,874
Accrued payroll and employee benefits	3,308	2,909
Current deferred tax liabilities	3,942	1,749
Other accrued liabilities	1,892	2,550
Total Current Liabilities	37,467	31,693
LONG-TERM DEBT	17,395	20,858
DEFERRED TAX LIABILITIES	2,898	3,653
OTHER LONG-TERM LIABILITIES	2,592	4,411
COMMITMENTS AND CONTINGENT LIABILITIES (Note 17)		
STOCKHOLDERS' EQUITY:		
Common stock, issued 10,228,739 shares in 2004 and 2003	102	102
Paid-in capital	35,131	35,018
Retained earnings	39,879	38,399
Treasury stock — at cost, Common stock, 183,719 shares in 2004 and 490,809 shares in 2003	(654)	(2,304)
Accumulated other comprehensive loss	(715)	(671)
Total Stockholders' Equity	73,743	70,544
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 134,095	$ 131,159

See Notes to Consolidated Financial Statements.

L. B. FOSTER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE YEARS ENDED DECEMBER 31, 2004

	2004	2003	2002
	In thousands, except per share data		
NET SALES	$ 297,866	$ 264,266	$ 257,950
COSTS AND EXPENSES:			
Cost of goods sold	267,255	232,534	228,483
Selling and administrative expenses	27,877	26,936	26,475
Interest expense	1,801	2,250	2,592
Other (income) expense:			
Impairment of equity investment and advances	—	—	6,943
Other	(1,471)	(1,315)	1,097
	295,462	260,405	265,590
INCOME (LOSS) FROM CONTINUING OPERATIONS, BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	2,404	3,861	(7,640)
INCOME TAX EXPENSE (BENEFIT)	924	1,698	(2,611)
INCOME (LOSS) FROM CONTINUING OPERATIONS, BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	1,480	2,163	(5,029)
DISCONTINUED OPERATIONS (SEE NOTE 5):			
LOSS FROM DISCONTINUED OPERATIONS	—	(513)	(2,005)
INCOME TAX BENEFIT	—	(1,790)	—
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	—	1,277	(2,005)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX	—	—	(4,390)
NET INCOME (LOSS)	$ 1,480	$ 3,440	$ (11,424)
BASIC EARNINGS (LOSS) PER COMMON SHARE:			
FROM CONTINUING OPERATIONS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ 0.15	$ 0.23	$ (0.53)
FROM DISCONTINUED OPERATIONS, NET OF TAX	—	0.13	(0.21)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX	—	—	(0.46)
BASIC EARNINGS (LOSS) PER COMMON SHARE	$ 0.15	$ 0.36	$ (1.20)
DILUTED EARNINGS (LOSS) PER COMMON SHARE:			
FROM CONTINUING OPERATIONS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ 0.14	$ 0.22	$ (0.53)
FROM DISCONTINUED OPERATIONS, NET OF TAX	—	0.13	(0.21)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX	—	—	(0.46)
DILUTED EARNINGS (LOSS) PER COMMON SHARE	$ 0.14	$ 0.35	$ (1.20)

See Notes to Consolidated Financial Statements.

L. B. FOSTER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE YEARS ENDED DECEMBER 31, 2004

	2004	2003	2002
		In thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (loss) from continuing operations	$ 1,480	$ 2,163	$ (5,029)
Adjustments to reconcile net income (loss) to net cash (used) provided by operating activities:			
Deferred income taxes	924	171	(3,290)
Depreciation and amortization	5,276	5,208	5,851
(Gain) loss on sale of property, plant and equipment	(267)	506	42
Impairment of equity investment and advances	—	—	6,943
Unrealized (gain) loss on derivative mark-to-market	(377)	(540)	2,232
Change in operating assets and liabilities:			
Accounts receivable	(5,156)	4,590	13,646
Inventories	(5,120)	(3,758)	8,531
Other current assets	91	(181)	110
Other noncurrent assets	(314)	(573)	(3,689)
Accounts payable — trade	3,862	(220)	(5,370)
Accrued payroll and employee benefits	399	496	(132)
Other current liabilities	124	1,974	(829)
Other liabilities	(1,403)	(704)	324
Net Cash (Used) Provided by Continuing Operations	(481)	9,132	19,340
Net Cash Used by Discontinued Operations	—	(197)	(1,126)
Net Cash (Used) Provided by Operating Activities	(481)	8,935	18,214
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of property, plant and equipment	981	56	483
Capital expenditures on property, plant and equipment	(2,617)	(2,593)	(4,724)
Purchase of DM&E stock	—	—	(500)
Acquisition of business	—	—	(2,214)
Net Cash Used by Investing Activities	(1,636)	(2,537)	(6,955)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of revolving credit agreement borrowings	(2,888)	(6,000)	(12,000)
Exercise of stock options and stock awards, including tax benefit	1,763	951	207
Repayments of long-term debt	(612)	(868)	(54)
Net Cash Used by Financing Activities	(1,737)	(5,917)	(11,847)
Effect of exchange rate changes on cash	—	—	19
Net (Decrease) Increase in Cash and Cash Equivalents	(3,854)	481	(569)
Cash and Cash Equivalents at Beginning of Year	4,134	3,653	4,222
Cash and Cash Equivalents at End of Year	$ 280	$ 4,134	$ 3,653
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Interest Paid	$ 1,592	$ 2,087	$ 2,791
Income Taxes Paid	$ 196	$ 773	$ 749

During 2004, 2003 and 2002, the Company financed certain capital expenditures totaling $15,000, $521,000 and $1,303,000, respectively, through the execution of capital leases.

See Notes to Consolidated Financial Statements.

L. B. FOSTER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE YEARS ENDED DECEMBER 31, 2004

	Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss) Income	Total
			In thousands			
Balance, January 1, 2002	$ 102	$ 35,233	$ 46,632	$ (3,926)	$ (896)	$ 77,145
Net loss			(11,424)			(11,424)
Other comprehensive loss net of tax:						
Foreign currency translation adjustment					(17)	(17)
Minimum pension liability adjustment					(434)	(434)
Unrealized derivative losses on cash flow hedges					(686)	(686)
Reclassification adjustment for derivative losses included in net losses					1,222	1,222
Comprehensive loss						(11,339)
Issuance of 58,791 Common shares, net of forfeitures		(90)		297		207
Balance, December 31, 2002	102	35,143	35,208	(3,629)	(811)	66,013
Net income			3,440			3,440
Other comprehensive income net of tax:						
Foreign currency translation adjustment					56	56
Minimum pension liability adjustment					28	28
Unrealized derivative gain on cash flow hedges					56	56
Comprehensive income						3,580
Issuance of 213,013 Common shares, net of forfeitures		(125)	(249)	1,325		951
Balance, December 31, 2003	102	35,018	38,399	(2,304)	(671)	70,544
Net income			1,480			1,480
Other comprehensive (loss) income net of tax:						
Minimum pension liability adjustment					(89)	(89)
Unrealized derivative gain on cash flow hedges					45	45
Comprehensive income						1,436
Issuance of 307,090 Common shares, net of forfeitures		113		1,650		1,763
Balance, December 31, 2004	$ 102	$ 35,131	$ 39,879	$ (654)	$ (715)	$ 73,743

See Notes to Consolidated Financial Statements.

Note 1.

Summary of Significant Accounting Policies

Basis of financial statement presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company transactions have been eliminated. The term "Company" refers to L. B. Foster Company and its subsidiaries, as the context requires.

Cash equivalents

The Company considers securities with maturities of three months or less, when purchased, to be cash equivalents.

Inventories

Inventories are generally valued at the lower of the last-in, first-out (LIFO) cost or market. Approximately 29% in 2004 and 30% in 2003, of the Company's inventory is valued at average cost or market, whichever is lower. The reserve for slow-moving inventory is reviewed and adjusted regularly, based upon product knowledge, physical inventory observation, and the age of the inventory.

Property, plant and equipment

Maintenance, repairs and minor renewals are charged to operations as incurred. Major renewals and betterments which substantially extend the useful life of the property are capitalized at cost. Upon sale or other disposition of assets, the costs and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in income.

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of 30 to 40 years for buildings and 3 to 10 years for machinery and equipment. Leasehold improvements are amortized over 2 to 7 years which represent the lives of the respective leases or the lives of the improvements, whichever is shorter. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Allowance for doubtful accounts

The allowance for doubtful accounts is recorded to reflect the ultimate realization of the Company's accounts receivable and includes assessment of the probability of collection and the credit-worthiness of certain customers. Reserves for uncollectible accounts are recorded as part of selling and administrative expenses on the Consolidated Statements of Operations. The Company records a monthly provision for accounts receivable that are considered to be uncollectible. In order to calculate the appropriate monthly provision, the Company reviews its accounts receivable aging and calculates an allowance through application of historic reserve factors to overdue receivables. This calculation is supplemented by specific account reviews performed by the Company's credit department. As necessary, the application of the Company's allowance rates to specific customers are reviewed and adjusted to more accurately reflect the credit risk inherent within that customer relationship.

Goodwill and other intangible assets

In 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 142 established new accounting and reporting requirements for goodwill and intangible assets, including new measurement techniques for evaluating the recoverability of such assets. Under SFAS 142, all goodwill amortization ceased as of January 1, 2002. Goodwill attributable to each of the Company's reporting units was tested for impairment by comparing the fair value of each reporting unit with its carrying value. As a result of the adoption of SFAS 142, the Company recognized a total pre-tax charge of $4,931,000, of which $3,664,000

related to the Rail products segment (primarily from the 1999 acquisition of CXT Incorporated), and $1,267,000 related to the Construction products segment (from the 1997 acquisition of the Precise Fabricating Corporation). The fair values of these reporting units were determined using discounted cash flows based on the projected financial information of the reporting units. On an ongoing basis (absent any impairment indicators), the Company performs its impairment tests during the fourth quarter. The Company has performed its impairment testing in the fourth quarter of 2004, 2003 and 2002 and determined that remaining goodwill was not impaired.

Under SFAS 142, the impairment charge recognized at adoption is reflected as a cumulative effect of a change in accounting principle, effective January 1, 2002. Impairment adjustments recognized on an ongoing basis are recognized as a component of continuing operations.

The carrying amount of goodwill attributable to each segment, after the non-cash charges for the adoption of SFAS 142 at January 1, 2002, is detailed as follows:

	Rail Products Segment	Construction Products Segment	Tubular Products Segment	Total
		In thousands		
Balance as of December 31, 2001	$ 3,664	$ 1,467	$ —	$ 5,131
Goodwill Impairment-January 1, 2002	(3,664)	(1,267)	—	(4,931)
Goodwill Acquired-Greulich Bridge	—	150	—	150
Balance as of December 31, 2002	—	350	—	350
Goodwill Acquired/ Impairment-2003	—	—	—	—
Balance as of December 31, 2003	—	350	—	350
Goodwill Acquired/ Impairment-2004	—	—	—	—
Balance as of December 31, 2004	$ —	$ 350	$ —	$ 350

As required by SFAS 142, the Company reassessed the useful lives of its identifiable intangible assets and determined that no changes were required. As the Company has no indefinite lived intangible assets, all intangible assets will continue to be amortized over their useful lives ranging from 5 to 10 years, with a total weighted average amortization period of less than seven years. The components of the Company's intangible assets are as follows:

	December 31, 2004		December 31, 2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	In thousands			
Licensing agreements	$ 400	$ (216)	$ 400	$ (151)
Non-compete agreements	350	(210)	350	(140)
Patents	200	(94)	200	(74)
Total	$ 950	$ (520)	$ 950	$ (365)

Amortization expense for each year ended December 31, 2004, 2003 and 2002 was approximately $155,000. Future estimated amortization expense is as follows:

For the year ended December 31,

2005	$ 155
2006	155
2007	64
2008	19
Thereafter	37

Environmental remediation and compliance

Environmental remediation costs are accrued when the liability is probable and costs are estimable. Environmental compliance costs, which principally include the disposal of waste generated by routine operations, are expensed as incurred. Capitalized environmental costs are depreciated, when appropriate, over their useful life.

Earnings per share

Basic earnings per share is calculated by dividing net income (loss) by the weighted average of common shares outstanding during the year. Diluted earnings per share is calculated by using the weighted average of common shares outstanding adjusted to include the potentially dilutive effect of outstanding stock options utilizing the treasury stock method.

Revenue recognition

The Company's revenues are composed of product sales and products and services provided under long-term contracts. The Company recognizes revenue upon shipment of material from stock inventory or upon billing of material shipped directly to the customer from a Company vendor. Title passes to the customer upon shipment. Revenue is reported net of freight for sales from stock inventory and direct shipments. Freight recorded for the years ended December 31, 2004, 2003 and 2002 amounted to $11,565,000, $11,674,000 and $11,340,000, respectively. Revenues from long-term contracts are generally recognized using the percentage-of-completion method based upon the proportion of actual costs incurred to estimated total costs. For certain products, the percentage of completion is based upon the ratio of actual direct labor costs to estimated total direct labor costs.

As certain long-term contracts extend over one or more years, revisions to estimates of costs and profits are reflected in the accounting period in which the facts that require the revisions become known. At the time a loss on a contract becomes known, the entire amount of the estimated loss is recognized immediately in the financial statements. The Company has historically made reasonable accurate estimates of the extent of progress towards completion, contract revenues, and contract costs on its long-term contracts. However, due to uncertainties inherent in the estimation process, actual results could differ materially from those estimates.

Revenues from contract change orders and claims are recognized when the settlement is probable and the amount can be reasonably estimated. Contract costs include all direct material, labor, subcontract costs and those indirect costs related to contract performance. Costs in excess of billings, and billings in excess of costs are classified as a current asset.

Fair value of financial instruments

The Company's financial instruments consist of accounts receivable, accounts payable, short-term and long-term debt, and interest rate agreements.

The carrying amounts of the Company's financial instruments at December 31, 2004 and 2003 approximate fair value.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Stock-based compensation

The Company has adopted the disclosure provisions of Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" (SFAS 123) and applies the intrinsic value method of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and

related interpretations in accounting for its stock option plans. Accordingly, no compensation expense has been recognized.

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

	Year Ended December 31,		
	2004	2003	2002
	In thousands, except per share amounts		
Net income (loss) from continuing operations, as reported	$ 1,480	$ 2,163	$ (5,029)
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	224	256	270
Pro forma income (loss) from continuing operations	$ 1,256	$ 1,907	$ (5,299)
Earnings (loss) per share from continuing operations:			
Basic, as reported	$ 0.15	$ 0.23	$ (0.53)
Basic, pro forma	$ 0.13	$ 0.20	$ (0.56)
Diluted, as reported	$ 0.14	$ 0.22	$ (0.53)
Diluted, pro forma	$ 0.12	$ 0.20	$ (0.56)

Pro forma information regarding net income and earnings per share for options granted has been determined as if the Company had accounted for its employees 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 with the following weighted-average assumptions used for grants in 2004, 2003 and 2002, respectively: risk-free interest rates of 4.25%, 3.56% and 4.94%; dividend yield of 0.0% for all three years; volatility factors of the expected market price of the Company's Common stock of .28, .32 and .32; and a weighted-average expected life of the option of ten years. The weighted average fair value of the options granted at December 31, 2004, 2003, and 2002 was $3.91, $2.11 and $2.75, respectively.

Derivative financial instruments and hedging activities

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. Effective September 26, 2002, in conjunction with the Company's debt refinancing, the Company discontinued cash flow hedge accounting treatment for its interest rate collars and has applied mark-to-market accounting prospectively. Adjustments in the fair value of these instruments are recorded as "Other (income) expense". The Company continued to apply cash flow hedge accounting to the interest rate swap through its expiration on December 31, 2004.

At contract inception, the Company designates its derivative instruments as hedges. The Company recognizes all derivative instruments on the balance sheet at fair value. At December 31, 2004, the gross liabilities for derivative instruments were classified in "Other Long-Term Liabilities". Fluctuations in the fair values of derivative instruments designated as cash flow hedges are recorded in accumulated other comprehensive income, and reclassified, as adjustments to interest expense, as the underlying hedged items affect earnings. To the extent that a change in interest rate derivative does not perfectly offset the change in value of the interest rate being hedged, the ineffective portion is recognized in earnings immediately.

The Company is not subject to significant exposures to changes in foreign currency exchange rates. The Company will, however, manage its exposure to changes in foreign currency exchange rates on firm sale 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 these transactions over the duration of the transactions. During 2004, the Company entered into commitments to sell Canadian funds based on the anticipated receipt of Canadian funds from the sale of certain rail through March 2006. During

the fourth quarter of 2004, circumstances indicated that the timing of the anticipated receipt of Canadian funds was not expected to coincide with the sale commitments and the Company recorded a $202,000 loss to record these commitments at market.

Reclassification

Certain items previously reported in specific financial statement captions have been reclassified to conform to the 2004 presentation. The reclassifications did not affect the net income or cash flows of the Company.

New accounting pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123(R), "Share-Based Payment." Statement 123(R) replaces FASB Statement No. 123, "Accounting for Stock Based Compensation," supersedes APB 25, "Accounting for Stock Issued to Employees," and amends FASB Statement No. 95, "Statement of Cash Flows." Generally, the approach in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values (i.e. pro forma disclosure is no longer an alternative to financial statement recognition).

Statement 123(R) is effective for public companies at the beginning of the first interim or annual period beginning after June 15, 2005. Public companies must provide the disclosures required by SEC Staff Accounting Bulletin No. 74 (Topic 11-M), "Disclosure of the Impact that Recently Issued Accounting Standards Will Have on Financial Statements of a Registrant When Adopted in a Future Period," in any financial statements filed with the SEC after December 16, 2004. The Company will begin recording compensation expense utilizing modified prospective application in its 2005 first quarter financial statements. Based on unvested awards at December 31, 2004, the Company projects 2005 compensation expense will be approximately $154,000 net of tax.

In October 2004, the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004 (the Act) was signed into law. This Act includes a tax deduction of up to 9 percent (when fully phased-in) of the lesser of (a) "qualified production activities income," as defined in the Act, or (b) taxable income (after the deduction for the utilization of any net operating loss carryforwards). This tax deduction is limited to 50 percent of W-2 wages paid by the taxpayer. As a result of the Act, an issue arose as to whether that deduction should be accounted for as a special deduction or a tax rate reduction under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109).

In December 2004, the FASB issued FSP 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" (FSP 109-1). In FSP 109-1, the FASB stated that the qualified production activities deduction's characteristics are similar to special deductions illustrated in SFAS 109 because the qualified production activities deduction is contingent upon the future performance of specific activities, including level of wages. Accordingly, the FASB staff believes that the deduction should be accounted for as a special deduction in accordance with SFAS 109. The FASB staff also observes that the special deduction should be considered by an enterprise in (a) measuring deferred taxes when graduated tax rates are a significant factor and (b) assessing whether a valuation allowance is necessary. The Company is currently assessing the impact this special deduction will have on its 2005 deferred taxes.

Note 2.

Accounts Receivable

Accounts Receivable at December 31, 2004 and 2003 are summarized as follows:

	2004	2003
	In thousands	
Trade	$ 40,778	$ 35,495
Allowance for doubtful accounts	(1,019)	(827)
Other	170	105
	$ 39,929	$ 34,773

Bad debt expense was $294,000, $233,000 and $256,000 in 2004, 2003 and 2002, respectively.

The Company's customers are principally in the Rail, Construction and Tubular segments of the economy. As of December 31, 2004 and 2003, trade receivables, net of allowance for doubtful accounts, from customers in these markets were as follows:

	2004	2003
	In thousands	
Rail	$ 16,343	$ 11,887
Construction	21,794	21,714
Tubular	1,832	1,261
	$ 39,969	$ 34,862

Credit is extended on an evaluation of the customer's financial condition and generally collateral is not required.

Note 3.

Inventories

Inventories at December 31, 2004 and 2003 are summarized as follows:

	2004	2003
	In thousands	
Finished goods	$ 27,929	$ 21,003
Work-in-process	8,452	7,379
Raw materials	11,751	11,133
Total inventories at current costs	48,132	39,515
Less:		
Current cost over LIFO stated values	(4,702)	(1,234)
Inventory valuation reserve	(1,416)	(1,387)
	$ 42,014	$ 36,894

At December 31, 2004 and 2003, the LIFO carrying value of inventories for book purposes exceeded the LIFO value for tax purposes by approximately $12,390,000 and $6,812,000, respectively. During 2004, liquidation of LIFO layers carried at costs that were lower than current purchases resulted in a decrease to cost of goods sold of $398,000. During 2003 and 2002, inventory quantities were reduced resulting in a liquidation of certain LIFO inventory layers carried at costs which were higher than the costs of current purchases. The effect of these reductions in 2003 and 2002 was to increase cost of goods sold by $379,000 and $714,000, respectively.

Note 4.

Property Held for Resale

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

Note 5.

Discontinued Operations

In February 2003, substantially all of the assets of the Rail segment's rail signaling and communication device business were sold for $300,000. The operations of the rail signaling and communication device business qualified as a "component of an entity" under Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and thus, the operations were classified as discontinued and prior periods were restated. During the third quarter of 2003, the Company recognized a $1,594,000 income tax benefit from the release of a valuation allowance against foreign net operating losses that were utilized as a result of the dissolution of this subsidiary.

Net sales and results from discontinued operations were as follows:

	2004	2003	2002
		In thousands	
Net sales	$ —	$ 1	$ 105
Pretax operating loss	$ —	$ (443)	$ (1,345)
Pretax provision for the disposal of assets	—	—	(660)
Pretax loss on disposal	—	(70)	—
Income tax benefit	—	1,790	—
Income (loss) from discontinued operations	$ —	$ 1,277	$ (2,005)

Note 6.

Property, Plant and Equipment

Property, plant and equipment at December 31, 2004 and 2003 consists of the following:

	2004	2003
	In thousands	
Land	$ 7,182	$ 6,531
Improvements to land and leaseholds	7,455	7,470
Buildings	7,765	7,582
Machinery and equipment, including equipment under capitalized leases	47,824	48,947
Construction in progress	241	284
	70,467	70,814
Less accumulated depreciation and amortization, including accumulated amortization of capitalized leases	40,089	37,679
	$ 30,378	$ 33,135

Depreciation expense for the years ended December 31, 2004, 2003 and 2002 amounted to $5,121,000, $5,054,000 and $5,696,000, respectively.

Note 7.

Other Assets and Investments

The Company holds investments in the stock of the Dakota, Minnesota & Eastern Railroad Corporation (DM&E), which is recorded at its historical cost at December 31, 2004 and 2003 of $8,993,000. This investment is comprised of $193,000 of DM&E Common stock, $1,500,000 of DM&E Series B Preferred Stock and Common stock warrants, $6,000,000 in DM&E Series C Preferred Stock and Common stock warrants, $800,000 in DM&E Series C1 Preferred Stock and Common stock warrants, and $500,000 in DM&E Series D Preferred Stock and Common stock warrants. The Company accrued dividend income on these issuances of $990,000, $990,000 and $1,114,000 in 2004, 2003 and 2002, respectively. The Company had a receivable for accrued dividend income on these issuances of $5,704,000 and $4,715,000 in 2004 and 2003, respectively. The Company owns approximately 13.6% of the DM&E. During 2004, 2003 and 2002, the Company sold rail products to the DM&E in the amount of $12,188,000, $1,341,000 and $406,000, respectively.

In December 1998, in conjunction with the issuance of Series C Preferred Stock and warrants, the DM&E ceased paying dividends on the Series B shares. The terms of the Series B Preferred Stock state in the event that regular dividends are not paid timely, dividends accrue at an accelerated rate until those dividends are paid. In addition, penalty interest accrues and compounds annually until such dividends are paid. Subsequent issuances of Series C, C-1, and D Preferred Stock have all assumed distribution priority over the previous series, with series D not redeemable until 2008. As subsequent preferred series were issued, the Company, based on its own valuation estimate, stopped recording the full amount due on all preferred series given the delay in anticipated realization of the asset and the priority of redemption of the various issuances. At December 31, 2004 and 2003, the unrecorded dividends were approximately $3,782,000 and $2,610,000, respectively. The Company will only recognize this income upon redemption of the respective issuances or payment of the dividends.

Although the market value of the investments in DM&E stock are not readily determinable, management believes the fair value of this investment exceeds its carrying amount.

In 2002, the Company recognized an impairment loss of $6,943,000 on its investment in and advances to a specialty trackwork supplier. In the third quarter of 2003, the Company exchanged its ownership interest and advances to this supplier for a $5,500,000 promissory note from the supplier’s owner, with principal and accrued interest to be repaid beginning in January 2008. The value of this note and the accrued interest was fully reserved and no gain or loss was recorded on this transaction. In 2004, it was determined that the note was not collectible and the note and related reserve were removed from the Company’s accounts. The Company’s proportionate share of the unaudited financial results for this investment was immaterial for the years ended December 31, 2004, 2003 and 2002.

Note 8.

Borrowings

On September 26, 2002, the Company entered into a 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. In January 2005, the agreement was amended to extend the maturity date from September 2005 to April 2006. The revolving credit facility 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. Borrowings under the credit facility bear interest at either the base rate or the LIBOR rate plus an applicable spread based on the fixed charge coverage ratio. The base rate is equal to the higher of (a) PNC Bank’s base commercial lending rate or (b) the Federal Funds Rate plus .50%. The base rate spread ranges from 0 to .50%, and the LIBOR spread ranges from 1.75% to 2.50%. Base-rate loans are structured as revolving borrowings, whereby the Company’s lockbox receipts are immediately applied against any outstanding borrowings. The Company classifies base-rate borrowings as short-term obligations, in accordance with

current accounting requirements. At December 31, 2004, $112,000 in base-rate loans were outstanding. At December 31, 2003, no base-rate loans were outstanding.

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 capital expenditures. The agreement also restricts investments, indebtedness, and sale of certain assets. As of December 31, 2004 and 2003, the Company was in compliance with all the agreement's covenants.

At December 31, 2004, 2003 and 2002, the weighted average interest rate on short-term borrowings was 3.95%, 2.92% and 3.84%, respectively. At December 31, 2004 the Company had borrowed $14,000,000 under the agreement, which was classified as long-term (See Note 9). Under the agreement, the Company had approximately $29,618,000 in unused borrowing commitment at December 31, 2004.

Note 9.

Long-Term Debt and Related Matters

Long-term debt at December 31, 2004 and 2003 consists of the following:

	2004	2003
	In thousands	
Revolving credit agreement with weighted average interest rate of 3.95% at December 31, 2004 and 2.92% at December 31, 2003, expiring April 8, 2006	$ 14,000	$ 17,000
Lease obligations payable in installments through 2012 with a weighted average interest rate of 6.54% at December 31, 2004 and 6.56% at December 31, 2003	1,085	1,615
Massachusetts Industrial Revenue Bond with an interest rate of 2.08% at December 31, 2004 and 1.20% at December 31, 2003, payable March 1, 2013	2,045	2,045
Pennsylvania Economic Development Financing Authority Tax Exempt Pooled Bond payable in installments from 2005 through 2021 with an interest rate of 2.08% at December 31, 2004 and 1.20% at December 31, 2003	400	400
Pennsylvania Department of Community and Economic Development Machinery and Equipment Loan Fund Payable in installments through 2009 with a fixed interest rate of 3.75%	342	409
	17,872	21,469
Less current maturities	477	611
	$ 17,395	$ 20,858

The $14,000,000 LIBOR rate revolving credit borrowings included in long-term debt were obtained under the revolving loan agreement discussed in Note 8 and are subject to the same terms and conditions. The borrowings are classified as long-term because the Company does not anticipate reducing the borrowings below $14,000,000 during 2005.

The Massachusetts Industrial Revenue Bond is secured by a $2,085,000 standby letter of credit.

The Pennsylvania Economic Development Financing Authority Tax-Exempt Pooled Bond is secured by a $410,000 standby letter of credit.

The Company uses interest rate collars to manage interest rate exposure on variable rate debt. The Company has a LIBOR-based interest rate collar agreement, which became effective in March 2001 and expires in March 2006, with a notional value of $15,000,000, a maximum annual interest rate of 5.60% and a minimum annual interest rate of 5.00%. The counter-party to the collar agreement had the option, on March 6, 2005, to convert the $15,000,000 collar to a one-year, fixed-rate instrument with interest payable at

an annual rate of 5.49%. The counter-party has exercised this option in 2005. The Company also had a LIBOR-based interest rate collar agreement, which became effective in April 2001 and would have expired in April 2006, with a notional value of $10,000,000, a maximum annual interest rate of 5.14%, and a minimum annual interest rate of 4.97%. The counter-party to the collar agreement had the option, on April 18, 2004, to convert the $10,000,000 collar to a two-year fixed-rate instrument with interest payable at an annual rate of 5.48%. In April 2004, prior to the counter-party option, the Company terminated this interest rate collar agreement by purchasing it for its fair value of $707,000. Other income (loss) for 2004, 2003 and 2002 includes $579,000, $540,000 and ($2,232,000), respectively related to the mark-to-market accounting for these derivative instruments. The execution of the Company's current credit agreement, as discussed in Note 8, discontinued the hedging relationship of the Company's interest rate collars with the underlying debt instrument. Although these derivatives are not deemed to be effective hedges of the credit facility, in accordance with the provisions of SFAS 133, the Company has retained these instruments as protection against interest rate risk associated with the credit agreement and the Company will continue to record the mark-to-market adjustments on the interest rate collar, through 2006, in its consolidated income statement.

The maturities of long-term debt for each of the succeeding five years subsequent to December 31, 2004 are as follows: 2005-$477,000; 2006-$14,448,000; 2007-$180,000; 2008-$180,000; 2009 and after-$2,587,000.

Note 10.

Stockholders' Equity

At December 31, 2004 and 2003, the Company had authorized shares of 20,000,000 in Common stock and 5,000,000 in Preferred stock. No Preferred stock has been issued. The Common stock has a par value of $.01 per share. No par value has been assigned to the Preferred stock.

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. As of December 31, 2004, the Company had repurchased 973,398 shares at a total cost of approximately $5,016,800. No purchases were made in 2004 or 2003. The timing and extent of future purchases will depend on market conditions and options available to the Company for alternative uses of its resources.

No cash dividends on Common stock were paid in 2004, 2003 or 2002.

Note 11.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss, net of tax, for the years ended December 31, 2004 and 2003, are as follows:

	2004	2003
	In thousands	
Unrealized derivative losses on cash flow hedges	$ —	$ (45)
Minimum pension liability adjustment	(715)	(626)
	$ (715)	$ (671)

Note 12.

Stock Options

Through December 31, 2004, the Company had two stock option plans in effect under which future grants could be issued: The 1985 Long-Term Incentive Plan (1985 Plan) and the 1998 Long-Term Incentive Plan for Officers and Directors (1998 Plan). The 1985 Plan expired on January 1, 2005. Although no further awards may be made under the 1985 Plan, prior awards are not affected by the termination of the Plan.

The 1985 Plan, as amended and restated in March 1994, provided for the award of options to key employees and directors to purchase up to 1,500,000 shares of Common stock at no less than 100% of fair market value on the date of the grant. The 1985 Plan provided for the granting of “nonqualified options” and “incentive stock options” with a duration of not more than ten years from the date of grant. The Plan also provided that, unless otherwise set forth in the option agreement, options are exercisable in installments of up to 25% annually beginning one year from date of grant. Stock offered under the Plan was authorized from unissued Common stock or previously issued shares which have been reacquired by the Company and held as Treasury shares.

The 1998 Plan amended and restated in May 2001, provides for the award of options to key employees and directors to purchase up to 900,000 shares of Common stock at no less than 100% of fair market value on the date of the grant. The 1998 Plan provides for the granting of “nonqualified options” and “incentive stock options” with a duration of not more than ten years from the date of grant. The Plan also provides that, unless otherwise set forth in the option agreement, options are exercisable in installments of up to 25% annually beginning one year from date of grant. An outside director is automatically awarded fully vested, nonqualified stock options to acquire 5,000 shares of the Company’s Common stock on each date the outside director is elected at an annual shareholders’ meeting to serve as a director. Stock to be offered under the Plan may be authorized from unissued Common stock or previously issued shares which have been reacquired by the Company and held as Treasury shares.

At December 31, 2004, 2003 and 2002, Common stock options outstanding under the Plans had option prices ranging from $2.75 to $9.30, with a weighted average price of $4.67, $4.35 and $4.27 per share, respectively.

The weighted average remaining contractual life of the stock options outstanding for the three years ended December 31, 2004 are: 2004-5.9 years; 2003-6.2 years; and 2002-6.4 years.

Options exercised during 2004, 2003 and 2002 totaled 297,090, 201,160 and 55,500 shares, respectively. The weighted average exercise price per share of the options in 2004, 2003 and 2002 was $4.18, $3.66 and $3.45, respectively.

Certain information for the three years ended December 31, 2004 relative to employee stock options is summarized as follows:

	2004	2003	2002
Number of shares under Incentive Plan:			
Outstanding at beginning of year	1,360,715	1,535,500	1,402,750
Granted	78,800	45,000	251,500
Canceled	(7,750)	(18,625)	(63,250)
Exercised	(297,090)	(201,160)	(55,500)
Outstanding at end of year	1,134,675	1,360,715	1,535,500
Exercisable at end of year	897,625	1,026,715	1,040,500
Number of shares available for future grant:			
Beginning of year	156,175	182,550	370,800
End of year	85,125	156,175	182,550

Note 13.

Earnings (Loss) Per Common Share

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

	Years Ended December 31,		
	2004	2003	2002
	In thousands, except per share amounts		
Numerator for basic and diluted earnings per common share-net income (loss) available to common stockholders:			
Income (loss) from continuing operations	$ 1,480	$ 2,163	$ (5,029)
Income (loss) from discontinued operations	—	1,277	(2,005)
Cumulative effect of change in accounting principle	—	—	(4,390)
Net income (loss)	$ 1,480	$ 3,440	$ (11,424)
Denominator:			
Weighted average shares	9,952	9,588	9,494
Denominator for basic earnings per common share	9,952	9,588	9,494
Effect of dilutive securities:			
Contingent issuable shares	—	1	13
Employee stock options	316	159	140
Dilutive potential common shares	316	160	153
Denominator for diluted earnings per common share-adjusted weighted average shares and assumed conversions	10,268	9,748	9,647
Basic earnings (loss) per share:			
Continuing operations	$ 0.15	$ 0.23	$ (0.53)
Discontinued operations	—	0.13	(0.21)
Cumulative effect of change in accounting principle	—	—	(0.46)
Basic earnings (loss) per common share	$ 0.15	$ 0.36	$ (1.20)
Diluted earnings (loss) per share:			
Continuing operations	$ 0.14	$ 0.22	$ (0.53)
Discontinued operations	—	0.13	(0.21)
Cumulative effect of change in accounting principle	—	—	(0.46)
Diluted earnings (loss) per common share	$ 0.14	$ 0.35	$ (1.20)

In 2002, the Company did not include dilutive securities in the calculation of weighted average common shares because of their anti-dilutive effect due to the net loss incurred.

Weighted average shares issuable upon the exercise of stock options which were antidilutive and were not included in the calculation were 1,000, 324,000 and 352,000 in 2004, 2003 and 2002, respectively.

Note 14.

Income Taxes

At December 31, 2004 and 2003, the tax benefit of net operating loss carryforwards available for federal and state income tax purposes was approximately $6,005,000 and $2,599,000, respectively. During 2004, the valuation allowance related to these net operating loss carryforwards was adjusted from $1,497,000 to $2,564,000. The valuation allowance was increased to reflect the uncertainty regarding the Company's ability to utilize certain state net operating loss carryforwards prior to their expiration. While certain state net operating losses begin to expire in 2005, the majority of these net operating loss carryforwards begin to expire in the year 2014 and later. In 2003, the Company realized a capital loss on the disposal of its investment in a trackwork supplier. Due to the uncertainty of the Company's ability to generate capital gains to utilize this loss prior to expiration in 2008, the Company maintains a full valuation allowance related to this asset in the amount of $939,000. The valuation allowance in 2003 related to the capital loss was $960,000. It was adjusted to $939,000 to compensate for return to provision adjustments and state effective tax rate changes. In 2004, the Company recorded a valuation allowance of $114,000 to fully reserve the deferred tax asset related to state tax incentives that may not be realized prior to their expiration. The change in the net deferred tax asset reflects the change in the minimum pension liability and the change in derivative instruments, which are recorded, net of tax, in accumulated other comprehensive loss. For the year ended December 31, 2004, the Company recognized a deferred tax benefit of $441,000 related to a deduction that the Company will receive related to the exercise of non-qualified stock options during the year. The Company recorded this benefit as an increase to additional paid-in-capital. Significant components of the Company's deferred tax liabilities and assets as of December 31, 2004 and 2003 are as follows:

	2004	2003
	In thousands	
Deferred tax liabilities:		
Depreciation	$ 2,898	$ 3,653
Inventories	3,942	1,749
Total deferred tax liabilities	6,840	5,402
Deferred tax assets:		
Accounts receivable	399	320
Charitable contribution carryforwards	178	158
Net operating loss carryforwards	6,005	2,599
Minimum pension liability	446	491
Derivative instruments	—	29
Loss on investment	939	984
Writedown of advances	—	1,824
Goodwill	431	485
Other-net	385	1,075
Total deferred tax assets	8,783	7,965
Valuation allowance for deferred tax assets	3,617	2,457
Deferred tax assets	5,166	5,508
Net deferred tax (liability) asset	$ (1,674)	$ 106

Significant components of the provision for income taxes are as follows:

	2004	2003	2002
		In thousands	
Current:			
Federal	$ —	$ 1,511	$ 615
State	—	16	64
Total current	—	1,527	679
Deferred:			
Federal	643	104	(2,904)
State	281	67	(386)
Total deferred	924	171	(3,290)
Total income tax expense (benefit)	$ 924	$ 1,698	$ (2,611)

The reconciliation of income tax computed at statutory rates to income tax expense (benefit) is as follows:

	2004	2003	2002
Statutory rate	34.0%	34.0%	(34.0)%
State income tax	11.7	2.1	(2.6)
Nondeductible expenses	(8.0)	2.8	(1.9)
Other	0.7	5.1	4.3
	38.4%	44.0%	(34.2)%

Note 15.

Rental and Lease Information

The Company has capital and operating leases for certain plant facilities, office facilities, and equipment. Rental expense for the years ended December 31, 2004, 2003, and 2002 amounted to $3,806,000, $3,783,000 and $4,008,000, respectively. Generally, land and building leases include escalation clauses.

The following is a schedule, by year, of the future minimum payments under capital and operating leases, together with the present value of the net minimum payments as of December 31, 2004:

	Capital Leases	Operating Leases
	In thousands	
Year ending December 31,		
2005	$ 443	$ 2,092
2006	389	1,815
2007	106	523
2008	97	143
2009 and thereafter	221	537
Total minimum lease payments	1,256	$ 5,110
Less amount representing interest	171	
Total present value of minimum payments	1,085	
Less current portion of such obligations	383	
Long-term obligations with interest rates ranging from 5.19% to 11.42%	$ 702	

Assets recorded under capital leases are as follows:

	2004	2003
	In thousands	
Machinery and equipment at cost	$ 1,236	$ 2,686
Buildings	399	399
Land	219	219
	1,854	3,304
Less accumulated amortization	377	997
Net property, plant and equipment	1,477	2,307
Net prepaid expenses	—	68
Net capital lease assets	$ 1,477	$ 2,375

Note 16.

Retirement Plans

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

The following tables present a reconciliation of the changes in the benefit obligation, the fair market value of the assets and the funded status of the plans, with the accrued pension cost in other non-current liabilities in the Company's balance sheets:

	2004	2003
	In thousands	
Changes in benefit obligation:		
Benefit obligation at beginning of year	$ 3,309	$ 2,955
Service cost	56	59
Interest cost	203	196
Actuarial losses	126	216
Benefits paid	(121)	(117)
Benefit obligation at end of year	$ 3,573	$ 3,309
Change to plan assets:		
Fair value of assets at beginning of year	$ 2,157	$ 1,640
Actual gain on plan assets	206	288
Employer contribution	360	346
Benefits paid	(121)	(117)
Fair value of assets at end of year	$ 2,602	$ 2,157
Funded status	$ (971)	$ (1,152)
Unrecognized actuarial loss	1,186	1,152
Unrecognized net transition asset	(26)	(35)
Unrecognized prior service cost	36	44
Accrued benefit cost	$ 225	$ 9
Amounts recognized in the statement of financial position consist of:		
Accrued benefit liability	$ (971)	$ (1,152)
Intangible asset	36	44
Accumulated other comprehensive loss	1,160	1,117
Net amount recognized	$ 225	$ 9

The Company's funding policy for defined benefit plans is to contribute the minimum required by the Employee Retirement Income Security Act of 1974. Net periodic pension costs for the three years ended December 31, 2004 are as follows:

	2004	2003	2002
		In thousands	
Components of net periodic benefit cost:			
Service cost	$ 56	$ 59	$ 54
Interest cost	203	196	183
Actual (gain)/loss on plan assets	(206)	(288)	380
Amortization of prior service cost	9	8	(9)
Recognized net actuarial gain/(loss)	81	206	(519)
Net periodic benefit cost	$ 143	$ 181	$ 89

Assumptions used to measure the projected benefit obligation and develop net periodic pension costs for the three years ended December 31, 2004 were:

	2004	2003	2002
Assumed discount rate	6.00%	6.25%	6.75%
Expected rate of return on plan assets	7.75%	7.75%	7.75%

The expected long-term rate of return is based on numerous factors including the target asset allocation for plan assets, historical rate of return, long-term inflation assumptions, and current and projected market conditions.

Amounts applicable to the Company's pension plans with accumulated benefit obligations in excess of plan assets are as follows:

	2004	2003	2002
		In thousands	
Projected benefit obligation	$ 3,573	$ 3,309	$ 2,955
Accumulated benefit obligation	3,573	3,309	2,955
Fair value of plan assets	2,602	2,157	1,640

The assets of the hourly plans consist primarily of various fixed income and equity investments. The Company's primary investment objective is to provide long-term growth of capital while accepting a moderate level of risk. The investments are limited to cash and equivalents, bonds, preferred stocks and common stocks. The investment target ranges and actual allocation of pension plan assets by major category at December 31, 2004 and 2003, are as follows:

	Target	2004	2003
Asset Category:			
Cash and cash equivalents	0-10%	11%	15%
Fixed income funds	30-50%	26	34
Equities	50-70%	63	51
Total		100%	100%

The Company expects to contribute $254,000 to its defined benefit plans in 2005.

The following benefit payments are expected to be paid:

	Pension Benefits
	In thousands
2005	$ 136
2006	135
2007	137
2008	141
2009	148
Years 2010-2014	866

The Company's defined contribution plan, available to substantially all salaried employees, contains a matched savings provision that permits both pretax and after-tax employee contributions. Participants can contribute up to 41% of their annual compensation and receive a matching employer contribution up to 3% of their annual compensation.

Further, the plan requires an additional matching employer contribution, based on the ratio of the Company's pretax income to equity, up to 3% of the employee's annual compensation. Additionally, the Company contributes 1% of all salaried employees' annual compensation to the plan without regard for employee contribution. The Company may also make discretionary contributions to the plan. The defined contribution plan expense was $684,000 in 2004, $691,000 in 2003, and $373,000 in 2002.

Note 17.

Commitments and Contingent Liabilities

The Company is subject to laws and regulations relating to the protection of the environment, and the Company's efforts to comply with increasingly stringent environmental regulations may have an adverse effect on the Company's future earnings. In the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial condition, results of operations, 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 condition or liquidity of the Company. Although the resolution, in any reporting period, of one or more of these matters, could have a material effect on the Company's results of operations for that period.

In 2000, the Company's subsidiary sold concrete railroad crossing panels to a general contractor on a Texas transit project. Due to a variety of factors, including deficiencies in the owner's project specifications, the panels have deteriorated and the owner either has replaced or is in the process of replacing these panels. The general contractor and the owner are currently engaged in dispute resolution procedures, which probably will continue through the second quarter of 2005. The general contractor has notified the Company that, depending on the outcome of these proceedings, it may file a suit against the Company's subsidiary. Although no assurances can be given, the Company believes that it has meritorious defenses to such claims and will vigorously defend against such a suit.

In the second quarter of 2004, a gas company filed a complaint against the Company in Allegheny County, PA, alleging that in 1989 the Company had applied epoxy coating on 25,000 feet of pipe and that, as a result of inadequate surface preparation of the pipe, the coating had blistered and deteriorated. The Company does not believe that the gas company's alleged problems are the Company's responsibility. Although no assurances can be given, the Company believes that it has meritorious defenses to such claims and will vigorously defend against such a suit.

Another gas company filed suit against the Company in August, 2004, in Erie County, NY, alleging that pipe coating which the Company furnished in 1989 had deteriorated and that the gas supply company had

incurred $1,000,000 in damages. The Company does not, however, believe that the gas supply company's alleged problem is the Company's responsibility. Although no assurances can be given, the Company believes that it has meritorious defenses to such claims and will vigorously defend against such a suit.

At December 31, 2004, the Company had outstanding letters of credit of approximately $3,014,000.

Note 18.

Risks and Uncertainties

The Company's future operating results may be affected by a number of factors. Deteriorating market conditions could have a material adverse impact on any of the Company's operating segments. The Company is dependent upon a number of major suppliers. If a supplier had operational problems or ceased making material available to the Company, operations could be adversely affected.

The Company's CXT Rail operation and Allegheny Rail Products division are dependent on a Class I railroad for a significant portion of their business. The CXT Rail operation was awarded a long-term contract, from this Class I railroad, for the supply of prestressed concrete railroad ties. CXT will expand and modernize its Grand Island, NE plant and build a new facility in Tucson, AZ to accommodate the contract's requirements. The Class I railroad has agreed to purchase ties from the Grand Island, NE facility through December 2009, and the Tucson, AZ facility through December 2012. Delays or problems encountered at these facilities during construction or implementation could have a material, negative impact on the Company's operating results.

Steel is a key component in the products that we sell. During most of 2004, producers and other suppliers quoted continually increasing product prices and some of our suppliers experienced supply shortages. Since many of the Company's projects can be six months to twenty-four months in duration, we have, on occasion, found ourselves caught in the middle of some of these pricing and availability issues. The high price of steel continues to impact our business, although the pricing volatility that we experienced in 2004 has moderated recently and we expect significantly less volatility in 2005. However, if this situation were to resurface, it could have a negative impact on the Company's results of operations and cash flows.

In the second half of 2004, our primary supplier of sheet piling improved its capability to provide a significantly larger amount of sheet piling than in previous years. This supplier also increased the number of sections it provides to us, although there are still sections that remain unavailable. While management's outlook is positive considering the developments in 2004, additional sections are important for us to compete effectively in the structural steel market.

A substantial portion of the Company's operations is heavily dependent on governmental funding of infrastructure projects. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on the operating results of the Company. The most recent extension of the federal highway and transit bill (TEA-21) is to expire May 31, 2005, as reauthorization of a successor bill continues to be delayed. A new highway and transit bill is important to the future growth and profitability of many of the Company's businesses. The Company's fabricated products and rail transit businesses continue to suffer from low volume and are experiencing more competitive pressure due to the lack of new legislation.

Specialty trackwork sales of the Company's Rail segment have declined since a decision was made during 2002 to terminate our relationship with a principal trackwork supplier. In the third quarter of 2003, we exchanged our minority ownership interest and advances to this supplier for a $5,500,000 promissory note from the supplier's owner, with principal and accrued interest to be repaid beginning in January 2008. The value of this note was fully reserved and no gain or loss was recorded on this transaction. In 2004, it was determined that the note was not collectible and the note and related reserve were removed from the Company's accounts. The Company's proportionate share of the unaudited financial results for this investment was immaterial for the years ended December 31, 2004, 2003 and 2002. During 2004, 2003 and 2002, the volume of business conducted with this supplier was approximately $1,517,000, $8,357,000, and $13,432,000, respectively. Substantially all of the order backlog has been completed.

Governmental actions concerning taxation, tariffs, the environment or other matters could impact the operating results of the Company. The Company's operating results may also be affected by adverse weather conditions.

Note 19.

Business Segments

L.B. Foster 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 Company's Rail segment provides a full line of new and used rail, trackwork and accessories to railroads, mines and industry. The Rail segment also designs and produces concrete ties, insulated rail joints, power rail, track fasteners, coverboards and special accessories for mass transit and other rail systems. The Company's former rail signaling and communication business, Foster Technologies, was classified as a discontinued operation on December 31, 2002. See Note 5, Discontinued Operations.

The Company's Construction segment sells and rents steel sheet piling, H-bearing pile, and other piling products for foundation and earth retention requirements. In addition, the Company's Fabricated Products division sells bridge decking, heavy steel fabrications, expansion joints and other products for highway construction and repair. The Geotechnical division designs and supplies mechanically-stabilized earth wall systems while the Buildings division produces precast concrete buildings.

The Company's Tubular segment supplies pipe coatings for pipelines and utilities. Additionally, this segment produces pipe-related products for special markets, including water wells and irrigation.

The Company markets its products directly in all major industrial areas of the United States, primarily through a national sales force.

The following table illustrates revenues, profits/losses, assets, depreciation/amortization and capital expenditures of the Company by segment. Segment profit is the earnings before income taxes and includes internal cost of capital charges for assets used in the segment at a rate of, generally, 1% per month. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies except that the Company accounts for inventory on a First-In, First-Out (FIFO) basis at the segment level compared to a Last-In, First-Out (LIFO) basis at the consolidated level.

	2004				
	Net Sales	Segment Profit	Segment Assets	Depreciation/ Amortization	Expenditures for Long-Lived Assets
			In thousands		
Rail Products	$ 144,504	$ 3,413	$ 47,992	$ 2,671	$ 409
Construction Products	136,479	986	55,227	1,831	1,859
Tubular Products	16,883	1,705	6,614	365	60
Total	$ 297,866	$ 6,104	$ 109,833	$ 4,867	$ 2,328

	2003				
	Net Sales	Segment Profit	Segment Assets	Depreciation/ Amortization	Expenditures for Long-Lived Assets
			In thousands		
Rail Products	$ 126,781	$ 1,844	$ 43,341	$ 2,489	$ 550
Construction Products	121,571	1,466	49,093	1,850	1,683
Tubular Products	15,914	1,999	7,199	309	460
Total	$ 264,266	$ 5,309	$ 99,633	$ 4,648	$ 2,693

	2002				
	Net Sales	Segment Profit/(Loss)	Segment Assets	Depreciation/ Amortization	Expenditures for Long-Lived Assets
			In thousands		
Rail Products	$ 128,249	$ (1,511)	$ 57,475	$ 2,429	$ 909
Construction Products	116,748	1,007	44,385	1,719	4,705
Tubular Products	12,953	714	6,243	350	1,149
Total	$ 257,950	$ 210	$ 108,103	$ 4,498	$ 6,763

During 2004 and 2002, one customer accounted for 10.4% and 11.4%, respectively, of the Company's consolidated net sales. Sales to this customer were recorded in the Rail and Construction segments. In 2003, no single customer accounted for more than 10% of consolidated net sales. Sales between segments are immaterial.

Reconciliations of reportable segment net sales, profit, assets, depreciation and amortization, and expenditures for long-lived assets to the Company's consolidated totals are illustrated as follows:

	2004	2003	2002
		In thousands	
Net Sales from Continuing Operations:			
Total for reportable segments	$ 297,866	$ 264,266	$ 257,950
Other net sales	—	—	—
	$ 297,866	$ 264,266	$ 257,950
Income (Loss) from Continuing Operations:			
Total for reportable segments	$ 6,104	$ 5,309	$ 210
Adjustment of inventory to LIFO	(3,468)	15	84
Unallocated other income (expense)	1,471	1,315	(8,040)
Other unallocated amounts	(1,703)	(2,778)	106
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle	$ 2,404	$ 3,861	$ (7,640)
Assets:			
Total for reportable segments	$ 109,833	$ 99,633	$ 108,103
Unallocated corporate assets	21,870	25,156	20,429
LIFO and corporate inventory reserves	(5,302)	(1,834)	(1,849)
Unallocated property, plant and equipment	7,694	8,204	6,967
Net assets of discontinued operations	—	—	334
Total assets	$ 134,095	$ 131,159	$ 133,984
Depreciation/ Amortization:			
Total reportable for segments	$ 4,867	$ 4,648	$ 4,498
Other	409	560	1,353
	$ 5,276	$ 5,208	$ 5,851
Expenditures for Long-Lived Assets:			
Total for reportable segments	$ 2,328	$ 2,693	$ 6,763
Expenditures included in acquisition of business	—	—	(1,025)
Expenditures financed under capital leases	(15)	(521)	(1,303)
Other expenditures	304	421	289
	$ 2,617	$ 2,593	$ 4,724

Approximately 95% of the Company's total net sales during 2004 were to customers in the United States, and a majority of the remaining sales were to other North American countries.

At December 31, 2004, all of the Company's long-lived assets were located in the United States.

Note 20.

Restructuring, Impairment, and Other Non-Recurring Charges

No restructuring, impairment, or other non-recurring charges were recorded in 2004 or 2003.

A 2002 sale of the Company's Newport, KY pipe coating assets did not materialize and resulted in a fourth quarter 2002 non-cash charge of $765,000. The charge represented depreciation expense that had been suspended while these assets were classified as held for resale.

Also during the fourth quarter of 2002, the Company started negotiations and committed to a plan to sell the assets related to its rail signaling business. The Company recorded a $660,000 non-cash impairment loss to adjust these assets to their fair value. The operations of the rail signaling business qualified as a "component of an entity" and thus, were classified as discontinued operations in 2002. See Note 5, "Discontinued Operations."

Both of these transactions were recorded in accordance with the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

Other non-cash charges that were recorded in 2002 included: $6,943,000 impairment of the Company's investment in and advances to its principal specialty trackwork supplier; $4,390,000 (net of tax) from the cumulative effect of a change in accounting principle, as a result of the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets"; and $2,232,000 related to mark-to-market accounting for derivative instruments, as a result of the Company entering into a new credit agreement, which discontinued the hedging relationship of the Company's interest rate collars with the underlying debt instrument.

Note 21.

Quarterly Financial Information (Unaudited)

Quarterly financial information for the years ended December 31, 2004 and 2003 is presented below:

	2004				
	First Quarter(1)	Second Quarter	Third Quarter	Fourth Quarter	Total
	In thousands, except per share amounts				
Net sales	$ 65,452	$ 76,827	$ 85,858	$ 69,729	$ 297,866
Gross profit	$ 5,982	$ 9,333	$ 9,324	$ 5,972	$ 30,611
Net (loss) income	$ (113)	$ 1,295	$ 1,342	$ (1,044)	$ 1,480
Basic (loss) earnings per common share	$ (0.01)	$ 0.13	$ 0.13	$ (0.10)	$ 0.15
Diluted (loss) earnings per common share	$ (0.01)	$ 0.13	$ 0.13	$ (0.10)	$ 0.14

(1) Includes a $493,000 gain from the sale of the Company's former Newport, KY pipe coating machinery and equipment which had been classified as "held for resale".

	2003				
	First Quarter(1)	Second Quarter	Third Quarter(2)	Fourth Quarter	Total
	In thousands, except per share amounts				
Net sales	$ 59,519	$ 75,796	$ 75,802	$ 53,149	$ 264,266
Gross profit	6,933	9,196	9,541	6,062	31,732
Income (loss) from continuing operations	64	1,123	1,379	(403)	2,163
(Loss) income from discontinued operations	(230)	(37)	1,546	(2)	1,277
Net (loss) income	$ (166)	$ 1,086	$ 2,925	$ (405)	$ 3,440
Basic (loss) earnings per common share:					
From continuing operations	$ 0.01	$ 0.12	$ 0.14	$ (0.04)	$ 0.23
From discontinued operations	(0.02)	—	0.16	—	0.13
Basic (loss) earnings per common share	$ (0.02)	$ 0.11	$ 0.30	$ (0.04)	$ 0.36
Diluted (loss) earnings per common share:					
From continuing operations	$ 0.01	$ 0.12	$ 0.14	$ (0.04)	$ 0.22
From discontinued operations	(0.02)	—	0.16	—	0.13
Diluted (loss) earnings per common share	$ (0.02)	$ 0.11	$ 0.30	$ (0.04)	$ 0.35

(1) Discontinued operations results include the finalized sale of certain assets and liabilities and charges taken primarily related to severance and a lease termination of the Foster Technologies subsidiary.

(2) The results from discontinued operations include the release of a $1,594,000 valuation allowance against foreign net operating losses that will be utilized as a result of the dissolution of the Foster Technologies subsidiary.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

ITEM 9A. ***CONTROLS AND PROCEDURES***

Evaluation of Disclosure Controls and Procedures

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 (as defined in Rules 13a — 15(e) under the Securities and Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. There were no significant changes in internal control over financial reporting (as defined in Rule 13a-15f under the Exchange Act) that occurred during the fourth quarter of 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Managements' Report on Internal Control Over Financial Reporting

The management of L. B. Foster Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a — 15(f). L. B. Foster Company's internal control system is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Accordingly, even effective controls can provide only reasonable assurance with respect to financial statement preparation and presentation.

L. B. Foster Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework.* Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2004.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 has been audited by Ernst & Young LLP, the independent registered public accounting firm that also audited the Company's consolidated financial statements. Ernst & Young's attestation report on management's assessment of the Company's internal control over financial reporting appears in Part II, Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. ***DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT***

Pursuant to instruction G(3) to Form 10-K, the information required by Item 10 with respect to the Directors of the Company set forth under the heading "Election of Directors" in the Company's definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

The information required by Item 10 with respect to the Executive Officers of the Company has been included in Part I of this Form 10-K (as Item 4A) in reliance on Instruction G(3) of Form 10-K and Instruction 3 to Item 401(b) of Regulation S-K.

Pursuant to instruction G(3) to Form 10-K, information concerning the independence of our Audit Committee and audit committee financial expert disclosure set forth under the heading "Board and Committee Meetings" in the Company's definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

Pursuant to instruction G(3) to Form 10-K, the information concerning compliance with Section 16(a) of the Securities Act of 1933 by officers and directors of the Company set forth under the heading entitled "Beneficial Reporting Compliance" in the Company's definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

Information regarding our Code of Ethics set forth under the caption "Code of Ethics" in Item 4A of Part I of this Form 10-K is incorporated herein by reference.

ITEM 11. ***EXECUTIVE COMPENSATION***

The information set forth under "Executive Compensation" in the 2005 Proxy Statement is incorporated herein by reference.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT***

The information set forth under "Stock Ownership" in the 2005 Proxy Statement is incorporated herein by reference.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS***

None.

ITEM 14. ***PRINCIPAL ACCOUNTING FEES AND SERVICES***

The information set forth under "Independent Auditors" in the 2005 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. ***EXHIBITS, FINANCIAL STATEMENT SCHEDULES***

(a) The following documents are filed as a part of this Report:

1. *Financial Statements*

The following Reports of Independent Registered Public Accounting Firm, consolidated financial statements, and accompanying notes are included in Item 8 of this Report:

Reports of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of December 31, 2004 and 2003.

Consolidated Statements of Operations for the Years Ended December 31, 2004, 2003 and 2002.

Consolidated Statements of Cash Flows for the Years Ended December 31, 2004, 2003, and 2002.

Consolidated Statements of Stockholders' Equity for the Years Ended December 2004, 2003 and 2002.

Notes to Consolidated Financial Statements.

2. *Financial Statement Schedule*

Schedules for the Three Years Ended December 31, 2004, 2003 and 2002:

II — Valuation and Qualifying Accounts.

The remaining schedules are omitted because of the absence of conditions upon which they are required.

L. B. FOSTER COMPANY AND SUBSIDIARIES

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003, AND 2002

	Balance at Beginning of Year	Additions: Charged to Costs and Expenses	Additions: Other	Deductions	Balance at End of Year
		(In thousands)			
2004					
Deducted from assets to which they apply:					
Allowance for doubtful accounts	$ 827	$ 294	$ —	$ 102(1)	$ 1,019
Inventory valuation reserve	$ 1,387	$ 998	$ —	$ 969(2)	$ 1,416
Not deducted from assets:					
Provision for special termination benefits	$ 163	$ 10	$ —	$ 75(3)	$ 98
Provision for environmental compliance & remediation	$ 325	$ 63	$ —	$ 23(4)	$ 365
2003					
Deducted from assets to which they apply:					
Allowance for doubtful accounts	$ 1,062	$ 233	$ —	$ 468(1)	$ 827
Inventory valuation reserve	$ 1,228	$ 505	$ —	$ 346(2)	$ 1,387
Not deducted from assets:					
Provision for special termination benefits	$ 229	$ 14	$ —	$ 80(3)	$ 163
Provision for environmental compliance & remediation	$ 325	$ 52	$ —	$ 52(4)	$ 325
2002					
Deducted from assets to which they apply:					
Allowance for doubtful accounts	$ 812	$ 256	$ —	$ 6(1)	$ 1,062
Inventory valuation reserve	$ 1,171	$ 644	$ —	$ 587(2)	$ 1,228
Not deducted from assets:					
Provision for special termination benefits	$ 388	$ 169	$ —	$ 328(3)	$ 229
Provision for environmental compliance & remediation	$ 340	$ 47	$ —	$ 62(4)	$ 325

(1) Notes and accounts receivable written off as uncollectible.

(2) Reductions of inventory valuation reserve result from physical inventory shrinkage and write-down of slow-moving inventory to the lower of cost or market.

(3) Reduction of special termination provisions result from payments to severed employees and to revisions to severance obligations.

(4) Payments made on amounts accrued and reversals of accruals.

3. *Exhibits*

The Exhibits marked with an asterisk are filed herewith. All exhibits are incorporated herein 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 and 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 & Trust Company, filed as Exhibit 4.0.1 to Form 10-Q for the quarter ended March 31, 2003.
4.0.2	Revolving Credit and Security Agreement dated as of September 26, 2002, between L. B. Foster Company and PNC Bank, N.A., filed as Exhibit 4.0.2 to Form 10-Q for the quarter ended September 30, 2002.
4.0.3	First Amendment to Revolving Credit and Security Agreement dated September 8, 2003, between the Registrant and PNC Bank, N.A., filed as Exhibit 4.0.3 to Form 10-Q for the quarter ended September 30, 2003.
4.0.4	Second Amendment to Revolving Credit and Security Agreement dated January 28, 2005, between Registrant and PNC Bank, N.A., filed as Exhibit to Form 8-K on February 2, 2005.
4.0.5	Third Amendment to Revolving Credit and Security Agreement dated January 28, 2005, between Registrant and PNC Bank, N.A., filed as Exhibit 4.0.5 to Form 8-K on February 2, 2005.
*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	First Amendment dated March 12, 1996 to lease between CXT Incorporated and Crown West Realty, LLC, successor, filed as Exhibit 10.12.1 to Form 10-K for the year ended December 31, 1999.
10.12.2	Third Amendment dated November 7, 2002 to lease between CXT Incorporated and Crown West Realty, LLC, filed as Exhibit 10.12.2 to Form 10-K for the year ended December 31, 2002.
10.12.3	Fourth Amendment dated December 15, 2003 to lease between CXT Incorporated and Crown West Realty, LLC, filed as Exhibit 10.12.3 to Form 10-K for the year ended December 31, 2003.
*10.12.4	Fifth Amendment dated June 29, 2004 to lease between CXT Incorporated and Park SPE, LLC.
*10.13	Lease between CXT Incorporated and Crown West Realty, LLC, dated December 20, 1996, filed as Exhibit 10.13 to Form 10-K for the year ended December 31, 1999.
10.13.1	Amendment dated June 29, 2001 between CXT Incorporated and Crown West Realty, filed as Exhibit 10.13.1 to Form 10-K for the year ended December 31, 2002.
*10.15	Lease between CXT Incorporated and Union Pacific Railroad Company, dated February 13, 1998, and filed as Exhibit 10.15 to Form 10-K for the year ended December 31, 1999.
10.15.1	Renewal Rider for lease between CXT Incorporated, Union Pacific Railroad Company and Nevada Railroad Materials, Inc., dated December 17, 2003 and filed as Exhibit 10.15.1 to Form 10-K for the year ended December 31, 2003.
10.15.2	Renewal Rider for lease between CXT Incorporated and Union Pacific Railroad Company dated December 17, 2003 and filed as Exhibit 10.15.2 to Form 10-K for the year ended December 31, 2003.
10.16	Lease between Registrant and Suwanee Creek Business Center, LLC dated February 13, 2004, and filed as Exhibit 10.16 to Form 10-Q for the quarter ended June 30, 2004.
10.17	Lease between Registrant and the City of Hillsboro, TX dated February 22, 2002, and filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2002.

10.19	Lease between Registrant and American Cast Iron Pipe Company for pipe-coating facility in Birmingham, AL, dated December 11, 1991, filed as Exhibit 10.19 to Form 10-K for the year ended December 31, 2002.
10.19.1	Amendment to Lease between Registrant and American Cast Iron Pipe Company for pipe-coating facility in Birmingham, AL dated November 15, 2000, and filed as Exhibit 10.19.2 to Form 10-K for the year ended December 31, 2000.
10.20	Equipment Purchase and Service Agreement by and between the Registrant and LaBarge Coating LLC, dated July 31, 2003, and filed as Exhibit 10.20 to Form 10-Q for the quarter ended September 30, 2003.
*^10.21	Agreement for Purchase and Sale of Concrete Railroad Ties between CXT, Incorporated and the Union Pacific Railroad dated January 24, 2005.
*10.22	Manufacturing Agreement between CXT, Incorporated and Grimbergen Engineering & Projects, B.V. dated January 24, 2005.
10.33.2	Amended and Restated 1985 Long-Term Incentive Plan as of February 26, 1997, filed as Exhibit 10.33.2 to Form 10-Q for the quarter ended March 31, 2003.**
10.34	Amended and Restated 1998 Long-Term Incentive Plan as of February 2, 2001, filed as Exhibit 10.34 to Form 10-K for the year ended December 31, 2000.**
10.45	Medical Reimbursement Plan effective January 1, 2004, filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 2003.**
10.46	Leased Vehicle Plan as amended and restated on June 9, 2004, filed as Exhibit 10.46 to Form 10-Q for the quarter ended June 30, 2004.**
10.51	Supplemental Executive Retirement Plan, filed as Exhibit 10.51 to Form 10-K for the year ended December 31, 2002.**
10.52	Outside Directors' Stock Award Plan, filed as Exhibit 10.52 to Form 10-K for the year ended December 31, 2002.**
10.53	Directors' resolutions dated May 13, 2003, under which directors' compensation was established, filed as Exhibit 10.53 to Form 10-Q for the quarter ended June 30, 2003.**
10.55	Management Incentive Compensation Plan for 2005, filed as Exhibit 10.55 to Form 8-K on February 22, 2005.**
19	Exhibits marked with an asterisk are filed herewith.
*23	Consent of Independent Auditors.
*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.

^ Portions of this exhibit have been omitted pursuant to a confidential treatment request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

L. B. FOSTER COMPANY

March 14, 2005

By: /s/ Stan L. Hasselbusch
(Stan L. Hasselbusch,
President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Position	Date
By: /s/ Lee B. Foster II (Lee B. Foster II)	Chairman of the Board and Director	March 14, 2005
By: /s/ Stan L. Hasselbusch (Stan L. Hasselbusch)	President, Chief Executive Officer and Director	March 14, 2005
By: /s/ Henry J. Massman IV (Henry J. Massman IV)	Director	March 14, 2005
By: /s/ Diane B. Owen (Diane B. Owen)	Director	March 8, 2005
By: /s/ Linda K. Patterson (Linda K. Patterson)	Controller	March 14, 2005
By: /s/ John W. Puth (John W. Puth)	Director	March 14, 2005
By: /s/ William H. Rackoff (William H. Rackoff)	Director	March 8, 2005
By: /s/ David J. Russo (David J. Russo)	Senior Vice President, Chief Financial Officer and Treasurer	March 14, 2005

Lease between
Spokane Industrial Park, A Division
Of PENTZER DEVELOPMENT CORPORATION,
A Washington corporation
Landlord
And
CXT, INCORPORATED
A Delaware corporation,
Tenant

Dated as of April 1, 1993

(Tract A BSP 88-21)

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LEASE

This LEASE (hereinafter referred to as "the lease" or "this lease") is made and entered into as of the 1st day of April, 1993, by and between SPOKANE INDUSTRIAL PARK, a division of PENTZER DEVELOPMENT CORPORATION, a Washington corporation ("Landlord"), and CXT, INCORPORATED, a Delaware corporation ("Tenant").

ARTICLE 1.
Definitions

As used in this lease, the following terms are defined as follows:

1.1 "Improvements" shall mean all buildings, structures and improvements now or hereafter situated, erected or constructed on the Property and all personal property, equipment and trade fixtures not capable of being removed without permanent damage to real property. Damage shall not be considered permanent if it can be, and is, repaired by Tenant as required by ARTICLE 25. "Existing Improvements" shall mean all Improvements situated, erected or constructed on the Property or any part thereof as of the date hereof. "New Improvements" shall mean all Improvements situated, erected or constructed on the Property after the date hereof.

1.2 "Premises" shall mean the Property and the Improvements.

1.3 "Project " shall mean the following-described real property, consisting of approximately 8,619,217 gross square feet, of which the Property is a part:

All property located within

a) Spokane County Altered Binding Site Plan No. 87-17, recorded in Volume 1 of Plats, page 22A, records of Spokane County, Washington;

b) Spokane County Binding Site Plan No. 88-21, recorded in Volume 1 of Plats, page 23, records of Spokane County, Washington; and

C) Spokane County Binding Site Plan No. 88-22, recorded in Volume ___of Plats, page ___, records of Spokane County, Washington.

Landlord and Tenant acknowledge that a portion of the Project will not have final binding site plan approval by Spokane County until completion of certain

Infrastructure Improvements. Pending completion of the Infrastructure Improvements, the portion of the Project described in Section 1.3(c) of the Lease shall be that real property described on Exhibit A attached to and made a part of this lease.

1.4 *Property" shall mean the following-described real property, consisting of approximately 529,254 gross square feet, and all easements, licenses, privileges, rights and appurtenances related thereto, subject to all easements, rights-of-way, restrictions and reservations of record:

Tract A, Spokane County Binding Site Plan No. 88-21, recorded in Volume 1 of Plats, page 23, records of Spokane County, Washington.

1.5 "Total Payment shall mean all monetary sums due from Tenant to or for the account of Landlord during the term of this lease, including, without limitation, all Base Rent and Additional Rent. "Base Rent" shall mean all sums payable by Tenant under ARTICLE 4. "Additional Rent" shall mean and include every other cost and expense which Tenant shall be obligated to pay under any provision of this lease as well as all sums of money paid or advanced by Landlord upon Tenant's behalf.

ARTICLE 2.
Premises Leased

2.1 Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, subject to all terms and conditions of this lease.

ARTICLE 3.
Term

3.1 The term of this lease shall commence April 1, 1993 and shall end on March 31, 2003.

ARTICLE 4.
Base Rent

4.1 Tenant shall pay to Landlord Base Rent of Seventeen Thousand Five Hundred Ten Dollars ($17,51O.OO) for each calendar month during the first year of the lease term. On April 1, 1994 and on the first day of each April thereafter, the monthly Base Rent payable for the succeeding year shall be increased to equal one hundred three percent (103%) of the monthly Base Rent payable in the immediately preceding year.

4.2 Base Rent for each calendar month shall be paid in lawful U.S. money, at the address specified in ARTICLE 34 or such other place as Landlord may from time to time designate in writing. Base Rent for each calendar month shall be paid in advance on the first day of each month and without demand, offset or deduction, except as expressly provided in this lease. Base Rent for any portion of a calendar month at the beginning of the lease term or at the end of the lease term shall be prorated.

ARTICLE 5.
Security Deposit

5.1 Upon execution of this lease Tenant shall give to Landlord, and thereafter within five (5) days after request shall deposit additional funds as necessary to maintain with Landlord,

a security deposit of waived Dollars ($ waived). The security deposit shall be held by Landlord and any interest thereon shall belong to Landlord. If Tenant fails to make the "Total Payments" required under this Lease or defaults in performance of its other obligations under this Lease, Landlord may use all or pan of the security deposit to pay any such amounts in default or for payment of any other amount which Landlord spends or becomes obligated to spend by reason of Tenant's default, or for the payment to Landlord of any other loss or damage which Landlord may suffer by reason of Tenant's default. Landlord shall not be required to utilize the security deposit prior to declaring a default under the Lease, nor shall the security deposit be a limitation on Landlord's damages or other rights under this Lease for a payment of liquidated damages or an advance payment of Total Payments. If Tenant shall have fully performed all of the promises, covenants, terms and conditions of this lease and surrendered the Premises in accordance with ARTICLE 25, the security deposit shall be returned to Tenant within thirty (30) days after the expiration of this lease.

ARTICLE 6.
Use of Premises

6.1 The Premises shall be used for office purposes, the manufacture, storage and distribution of pavers, concrete railroad ties, other concrete products, and associated products, and for no other purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Landlord's withholding of consent shall not be unreasonable if based upon increased risks posed by Tenant's use of hazardous substances.

6.2 Tenant shall not use or permit the Premises to be used for any unlawful purpose and shall use the Premises and Improvements in accordance with all laws, rules, regulations, ordinances and requirements now or hereafter in effect, including, without limitation, any applicable to the generation, use, manufacture, treatment, transportation, storage or disposal of hazardous substances.

6.3 No change, alteration or improvement to the Improvements shall be undertaken nor shall New Improvements be constructed without Landlord's prior consent, which consent shall not be unreasonably withheld; provided, however, Tenant shall not be required to obtain such consent for (i) changes, alterations, improvements, or construction costing less than Ten Thousand Dollars ($10,000.00) which do not affect the roof, exterior building materials, any structural component or the primary electrical, plumbing, HVAC or other major system of the Improvements. Tenant shall give written notice to Landlord of any proposed change, alteration, improvement or construction requiring consent prior to making such change, alteration, improvement or construction. If a change, alteration, improvement or construction would involve a cost of more than Ten Thousand Dollars ($10,000.00) or would affect the roof, exterior building materials, any structural component or the primary electrical, plumbing, HVAC or other major system of the Improvements, Tenant (a) shall provide Landlord with complete plans and specifications therefor along with Tenant's notice, and (b) shall not proceed without Landlord's prior written

consent, which shall be given or denied within fifteen (15) days after receipt of Tenant's notice and complete plans and specifications. Landlord shall be deemed to have consented to, and Tenant may proceed with any change, alteration, improvement or construction for which Landlord's consent is required, in the absence of any objection from Landlord within such fifteen (15) day period. By written notice to Tenant, Landlord may extend the time for granting or withholding consent to any proposed change, alteration, improvement or construction for up to a maximum of thirty (30) additional days if necessary due to the scope of Tenant's plans. All changes, alterations, improvements and construction shall be at Tenant's sole cost, free of claims of lien, and shall be performed in a good and workmanlike manner and in conformance with applicable building codes and other laws, ordinances, rules and regulations.

6.4 Tenant shall conduct its business and control its employees, agents, invitees and visitors in such manner as not to create any unlawful nuisance, or unreasonably interfere with, annoy or disturb any other tenant of the Project. Tenant shall not do anything which would cause Landlord's insurance rates to increase unless Tenant pays the amount of such increase. Tenant shall not do anything which is prohibited by insurance policies maintained by Landlord or Tenant under this lease or which would cause a cancellation of any such policies, unless substitute policies are procured, which would permit such activities. Tenant shall pay all excess costs of such substitute policies. Landlord shall reasonably cooperate with Tenant and insurers in attempting to accommodate Tenant's activities, provided such accommodation does not adversely affect Landlord or other tenants of premises covered by Landlord's insurance policies.

6.5 Tenant shall comply with reasonable rules and regulations promulgated from time to time by Landlord with respect to the use of common access roads within and otherwise serving the Project, the private water and sewer facilities, the appearance and location of signage within the Project, and the appearance and regular maintenance of building exteriors and landscaping within the Project. Landlord shall use good faith efforts to uniformly enforce such rules and regulations; however, Landlord shall have no liability for the failure of any other tenant to comply with such rules and regulations, or for the conduct of tenants under leases predating the promulgation of such rules and regulations.

ARTICLE 7.
Repairs and Maintenance of the Premises

7.1 Throughout the term of this lease, Tenant, at its sole cost, shall keep the Premises in a habitable, safe, neat, clean and sanitary condition, and in first class working order and repair, except as expressly set forth otherwise in this lease. Tenant shall not cause or permit waste, damage or injury to the Premises.

7.2 Landlord shall, within a reasonable time after written notice from Tenant, perform all repairs to the Premises made necessary by casualty or other loss insured against by Landlord's insurance policies described in Section 14. 1; provided, however, Tenant shall be liable for the lesser of (a) the cost of such repairs or (b) the deductible under Landlord's insurance policy, up to a maximum of One Thousand Dollars ($1,000.00).

7.3 Tenant shall make any and all repairs to the Premises, of any kind or description whatsoever, made necessary by or arising out of Tenant's use and occupancy of the Premises (excepting only (i) repairs to be performed by Landlord pursuant to Section 7.2, and (ii) repairs made necessary by uninsured catastrophic loss not attributable to Tenant's negligence or other fault, including, without limitation, earthquake, flood, war and nuclear reaction), structural or nonstructural, interior or exterior, including, without limitation, repair or replacement of any glass as may become cracked or broken, repair to the roof, floors, walls, sash, pipes, interior partitions and doors, ceilings and to the heating, air conditioning and refrigeration plants, electrical lighting, fire safety, fire sprinkler and plumbing fixtures, and to all other fixtures, equipment and appurtenances thereto, and to the irrigation system, parking lots, driveways and other exterior Improvements. Any such repairs shall be performed in a good and workmanlike manner, and all items shall be replaced with items of similar quality and first class condition. Tenant shall make all repairs to the Premises required by federal, state, county and city statutes, codes, ordinances and regulations. All repairs, other than those covered by Landlord's insurance policy described in Section 14. 1, shall be at Tenant's sole cost. Work on all repairs which Tenant is obligated to make under this lease shall commence promptly after the need therefor becomes known to Tenant, and Tenant shall pursue the repair work, to completion with due diligence. Except in the case of emergency (when notice shall be given as soon as practical), Tenant shall notify Landlord in advance of any planned or necessary repairs to the roof, exterior building materials or structural components or to the primary electrical, plumbing, HVAC or other major system of the Improvements, and Landlord shall have the option of performing such repairs at Tenant's cost; provided, however, in no event shall Tenant be obligated to pay any costs in excess of the lowest fixed price bid received by Tenant from a responsible licensed contractor reasonably acceptable to Landlord to perform such repairs.

7.4 Tenant's obligations arising during the term of this lease under this ARTICLE shall survive any termination or expiration of this lease.

ARTICLE 8.
Hazardous Materials

8.1 Tenant shall not, without prior written notice to Landlord, engage in or allow the generation, use, manufacture, treatment, transportation, storage or disposal of any hazardous substance in, on, under or adjacent to the Premises. Prior to taking occupancy of the Premises, Tenant shall provide Landlord with a description of any processes or activities involving the use of hazardous substances to be conducted by Tenant as well as a description (by type and amount) of any hazardous substances Tenant plans to generate, use, manufacture, transport, store or dispose of in connection with its use of the Premises. Tenant warrants that such description is and will be true, accurate and complete. Tenant shall notify Landlord prior to any material changes in such processes, activities or type and amount of hazardous substances utilized by Tenant and in any event, Tenant shall report to Landlord at least once yearly regarding any such processes, activities and hazardous substances. Tenant shall contemporaneously provide Landlord with copies of all reports, listings or other information required by any governmental entity relating to any hazardous substances utilized by Tenant, and shall promptly provide any other information related to Tenant's utilization of hazardous substances as Landlord may reasonably request.

8.2 Tenant shall not engage in or allow the unlawful release (from underground tanks or otherwise) of any hazardous substance in, on, under or adjacent to the Property (including air, surface water and groundwater on, in, under or adjacent to the Property). Tenant shall at all times be in compliance with all applicable law (and shall cause its employees, agents and contractors to be) with respect to the Premises or any hazardous substance and shall handle all hazardous substances in compliance with good industry standards and practices. As used in this Lease, the term "hazardous substance" shall mean any substance, chemical or waste, including any petroleum products or radioactive substances, that is now or shall hereafter be listed, defined or regulated as hazardous, toxic or dangerous under any applicable laws. As used in this ARTICLE, "applicable law" shall mean any federal, state, or local laws, ordinances, rules, regulations and requirements (including consent decrees and administrative orders) relating to the generation, use, manufacture, treatment, transportation, storage or disposal of any hazardous substance now or hereafter enacted.

8.3 Tenant shall promptly notify Landlord, in writing, if Tenant has or acquires notice or knowledge that any hazardous substance has been or is threatened to be unlawfully released, discharged or disposed of, on, in, under or from the Premises. Tenant shall immediately take such action as is necessary to detain the spread of and remove, to the satisfaction of Landlord and any governmental agency having jurisdiction, any hazardous substances released, discharged or disposed of as the result of or in any way connected with the conduct of Tenant's business, and which is now or is hereafter determined to be unlawful or subject to governmentally imposed remedial requirements. Tenant shall immediately notify Landlord and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports or notices relating to the condition of the Premises or compliance with environmental laws. Tenant shall promptly cure and have dismissed with prejudice any such actions or proceedings in any way connected to the conduct of Tenant's business, to the satisfaction of Landlord, and Tenant shall keep the Premises free of any lien imposed pursuant to any environmental law. Landlord shall have the right at all reasonable times and from time to time to conduct environmental audits of the Premises (including sampling, testing, monitoring and accessing environmental records required by applicable law) by a consultant of Landlord's choosing, and Tenant shall cooperate with the conduct of these audits. If any violation of any applicable law by Tenant or any violation of Tenant's obligations under this ARTICLE are discovered, in addition to any other right Landlord may have against Tenant, the fees and expenses of such consultant shall be borne by the Tenant and shall be paid by Tenant to Landlord on demand.

8.4 Tenant's obligations under this ARTICLE with respect to any occurrence during the term of this lease shall survive any termination or expiration of this lease.

ARTICLE 9.
Taxes and Assessments

9.1 Tenant shall pay when due any and all taxes, installments of general or special assessments (amortized over the longest permissible time), levies, license and permit fees and other governmental charges and impositions of any

kind and nature whatsoever, together with any interest or penalties attributable to Tenant's failure to pay the same when due, which at any time during the term of this lease may be assessed, levied or become due and payable out of or in respect of, or become a lien on the Premises, including, without limitation, any sales tax, business and operation tax, excise tax or similar tax or imposition imposed upon rent or Landlord's business of leasing property within the Project (collectively the "Impositions"); provided, however, Tenant shall not be obligated to pay Landlord's net income taxes or any transfer or excise tax. imposed upon the conveyance of the Premises, or business and occupation taxes imposed upon Landlord's business activities other than leasing property within the Project.

9.2 Impositions shall be paid by Tenant to Landlord in one or more installments each year during the lease term, in an amount estimated by Landlord. If Impositions are billed to Tenant based upon estimates, on or before April 1st of each year, Landlord shall, but not less than once annually, furnish to Tenant a statement of the actual amount of Impositions incurred. Within thirty (30) days after receipt of such statement, Tenant shall pay Landlord the amount by which the actual Impositions exceed estimated Impositions paid by Tenant. If the estimated amount of Impositions paid by Tenant exceeds the actual Impositions, such excess shall be credited against the next Imposition payment due from Tenant. Notwithstanding the foregoing Landlord may elect to require Tenant to pay all or some Impositions directly to the governmental authority levying the same.

9.3 Tenant may seek a reduction in the assessed valuation of the Premises for tax purposes and to contest in good faith by appropriate proceedings, at Tenant's expense, the amount or validity of any tax or assessment, provided that prior to the date when any penalties or interest may be incurred, Tenant shall deposit with the appropriate entity making the tax or assessment the sum contested or secure a bond in an amount sufficient to fully satisfy the amount of any lien upon the Premises. Any bond posted shall name Landlord as a co-obligee and shall be reasonably satisfactory, as to issuer and form, to Landlord. Any refund allocable to the term of this lease shall belong, to Tenant.

9.4 Tenant's obligations under this ARTICLE with regard to Impositions arising during the term of this lease shall survive any termination or expiration of this lease.

ARTICLE 10.
Utilities

10.1 Tenant shall pay, when due, any and all charges and fees for gas, heat, electricity, water, sewer, garbage collection, telephone and all other public or private utilities servicing the Premises and shall, upon request, provide evidence of such payment. Tenant shall not be entitled to terminate this lease or receive an abatement of rent as the result of any failure, interruption or discontinuance of any utility service for any reason; provided however, if such interruption or discontinuance which materially affects Tenant's occupancy of the Premises results from the negligence of Landlord and continues, after notice to Landlord, for a period in excess of seven (7) business days, Total Payments shall abate until service is resumed.

10.2 Rates charged by Landlord to Tenant for utility services owned by Landlord (upon execution of this lease, sewer and water) shall be based upon consumption and will be the same rates charged to other tenants within the Project.

10.3 Tenant's obligations under this ARTICLE with regard to utilities furnished to the Premises during the term of this lease shall survive any termination or expiration of this lease.

ARTICLE 11.
Common Area Expenses

11.1 Tenant shall pay Landlord its proportionate share of all reasonable and customary costs (not including depreciation or costs of repairs resulting from Landlord's negligence), paid or incurred by Landlord in operating and maintaining the common access roadways, sidewalks, pathways, landscaped areas and other similar areas or improvements which may be provided by Landlord for the common use or benefit of tenants of the Project, (but not including common areas specific to a particular building other than the Premises), including without limitation, costs of personnel, equipment and material for maintenance, repair, replacement, snow removal, striping, signage and other traffic control measures, costs for lighting, insurance, property taxes, licenses, permits and fees. Tenant's proportionate share of such expenses shall be a fraction, the numerator of which is the area of the Property and the denominator of which is the area of the Project (or, if the expense is incurred with respect to property not co-extensive with the Project, such other fraction as reasonably determined by Landlord). Capital expenses shall be amortized over their reasonably expected useful life, as determined by Landlord. Common area charges shall not include expenses of initial installation of roadways, initial landscaping management fees or Landlord's general administrative expenses for the Project.

11.2 Common area charges shall be paid by Tenant in one or more installments each year during the lease term in an amount estimated by Landlord. On or before April 1 of each year, Landlord shall furnish to Tenant a statement of the actual amount of Tenant's proportionate share of common area expenses for the preceding calendar year. Within thirty (30) days after receipt of such statement, Tenant shall pay Landlord the amount by which such expenses exceed Landlord's estimates. If Tenant has paid more than the actual amount of such expenses, such excess shall be credited against expenses due for the ensuing year.

11.3 The common area shall consist of easements shown on the Binding Site Plans of the Project, landscaping easements twenty (20) feet in width adjacent to all public and private roadways within the Project, and other perimeter easements and necessary rights-of-way for utilities and private roadways servicing the Project, for public streets, pathways and "208" drainage areas, all as reasonably designated by Landlord, and the private sewer and water and systems serving the Project. Landlord shall provide and maintain landscaping within the landscaping easement described above. The common areas are for the joint benefit of all tenants of the Project and adjacent property owned by Landlord, and Landlord reserves the following rights with respect to the common areas:

(a) to establish reasonable rules and regulations for the use of the common areas;

(b) to close all or any portion of the common areas for reasonable periods to make repairs and changes, and to change the location, layout or shape of the common areas, provided Tenant's access to the Premises is not unreasonably impaired;

(c) to grant access to the common areas to utility providers, governmental entities and others to maintain and repair the improvements serving the Project and the public;

(d) to dedicate the common areas to public use.

11.4 Tenant's obligations under this ARTICLE with regard to common area charges arising during the term of this lease shall survive any termination or expiration of this lease.

ARTICLE 12.
All Expenses Other Than Specifically Dealt With, Audit Rights

12.1 If, during the term of this lease, expenses arise, become due, or are incurred by Landlord, relating to or resulting from the Project, the lease of the Premises, use of the Improvements and personal property subsequently placed upon the Premises or the business conducted by Tenant, which expenses are not specifically dealt with in the lease, such expenses shall be allocated between Landlord and Tenant in a manner consistent with the allocation of expenses specifically dealt with in the lease so that each party receives substantially the benefit of the bargain reflected in the lease.

12.2 Not more than once each calendar year, Tenant shall have the right, upon thirty (30) days' prior notice to Landlord, to examine Landlord's records for the prior year relating to Impositions (ARTICLE 9), insurance (ARTICLE 14) and common area expenses (ARTICLE 11), and to challenge the amount of any such charges. The amount of any charges found, by agreement or otherwise, to be improper or excessive shall be credited against the next installment(s) of Additional Rent due from Tenant.

ARTICLE 13.
Indemnification of Landlord

13.1 Tenant releases and, subject to the provisions of Section 14.5, shall defend, indemnify and hold harmless Landlord, and each of its officers, directors, shareholders, employees, agents and representatives, against and from all liabilities, obligations, damages, penalties, judgments, claims, costs, charges, fees and expenses, including, but not limited to, costs of investigation and correction, reasonable architects, attorneys' and consultants' fees and costs, which may be imposed upon, incurred by or asserted against Landlord or its officers, directors, shareholders, employees, agents and representatives by reason of any of the following:

(a) any act or omission during the term of this lease in, on, about or arising out of or in connection with the use, operation, maintenance and occupancy of the Premises or any part thereof, whether or not consented to by Landlord; by Tenant, or

Tenant's agents, contractors, servants or employees (whether inside or outside the scope of employment), licensees or invitees, except to the extent caused by the negligence or intentional misconduct of Landlord or its agents, contractors, subcontractors, servants or employees;

(b) any accident, injury, casualty, loss, theft or damage whatsoever to any person or tangible property occurring in, on, about or arising out of or in connection with the use or occupancy by Tenant of the Premises, any common area, roadway, alley, basement, pathway, curb, parking area, passageway or space under or adjacent thereto arising from any cause or occurrence whatsoever, except to the extent caused by the negligence or intentional misconduct of Landlord or its agents, contractors, subcontractors, servants or employees;

(c) any failure on the part of Tenant or any of its agents, contractors, subcontractors, servants or employees to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this lease;

(d) any failure by Tenant to perform or comply with any of the terms or provisions contained in this lease or any act per-formed by Landlord in exercise of its rights under ARTICLE 17; or

(e) any presence, release, migration, discharge, disposal, dumping, spilling or leaking, (accidental or otherwise), now or hereafter determined to be unlawful or subject to governmentally imposed remedial requirements, caused by Tenant or in any way connected with Tenant's business, of any hazardous, dangerous or toxic substance of any kind (whether or not now or hereafter regulated, defined or listed as hazardous, dangerous or toxic by any local, state, or federal government) into, onto or under the Property or the air, soil, surface water, or groundwater thereof, or the pavement, structures, sewer system, fixtures, equipment, tanks, containers or personalty at the Property or into, onto or under the property of others from the Premises. The foregoing indemnity shall apply notwithstanding any provisions of federal, state or local law which provides for the exoneration from liability in the event of settlement with any governmental agency, and notwithstanding Landlord's consent, knowledge, action or inaction-with respect to the act or occurrence giving rise to such right of indemnity.

13.2 In case any action or proceeding is brought against Landlord or its officers, directors, shareholders, employees, agents and representatives by reason of any claim indemnified under Section 13. 1, Landlord shall promptly notify Tenant of such claim and Tenant shall, at Tenant's expense, immediately resist or defend such action or proceeding with counsel approved by Landlord in writing, which approval shall not be unreasonably withheld. In connection with any such action brought against Landlord by Tenant's employees, Tenant waives any immunity, defense or other protection afforded by any worker's compensation, industrial insurance or similar laws, with regard to such claim or action against Landlord.

13.3 Tenant waives and releases all claims against Landlord, its officers, directors, shareholders, employees, agents and representatives, for any loss, injury, or damage (including consequential damages), to Tenant's property or business during the term of this lease occasioned by theft, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, acquisition,

order of governmental body or authority, earthquake, flood, fire, explosion, falling objects, steam, water, rain or snow, leak or by flow of water, rain or snow from the Premises or onto the Premises or from the roof, street, subsurface or from any other place, or by dampness, or by the breakage, leakage, obstruction or defects of the pipes, sprinklers, wires, appliances, plumbing, heating, air conditioning, lighting fixtures of the Improvements, or by the construction, repair or alteration of the Premises or by any other acts or omissions of any other tenant or occupant of the Project, or visitor to the Premises or any third party whatsoever, or by any cause beyond Landlord's control.

13.4 Tenant's obligations under this ARTICLE shall survive any termination or expiration of this lease.

ARTICLE 14.
Insurance

14.1 At all times during the term of this lease, Landlord shall carry and maintain (a) Special Form property insurance (or its then equivalent in the insurance industry) covering the Improvements to their full insurable replacement value, subject to a deductible of not less than One Thousand Dollars ($1,000.00), (b) rental value insurance in an amount sufficient to cover Tenant's Total Payments during any period of rental abatement caused by repair or reconstruction of the Improvements, and (c) commercial general liability insurance (or its then equivalent in the insurance industry) for the Project in such amounts as Landlord determines from time to time in its reasonable discretion.

14.2 Tenant shall reimburse Landlord for the costs of all insurance maintained pursuant to Section 14. 1. If Landlord maintains blanket property damage policies Tenant shall pay only that portion of policy premiums reasonably allocable to the Premises. The cost of Landlord's liability insurance shall be allocated in accordance with Section 11. 1. Insurance charges shall be paid by Tenant in one or more installments each year during the lease term in an amount estimated by Landlord. On or before April 1 of each year, Landlord shall furnish to Tenant a statement of the actual amount of insurance costs incurred for the preceding calendar year. Within thirty (30) days after receipt of such statement, Tenant shall pay Landlord the amount for which actual insurance expenses exceed estimated expenses paid by Tenant. If the estimated amounts paid by Tenant exceed the actual insurance expenses, such excess shall be credited against the next insurance expense payment due from Tenant. Tenant's obligation under this Section shall survive any termination or expiration of this lease.

14.3 Any loss to Tenant's personal property and fixtures or arising out of the conduct of or interruption of Tenant's business shall be the sole risk of Tenant. Tenant shall, at its sole cost, secure and maintain throughout the term of this lease insurance policies with a company or companies reasonably acceptable to Landlord and licensed to do business in the State, insuring against the following perils:

(a) Liability Insurance. (i) Commercial general liability insurance (or its then equivalent in the insurance industry) with combined single limits of not less than One Million Dollars (S 1,000,000.00) per occurrence for personal injury and property damage. Such policy shall name Landlord and any lender of Landlord as additional insureds; shall contain cross-liability

provisions and shall include but not be limited to coverage for the occurrences described in subsections 13. 1 (a) and (b), and acts of independent contractors retained by Tenant, and (ii) auto liability insurance for vehicles owned, leased or used by Tenant and non-owned vehicles used in connection with Tenant's business with liability limits of not less than One Million Dollars ($1,000,000.00) per occurrence.

(b) Property Insurance. Special Form property insurance (or its then equivalent in the insurance industry) naming Landlord, any lender of Landlord, and Tenant as their interests may appear, covering all leasehold improvements in, on, or upon the Premises, in an amount not less than the full replacement cost without deduction for depreciation. All policy proceeds shall be used for the repair or replacement of the property damaged or destroyed; however, if this lease ceases under the provisions of ARTICLE 21, Tenant shall be entitled to any proceeds equal to the remaining value to Tenant of leasehold improvements for which Tenant has paid, and Landlord shall be entitled to all other proceeds. Notwithstanding, the foregoing sentence, Landlord shall never receive less than an amount equal to the reasonable cost of re-constructing Improvements substantially identical to those originally delivered to Tenant.

(c) Other Insurance: Changes in Limits. Such other insurance in such amounts as may from time to time be reasonably requested by Landlord against other insurable hazards related to the Premises (including, without limitation, hazards to the Premises related to Tenant's activities thereon), which at the time are customarily insured against by owners or operators of similar types of properties and Landlord may require changes in the amounts or limits of the insurance to be maintained under this ARTICLE to maintain reasonably equivalent coverage due to inflation, changes in Tenant's business operations, changes in law or changes in policy terms.

14.4 Each insurance policy maintained by Tenant shall provide coverage on an occurrence rather than a claims-made basis (or if coverage on an occurrence basis is or becomes unavailable on commercially reasonable terms, Tenant may obtain insurance coverage on a claims-made basis, provided such policies are endorsed to provide for an extended reporting period of not less than three (3) years) and shall provide that (a) no act, omission or default by Tenant shall render the policy void as to Landlord or of Landlord's right to recover thereon; and (b) the policy shall not be canceled or modified so as to adversely affect Landlord until thirty (30) days after written notice to Landlord. On or before commencement of the term hereof and thereafter upon the request of Landlord, Tenant shall provide certificates of insurance evidencing the required insurance and upon Landlord's request, copies of any required policy. All policies shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

14.5 Landlord and Tenant each waive any and all rights to recover against the other or against the officers, directors, shareholders, employees, agents or representatives of the other, for any loss or damage to such waiving party arising from any cause covered by any insurance required to be carried by such party pursuant to this ARTICLE or any other insurance actually carried by such party; provided, however, Tenant shall remain liable for the lesser of (a) the loss incurred by Landlord or (b) the deductible under Landlord's insurance policies, up to a maximum of One Thousand Dollars (S 1,000.00). Landlord and Tenant from time to time shall cause their respective insurers to issue appropriate waiver of subrogation rights endorsements to all policies of insurance carried in connection with the Premises or the contents of the

Premises. Tenant-agrees to cause all other occupants of the Premises claiming by, under, or through Tenant to execute and deliver to Landlord such a waiver of claims and to obtain such waiver of subrogation rights endorsements.

14.6 Landlord, its agents and employees make no representation that the limits of liability specified to be carried by Tenant pursuant to this ARTICLE are adequate to protect Tenant. If Tenant believes that any of such insurance coverage is inadequate, Tenant shall obtain, at Tenant's sole expense, such additional insurance coverage as Tenant deems adequate.

ARTICLE 15.
Limitation on Landlord's Liability

15.1 Notwithstanding any other provision of this lease, in the event of any actual or alleged default under this lease by Landlord, Landlord's liability shall be limited to Landlord's interest in the Project. Neither Landlord nor any officer, director, shareholder, agent or representative of Landlord shall have any personal liability for the breach of any obligations under this lease.

15.2 If Landlord, or any subsequent owner of the Premises, transfers the Premises, its liability for the performance of its agreements under this lease shall end with respect to obligations arising after the date of the transfer of the Premises, and the Tenant shall thereafter look solely to the transferee of the Premises for the performance of those agreements. Tenant shall attorn to any transferee of the Premises.

ARTICLE 16.
Defaults and Remedies

16.1 Landlord shall be entitled to exercise any of the rights and remedies provided for in this lease (and/or by applicable law) if any one or more of the following "Events of Default" shall occur:

(a) if Base Rent is not paid when due and remains unpaid for ten (10) days after written notice; or

(b) if any Additional Rent or any other sum payable by Tenant is not paid within twenty (20) days after written notice from Landlord to Tenant; or

(c) if default shall be made by Tenant in the prompt and full performance or compliance with any of the promises, provisions, terms, covenants or conditions in this lease other than those referred to in subsections (a) and (b) of this Section, and any such default is not fully cured within thirty (30) days after written notice from Landlord to Tenant, or if such default may not be reasonably cured within such 30-day period, if Tenant does not commence to cure within such 30-day period and thereafter diligently pursue such cure to completion.

16.2 Upon the occurrence of any Event of Default, Landlord may, at its discretion, apply the security deposit referred to in ARTICLE 5 against any amounts due from Tenant; take any action permitted under ARTICLE 17; and exercise any or all rights or remedies allowed under this lease or by law or equity, including without limitation, the following:

(a) Landlord may terminate this lease in accordance with the laws of the State of Washington, whereupon Tenant shall quit and peacefully surrender the Premises. Upon termination, Landlord may re-enter the Premises and take possession thereof, remove all parties in possession therefrom, and Tenant shall have no further claim or demand whatsoever thereon or hereunder. Landlord, without terminating this lease, may re-enter the Premises without liability for trespass, remove by summary proceedings, ejectment, replevin, unlawful detainer, lien foreclosure, or otherwise, all persons and personal property from the Premises and may have, hold, and enjoy the Premises and have the right to receive all rental income of and from the same. No act by Landlord shall terminate this lease unless Landlord notifies Tenant in writing, that Landlord elects to terminate this lease. Upon any re-entry, Landlord may relet the Premises or an), part thereof for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term of this lease) and on such conditions as Landlord, in its reasonable discretion, may determine and may collect and receive the rents thereto. If Tenant abandons the Premises, Landlord shall in no way be responsible or liable if the Premises or any part thereof are not relet, or for any inability to collect any rent due upon any such reletting. Tenant assumes full responsibility for mitigating damages upon abandonment of the Premises and waives any defense or claim based on Landlord's failure to mitigate damages except as set forth in Section 23.6. No re-entry by Landlord, if the lease has not been terminated, shall excuse or relieve Tenant of its liability and obligations under this lease, and Tenant, until the end of the term of this lease, shall be liable to Landlord for and shall pay to Landlord the amount of Total Payments which are due and payable under this lease by Tenant, less the proceeds realized by Landlord from any reletting. Tenant shall pay such deficiency to Landlord on the first day of each month for which rent would have been paid under this lease, and Landlord shall be entitled to recover from Tenant each monthly deficiency. In addition, Tenant shall pay upon demand all of Landlord's reasonable expenses whatsoever reasonably incurred in connection with any reletting, including, without limitation, all repossession costs, brokerage and management commissions or fees, all operating expenses, accounting expenses, attorneys' fees. reasonable costs incurred in making, alterations to the Improvements and removal, storage or disposition of personal property on the Premises, and any expenses of advertising, and preparation for reletting and any reasonable concessions granted in connection with such reletting. Any sums received by Landlord upon a reletting of the Premises in excess of the Total Payments reserved herein shall be the sole property of Landlord; or

(b) Landlord may accelerate all of the Total Payments reserved for the remaining balance of the term of this lease. Upon such acceleration, all of the Total Payments reserved herein for the entire term shall immediately become due and payable, discounted to their then present value using a discount rate equal to the prime rate as of the date of the Event of Default, less the reasonable rental value of the Premises for the remainder of the lease term, also discounted to present value at the prime rate. The "prime rate" shall mean the interest rate per annum announced by Seattle-First National Bank (or its successor) from time to time as its prime lending rate to its most creditworthy commercial customers. Tenant shall pay, upon demand, such accelerated amount plus an amount equal to the total of all of Landlord's reasonable costs resulting from Tenant's default including-, without limitation, costs of curing any breach by Tenant of the terms of this Lease (other than failure to pay Total Payments), repossession of the Premises, operating and administrative

expenses until the Premises may be relet, attorney's fees, costs of removal, storage or disposition of personal property on the Premises, and the unauthorized cost of any leasehold improvements or concessions granted in connection with this Lease, plus interest thereon at the prime rate from the date incurred until the date paid.

ARTICLE 17.
Landlord's Right to Perform Tenant's Covenants

17. 1 If Tenant shall at any time fail to make any payment or perform any act required under this lease, then Landlord, after ten (10) days' notice to Tenant in the case of monetary defaults (other than the payment of Base Rent) or thirty (30) days' notice in the case or a non-monetary default, or immediately without notice in the case of emergency, and without waiving, or releasing Tenant from any obligation of Tenant contained in this lease or from any default by Tenant and without waiving Landlord's right to take other action permissible under this lease, may (but shall be under no obligation to) make such payment or perform any other act required to be made, performed or complied with by Tenant hereunder.

17.2 Landlord may enter the Premises for any purpose under Section 17.1 and take all such action thereon as may be necessary without incurring any liability for trespass and without terminating Tenant's tenancy or interfering, with Tenant's quiet enjoyment of the Premises. Any sums paid by Landlord and all costs and expenses reasonably incurred by Landlord (including reasonable attorneys' fees), in connection with the performance of any act, together with interest thereon at the rate set forth in ARTICLE 19, from the date of such payment or incurrence by Landlord shall be paid by Tenant to Landlord upon demand.

ARTICLE 18.
Costs and Attorneys' Fees

18.1 In the event of any breach, default, delinquency or violation by either party or any dispute involving the interpretation of this lease, the non-prevailing party shall be responsible for and shall pay any and all reasonable attorneys' fees and costs, or expenses incurred by the other party by reason of such breach, default, delinquency, violation or dispute, whether or not a legal action is filed, including those, if any, on appeal.

ARTICLE 19.
Interest on Overdue Payments

19.1 Any component of Total Payments payable by Tenant under the terms of this lease, which Tenant does not pay when due, shall bear interest in favor of Landlord from the due date at the rate of eighteen percent (18 %) per annum, compounded monthly, or such lesser rate as may be the maximum allowed by law.

19.2 Any late or partial payments, if accepted by Landlord, may, at Landlord's option, be applied first to interest, then to Additional Rent, and finally to Base Rent.

ARTICLE 20.
No Total Payments Abatement

20.1 Except as otherwise expressly provided for in this lease, no

abatement, diminution, setoff, counterclaim or reduction of Total Payments or charges due Landlord shall be claimed by or allowed to Tenant.

ARTICLE 21.
Damage to Premises

21.1 If the Improvements are damaged or destroyed by reason of fire or any other cause, Tenant shall immediately notify Landlord. If the loss results from a casualty covered by Landlord's insurance, provided Tenant is not in default, Landlord shall apply the net proceeds of any fire or other casualty insurance paid to Landlord (or to a trustee or depository at the request of the holder of Landlord's mortgage), to repair or rebuild the Improvements. Provided Tenant is not in default, if the loss results from a casualty not insured against by Landlord's insurance and not attributable to Tenant's negligence or other fault and the estimated costs of repair do not exceed fifty percent (50%) of the sum of Base Rent due for the remainder of the lease term, Landlord shall repair or rebuild the Improvements, in each case so as to make the Improvements at least equal in value to the improvements existing immediately prior to the occurrence and as nearly similar in character as is practicable and reasonable, subject to any applicable building regulations. Landlord shall prosecute the repairs or rebuilding to completion with diligence; subject, however, to strikes, lockouts, acts of God, embargoes, governmental restrictions, and other causes beyond Landlord's reasonable control.

1. 2 If (a) at any time during, the last two (2) years of the term of this lease the Improvements are damaged by fire or other insured casualty so that the cost of restoration exceeds twenty-five percent (1-5 %) of the replacement value of the Improvements (exclusive of foundations) immediately prior to the damage or (b) in Landlord's reasonable judgment, repair or restoration after any insured casualty cannot be completed by one (1) year prior to the end of the lease term or (c) a loss exceeding fifty percent (50 To) of the sum of Base Rent due for the remainder of the lease term results from a casualty not insured against by Landlord's insurance, then Landlord may, within thirty (30) days after such damage, give notice of its election to terminate this lease and, subject to the provisions of this section, this lease shall cease on the tenth (10th) day after the delivery of that notice. Total Payments shall be apportioned and paid to the time of damage.

21.3 Total Payments shall be abated on a pro rata basis from the date of the damage until the date of the completion of such repairs, based on the proportion of the Premises that Tenant is unable to use during the repair period. If any casualty not covered by rental value insurance is the result of the willful conduct or negligent act or omission of Tenant, its agents, contractors, employees, or invitees, Total Payments shall not be abated. Tenant shall have no right to terminate this lease on account of any damage to the Premises, or the Project, except as set forth in this lease.

ARTICLE 22.
Condemnation

22.1 In the event the Premises or any part thereof shall be condemned and taken for a public or quasi-public use, the leasehold estate and interest of Tenant in the Premises or the part thereof so taken shall forthwith cease and terminate as of the date of final award. In the event of a partial taking, the lease shall remain in full force as to any portion of the Premises not taken, and Tenant's obligation to pay Base Rent and Additional Rent herein

reserved shall be equitably reduced or abated in proportion to the value of the portion of the Premises which is lost on account of any partial taking. Rent shall not be abated if the taking does not unreasonably affect Tenant's use of the Premises. Notwithstanding the foregoing, in the event any part of the Premises is taken which would render the remainder thereof unusable, Tenant may elect to terminate this lease and all obligations of either party hereunder accruing from and after the date of such partial taking.

22.2 Landlord reserves all rights to damages awarded for any partial or total taking and Tenant hereby assigns to Landlord any right Tenant may have to such damages or award except for moving, expenses, Tenant's personal property or damage to or interference with Tenant's business, but only to the extent awarded separately and not out of or as a pan of the damages recoverable by Landlord.

ARTICLE 23.
Transfer of Tenant's Interest

23.1 Tenant shall not:

(a) transfer all or any portion of this lease or any of its leasehold interest in the Premises, without the prior written consent of Landlord, which may not be unreasonably withheld;

(b) mortgage, pledge, hypothecate or otherwise create or grant any security interest in Tenant's leasehold interest (or any part thereof) in the Premises without the prior written consent of Landlord, which may not be unreasonably withheld or delayed, and, subject to Tenant's right to contest in a manner similar to that provided in Section 9.3 for Impositions, Tenant shall not voluntarily or involuntarily suffer or permit to be placed or enforced against the Premises any lien, claim, demand or encumbrance of any type or nature whatsoever.

23.2 Any request by Tenant for Landlord's consent to a transfer shall be accompanied by information related to the proposed transferee's financial position and proposed use of the property, and any other information Landlord may reasonably request in order to evaluate the proposed transfer. Landlord's consent to a transfer shall not be effective until Landlord has received the written agreement of the transferee to assume and perform all of the obligations of Tenant for the payment of Total Payments and the performance of all the terms, covenants, conditions and provisions contained in this lease. Any consent by Landlord to any single transfer shall not release Tenant from any obligations under this lease and such consent shall only apply to the specific transaction thereby authorized and shall not be construed as a waiver of the duty to obtain Landlord's consent to any subsequent transfer.

23.3 Tenant shall reimburse Landlord for any costs reasonably incurred in connection with any proposed transfer or creation of a security interest, including, without limitation, legal fees and costs of investigating the acceptability of the proposed transferee or security interest and preparation or review of necessary documentation.

23.4 Any violation of the terms of this ARTICLE without Landlord's prior written consent shall, at Landlord's option, be absolutely null and void.

23.5 Landlord's failure to detect or to protest an apparent or actual

default of this ARTICLE shall not constitute a waiver or estoppel thereof. The acceptance of any rent by Landlord from a proposed transferee shall not constitute consent by Landlord to any transfer or recognition of any transferee or a waiver by Landlord of any failure of Tenant to comply with this ARTICLE.

23.6 If Tenant believes that Landlord has unreasonably withheld consent to any transfer or creation of a security interest, Tenant's sole remedies shall be to (a) seek a declaratory judgment that Landlord has unreasonably withheld consent or (b) seek specific performance or an injunction requiring Landlord to give consent.

23.7 Landlord's withholding of consent to a proposed transfer shall not be unreasonable if Landlord determines, in the exercise of Landlord's reasonable discretion, that (a) the proposed transferee is financially unable to fulfill its obligations under the lease; (b) the proposed transferee (or the principals thereof) has a substantial history of defaults under prior leases or other agreements; (c) the proposed transferee's use of the Premises would be incompatible with other uses within the Project or would pose substantial risks of pollution, casualty loss, property damage or personal injury; or (d) would otherwise substantially increase Landlord's risk or expense in connection with this Lease.

23.8 For the purpose of this ARTICLE, 'transfer" shall include any voluntary or involuntary sale, assignment, sublease, gift, conveyance, disposition or parting with any or all of Tenant's rights, duties or interests herein. Subject to the requirements of Sec-,ion 23.2 relating to information and documents to be provided by Tenant, and Landlord's right to object and withhold consent on the grounds set forth in Section 2-3.7, Tenant may assign all or part of this lease, or sublease all or a part of the Premises, to:

(a) - any corporation or entity that has the power to direct Tenant's management and operation, or any corporation or entity whose management and operation is controlled by Tenant; or,

(b) any corporation or entity a majority of whose voting stock or ownership interest is owned by Tenant; or

(c) any corporation or entity in which or with which Tenant or its successors or assigns is merged or consolidated, in accordance with applicable statutory provisions for merger or consolidation of corporations or other entities, so long as the liabilities of the corporations or entities participating in such merger or consolidation are assumed by the corporation or entity surviving such merger or created by such consolidation; or

(d) any corporation or entity acquiring this lease and a substantial portion of Tenant's assets.

ARTICLE 24.
Subordination

24.1 At Landlord's request, this lease shall be subordinated to any mortgages, deeds of trust and other encumbrances arising through Landlord and affecting the Premises, provided the mortgagee or beneficiary thereof agrees

not to disturb Tenant's possession so long as Tenant is not in default under this lease. Tenant shall sign and deliver any reasonable documents required to evidence such subordination, within twenty (20) days of Landlord's request.

ARTICLE 25.
Surrender

25.1 At the expiration of the lease term or upon any earlier termination of this lease, Tenant shall immediately:

(a) deliver to Landlord free and clear title to the Improvements (excepting only Tenant's personal property, equipment and trade fixtures which can be, and are, removed by Tenant without permanent damage to the Premises) without any payment to Tenant or allowance of any kind whatsoever by Landlord; provided that nothing herein shall require Tenant to satisfy any obligations arising through Landlord. Landlord may examine condition of tide at Tenant's cost to assure itself that the title offered is in conformity with the terms of this lease; and

(b) restore the Premises to their condition at the commencement of the lease, and repair any damage caused by removal of Tenant's personal property, equipment or trade fixtures, or Tenant's occupancy of the Premises, and quit, surrender and return possession of the Premises to Landlord in a neat, clean, and sanitary condition, and in good working order reasonable wear and tear and casualty loss excepted, and shall deliver to Landlord all information documents and tangible items necessary or convenient to the operation of the Premises, including, without limitation, any keys, combinations to locks and access systems, manuals and instruction booklets, warranties, receipts, bills, invoices, statements, licenses, and permits, building plans and specifications, contracts and other documents.

25.2 Any personal property remaining on the Premises after the expiration of the lease term may, at Landlord's option, be deemed abandoned by Tenant and Tenant releases Landlord from all claims and liability in connection with such personal property. Upon expiration, or if the lease is terminated prior to its normal expiration, Landlord shall have the right, but not the obligation, to remove all of Tenant's personal property from the Premises and place the same in a public warehouse at Tenant's expense and risk. Landlord shall have the right, but not the obligation, to sell such stored property if it has not been claimed, and all charges for removal, packing, transport and storage paid by Tenant within thirty (30) days, and the proceeds of sale shall be applied first to the costs of sale, second to the costs of removal, packing, transport and storage, third to the payment of any other sums due Landlord from Tenant, and the balance, if any, shall be paid to Tenant.

ARTICLE 26.
Holding Over

26.1 This lease shall terminate without further notice upon the expiration of the lease term as described in ARTICLE 3 or upon any earlier termination of this lease. If Tenant holds over with the written consent of Landlord, such action shall not constitute a renewal of this lease or any extension thereof, but such tenancy shall be on a month-to-month basis, which tenancy may be terminated as provided by the laws of the State of Washington. During such period, Tenant shall pay to Landlord on the first day of each month Base Rent equal to one-twelfth (1/12) the Total Payments payable by Tenant during the prior calendar year multiplied by one hundred twenty.7 five percent

(125 %) (plus all Additional Rent provided for in this Lease), and Tenant shall continue to be bound by all of the promises, provisions, conditions and covenants herein set forth, so far as the same may be applicable.

ARTICLE 27.
Quiet Environment

27.1 Landlord hereby covenants that if Tenant is not in default in the payment of any monetary obligations or in the performance or observance of any of its other obligations under this lease, Tenant shall be free from Landlord's interference in the enjoyment of sole and exclusive use, occupancy and possession of the Premises; subject, however, to the exceptions, reservations and conditions of this lease.

ARTICLE 28.
Right of Inspection

28.1 Landlord and its representatives shall be authorized to enter the Premises upon notice (or at any time without notice in the event of emergency) for the purposes of determining whether or not an Event of Default has occurred; exhibiting the Premises to lenders, prospective purchasers and tenants; making any necessary repairs to the Premises and performing any work therein and for any other lawful purpose. Landlord shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage to Tenant or any other party by reason of such entrance or the making of such repairs or the performance of any such work, or on account of bringing materials, tools, supplies and equipment onto the Premises. In order to preserve the security of Tenant's proprietary information, Tenant may accompany Landlord on any inspection and may impose reasonable restrictions to prevent unauthorized access to such proprietary information. Landlord shall not disclose or use any confidential or proprietary information of Tenant learned, observed or otherwise obtained by Landlord or its employees or agents in its exercise of rights under this lease.

ARTICLE 29.
Recording

29.1 This lease shall not be recorded. On the request of either party, a memorandum of this lease may be recorded.

ARTICLE 30.
Estoppel Certificates

30.1 Tenant shall, without charge to Landlord, at any time and from time to time, within ten (10) days after request, certify by written instrument, duly executed, acknowledged and delivered, to Landlord or any other person, firm or corporation specified by Landlord:

(a) that this lease is unmodified and in full force and effect or, if there have been any modifications, that the same is in full force and effect as modified and stating the modifications or, indicating that this lease is not in full force and effect if appropriate and stating the reason why;

(b) that any existing Improvements required by the terms of this lease to be completed by Landlord have been completed to the satisfaction of Tenant or

specifying any Improvements which require correction by Landlord;

(c) whether or not there are then existing any set-offs or defense against the enforcement of any of the agreements, terms, covenants or conditions of this lease and any modifications thereto upon the part of the certifying party to be performed or complied with and, if so, specifying the same;

(d) the amount of monthly Base Rent and Additional Rent then due under this lease, the dates, if any, to which any portion of the Base Rent and Additional Rent due hereunder have been paid in advance;

(e) the amount of security deposit held by Landlord;

(f) the date of expiration of the current term and whether Tenant has rights to extend the term (and the term of such extensions) or to purchase the Premises or to lease additional property, if any; and

(g) any other information reasonably requested.

30.2 Tenant's failure to deliver a certificate within the time specified shall be an Event of Default under ARTICLE 16 and shall conclusively be deemed Tenant's approval of the statements set forth in the certificate presented to Tenant, and may be relied upon as such by Landlord or any third party.

ARTICLE 31.
Non-waiver

31.1 No waiver by Landlord or Tenant of any default by the other party or of any circumstances permitting Landlord or Tenant to terminate this lease shall be implied or inferred and no written waiver shall constitute a waiver of any other circumstance permitting such termination, and no failure or delay on the part of Landlord or Tenant to exercise any right it may have by the terms hereof or by law upon the occurrence of an Event of Default shall operate as a waiver of that or any other Event of Default, nor as a modification of this lease. The subsequent acceptance of any payment or performance pursuant to this lease shall not constitute a waiver of any prior default by Tenant other than the default of the particular payment or the performance so accepted. The consent or approval to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar acts by Tenant. No payment by Tenant or receipt by Landlord of a lesser amount than the Total Payments due shall be deemed to be other than on account, nor shall any endorsement or statement on any check or letter accompanying any check or payment as rent be deemed an accord and satisfaction or a waiver of any other or additional amount owed.

ARTICLE 32.
Authority

32.1 Landlord and Tenant, or each person signing this lease on behalf of Landlord and Tenant, warrants that he or she is authorized to execute this lease.

32.2 If Tenant or Landlord is not a natural person, then such party warrants that:

(a) such party is duly organized, validly existing, and qualified to conduct business in the State of Washington;

(b) that the lease was duly authorized, executed and delivered by such party and is the binding obligation of such party, in accordance with its terms.

ARTICLE 33.
Brokers

33.1 Tenant and Landlord, respectively, represent that they have not dealt with any broker or finder with respect to the Premises or this lease other than Kiemle & Hagood, whose fee shall be paid by Landlord. Tenant and Landlord shall indemnify the other and the other's agents and representatives, and hold them harmless from any claims for fees or commissions by parties (including, without limitation, all attorneys' fees and costs of defending any alleged claim) arising out of the acts of the indemnifying party or its agents or employees.

ARTICLE 34.
Notices

34.1 Any notices, demands, requests, consents, objections or other communications required to be given or which may be given under or by the terms and provisions of this lease or pursuant to law or otherwise shall be in writing and delivered or mailed to the address set forth below each party's signature on this lease or at such other place as either Landlord or Tenant may hereafter designate in writing and shall be deemed given three (3) days after deposit in the United States mail, certified or registered, return receipt requested, postage prepaid, addressed to the party entitled to receive the notice, or upon receipt when hand delivered.

ARTICLE 35.
Construction

35.1 This lease shall be construed in accordance with the laws of the State of Washington. The table of contents, article headings and captions are for convenience only and shall not be considered in any construction or interpretation of this lease. If any ambiguity exists, the provision in question sh;L11 not be construed or interpreted for or against Landlord or Tenant by reason of any rule of construction. If any term, provision, Section, ARTICLE or sentence in this lease or portion thereof shall, to any extent, become invalid or unenforceable either by operation of law, statute, or by court decree, the remainder of said term, provision, Section, ARTICLE or sentence as well as the remainder of this lease shall not be affected thereby, and each term, provision, Section, ARTICLE, sentence or portion thereof as well as the remainder of this lease shall be valid and shall be enforceable to the fullest extent permitted by law.

ARTICLE 36.
Covenants to Bind and Benefit Respective Parties

36.1 All of the promises, terms, covenants, provisions and conditions

set forth in this lease shall inure to the benefit of and shall be binding on, the heirs, personal representatives, trustees, receivers, permitted assignees and permitted transferees of the parties named herein.

ARTICLE 37.
Sole Understanding of Parties

37.1 This lease contains the entire understanding between the parties with respect to its subject matter, the promises, duties, terms, covenants, conditions and all other aspects of the relationship between Landlord and Tenant, and there are no verbal agreements, representations, warranties, or other understandings affecting the Property or its use or development that have not been reduced in writing in this lease. No change in this lease in any manner whatsoever shall be valid unless in writing and signed by both parties.

ARTICLE 38.
Further Documents

38.1 Landlord and Tenant shall, whenever and as often as it shall be reasonably requested to do so by the other, execute, acknowledge and deliver or cause to be executed, acknowledged or delivered any and all such further confirmations, instruments and documents and take any and all actions as may be reasonably helpful, necessary, expedient or proper, in order to evidence or complete any and all transactions or to accomplish any and all matters provided for in this lease.

ARTICLE 39.
Venue

Venue in any action arising out of this lease shall be laid in the Superior Court of Spokane County, Washington.

ARTICLE 40.
Consultation

Tenant acknowledges that it has consulted or has had ample opportunity to consult with an attorney concerning the content of this lease. Tenant represents that it has read and understands the terms and conditions set forth in this lease.

EXECUTED as of the date first set forth above.

LANDLORD:	TENANT:
SPOKANE INDUSTRIAL PARK, a Division of PENTZER DEVELOPMENT CORPORATION, a Washington corporation	CXT, INCORPORATED, a Delaware corporation
By /s/ R. Rollnick	By /s/ J. White
Its President	Its President
Address: N. 3808 Sullivan Road Spokane, Washington 99216	Address: N. 2420 Sullivan Road Spokane, Washington 99216

STATE OF WASHINGTON)
:ss.
County of Spokane)

I certify that I know or have satisfactory evidence that Richard Rollnick is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of SPOKANE INDUSTRIAL PARK, a division of PENTZER DEVELOPMENT CORPORATION, a Washington corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated 8-19-93

/s/ Scott R. Brown
Notary Public in and for the State of Washington, residing at Spokane
My commission expires: 8-31-94

OFFICIAL SEAL
SCOTT R. BROWN
NOTARY PUBLIC STATE OF WASHINGTON
My commission expires 8-31-94

STATE OF WASHINGTON)
:ss.
County of Spokane)

I certify that I know or have satisfactory evidence that J. G. White is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of CXT, INCORPORATED, a Delaware corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated July 30, 1993

Notary Public in the State
of Washington, residing at Spokane
My commission expires: September 11, 1994

Exhibit 10.12.1
Amendment to Lease

FIRST AMENDMENT TO LEASE

THIS AMENDMENT, made and entered into this 12th day of March, 1996, by and between CROWN WEST REALTY, L.L.C., hereinafter called "Lessor" and CXT, INCORPORATED, A DELAWARE CORPORATION, hereinafter called "Lessee".

RECITALS

WHEREAS, on April 1, 1993, the Lessee and Lessor's predecessor (Pentzer Development Corporation) entered into an agreement of lease ("the Lease") covering those certain premises, situated in the County of Spokane, the State of Washington, and more particularly described as follows:

3808 N. Sullivan Road, Building #S-16 and Tract A of BSP 88-21, within an organized industrial district called "Spokane Business & Industrial Park" Spokane, Washington, totaling 56,000 square feet, for a period of ten (10) years commencing on the first day of April, 1993 at a monthly rental rate of $17,5 10.00.

WHEREAS, the said Lessee now desires to expand its Premises to include 2.765 acres of Parcel A (located east of Tract A) as shown on Exhibits A and B. This Amendment is subject to Lessor successfully perfecting a lot line adjustment to have the 2.765 acres combined with Tract A.

NOW THEREFORE, in consideration of the Premises and agreements herein contained, it is hereby agreed as follows:

1. Premises: The Premises shall expand to include the 2.765 acres of Parcel A.

2. Rent: Lessee's minimum monthly Base Rent shall increase by $1,000.00 and thereafter shall increase pursuant to paragraph 4.1 of the Lease such that the monthly Base Rent payable for each succeeding year shall be increased to equal one hundred three percent (103%) of the monthly Base Rent payable in the immediately preceding year. In summary, the total monthly rent for Building #S-16, Tract A and the additional 2.765 acres is:

March 1, 1996 through March 31, 1996 $19,576.36 April 1, 1996 through March 31, 1997 $20,133.65 Annual compounded three percent (3%) increases thereafter.

3. Term: The effective date of this expansion shall be March 1, 1996 and shall be coterminous with the Lease.

4. Common Area Expenses: Shall be in accordance with Article I I of the Lease, provided however the 2.765 acres described in paragraph I above shall be added to the Premises described in the Lease for purposes of calculating Common Area Expenses.

5. Option: Lessee's option to extend the term of the Lease shall include this expansion parcel.

6. Lot Line Adjustment: Lessee shall reimburse Lessor for all out-of-pocket expenses associated with Lessor perfecting the lot line adjustment to combine the 2.765 acres of Parcel A with Tract A. In the event that Lessor is unable to obtain the required governmental approvals within 60 days from the date hereof, this Amendment will terminate, and each party hereto agrees to release the other from all of the obligations contained herein. It is understood that no improvements shall commence until Lessor advises Lessee that all governing authorities have approved said lot line adjustment.

7. Easement: Lessor agrees to grant an easement (if required) to Union Pacific Railroad for a new side track over the Premises described herein. This easement will terminate upon expiration of the Lease.

Exhibit 10.12.4

FIFTH AMENDMENT TO LEASE

THIS AMENDMENT, made and entered into this 29th day of June, 2004, by and between PARK SPE, LLC, hereinafter called "Lessor," and CXT INCORPORATED, a Delaware corporation hereinafter called "Lessee."

RECITALS

WHEREAS, on April 1, 1993, the Lessor and Lessee entered into an agreement of Lease covering those certain premises described as a portion of those certain premises described as Spokane County Altered Binding Site Plan No. 87-17, Spokane County Binding Site Plan No. 88-21, and Spokane County Binding Site Plan No. 88-22, containing approximately 8,619,217 gross square feet (Building S-16), located at 3808 North Sullivan Road, situated in the County of Spokane, the State of Washington.

WHEREAS, on March 28, 1996 the Lessor and Lessee entered into a First Amendment to Lease covering those certain premises whereby expanding its Premises to include 2.765 acres of Parcel A (located East of Tract A) and increasing the monthly Base Rent and Common Area Expenses.

WHEREAS, on June 30, 1999 the Lessor and Lessee entered into an Amendment to Lease covering those certain premises whereby Lessee entered into a transaction wherein its stockholders sold all of their stock to L.B. Foster Company, which sales constituted a transfer of the Lessee's interest in the Lease requiring Lessor's consent. The Lease and all addendums and amendments thereto are hereinafter collectively referred to as the "Lease."

WHEREAS, on November 7, 2002 the Lessor and Lessee entered into a Third Amendment to Lease covering those certain premises whereby extending the Term of the Lease for an additional year effective January 1, 2003.

WHEREAS, on December 15, 2003 the Lessor and Lessee entered into a Fourth Amendment to Lease covering those certain premises whereby extending the Term of the Lease for an additional seven (7) months effective January 1, 2004.

WHEREAS, the said Lessee now desires to extend the term of the Lease for an additional two (2) year period effective August 1, 2004.

NOW, THEREFORE, in consideration of the Premises and agreements herein contained, it is hereby agreed as follows:

Article 3. Term, shall be amended as follows:

The Term of the Lease shall be extended for an additional two (2) year period effective August 1, 2004 and shall end on July 31, 2006. Additionally, Lessor and Lessee agree to execute this Fifth Amendment to Lease rather than the execution of a new lease as stipulated in Article 3 of the Fourth Amendment to Lease.

Article 4. Base Rent, paragraph 4.1, shall be amended as follows:

August 1, 2004 through July 31, 2006 $18,541.00 per month

EXCEPT for the new terms and conditions listed above, all other terms and conditions of the Lease and any subsequent amendment(s) shall remain in full force and effect.

IN WITNESS WHEREOF, the said Lessor and Lessee have executed this amendment to lease the day and year first written above.

LESSOR:	LESSEE:
PARK SPE, LLC	CXT INCORPORATED A Delaware corporation
/s/ Rob B. Gragg	/s/ Dave Millard
Rob B. Gragg, Authorized Representative	Dave Millard, Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF SPOKANE)

On this 23rd day of July, 2004, personally appeared Rob B. Gragg to me known to be the Authorized Representative of PARK SPE, LLC, the limited liability company, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

/s/ Marci Combs

Name Printed: Marci Combs
NOTARY PUBLIC in and for the State of Washington, residing at Spokane Valley.

My Commission Expires: 8-1-06

STATE OF WASHINGTON)
) ss.
COUNTY OF SPOKANE)

On this 16th day of July, 2004, personally appeared Dave Millard to me known to be the Vice President of CXT INCORPORATED, the Delaware corporation, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

/s/ Tina M. Bucklin

Name Printed: Tina M. Bucklin
NOTARY PUBLIC in and for the State of Washington, residing at 12411 E. Mansfield Ave. #7 Spokane Valley, WA 99216

My Commission Expires: June 20, 2008

Exhibit 10.13

LEASE AND ADDENDA FOR BUILDING #7
AND
FIVE ACRES OF LAND

(PRECAST PLANT AND STORAGE YARD)

LEASE

CROWN WEST REALTY, L.L.C.
Lessor

CXT INCORPORATED
Lessee

Dated: December 20, 1996

LEASE

This Lease made and entered into this 20th day of December, 1996, between CROWN WEST REALTY, L.L.C. hereinafter referred to as "Lessor", and CXT INCORPORATED, a Delaware corporation, hereinafter referred to as "Lessee",

WITNESSETH:

It is agreed by and between Lessor and Lessee as follows:

1. Description of Premises. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor those certain premises, hereinafter referred to as "Premises", situated in Spokane County, State of Washington, described as: Building #7 comprising approximately 120,000 square feet and approximately rive acres of land to be used for storage immediately east of Building #7, across 5th Street, (See Exhibit B attached) located at 3808 N. Sullivan Road being part of an organized industrial district commonly referred to as the "Spokane Business & Industrial Park," hereinafter referred to as the "Park" as shown on the attached Exhibit A and more particularly described as follows:

The South Half of Section 1, and that portion of Section 12 lying North of the Northerly right of way line of the Spokane International Railroad, Township 25 North, Range 44 East of the Willamette Meridian, County of Spokane, State of Washington.

The Lessee may use the five acres to store material. All materials shall be stored in a neat and secure manner. Except for those improvements which the Lessor specifically agrees to provide, as set forth in this Lease, the Lessee shall be responsible for the installation, construction and maintenance of all improvements to the Premises.

Lessee shall have the right to cross 5th Street between the said five-acre parcel and Building 7 without going to an intersection, provided that north-south traffic on 5th Street has the right of way and Lessee's vehicles thus crossing 5th Street shall not unreasonably impede north-south traffic on 5th Street.

2. Term. The term of this Lease shall be 76 months, commencing on the 1st day of December, 1996 and ending on the 31st day of March, 2003.

3. Rent. The monthly base rent which includes base year taxes, assessments, insurance and common area costs, except as provided in paragraph 28, shall be as follows:

December 1, 1996 through March 31, 1997	$ 0.00
April 1, 1997 through October 31, 1997	$15,600.00
November 1, 1997 through September 30, 1998	$16,800.00
October 1, 1998 through September 30, 1999	$20,400.00
October 1, 1999 through September 30, 2000	$20,400.00
October 1, 2000 through September 30, 2001	$21,600.00
October 1, 2001 through September 30, 2002	$21,600.00
October 1, 2002 through March 31, 2003	$24,000.00

Said rental for each month shall be paid to Lessor monthly in advance on or before the first business day of the month for which said rent is due at the office of Lessor at the Park.

A late charge of 1%% of the delinquent amount will be added to all amounts of base rent and additional due that are not received by the tenth of the month in which they are due.

4. Option To Extend. Lessee is hereby granted options to extend this Lease for two additional five-year terms upon all of the terms and conditions, except rent, as provided in this Lease, modified only as necessary to conform to applicable laws and regulations; provided that the Lessee is, both at the time of exercising an option to extend and at the time of commencement of the extended term, not in material default under the then-current lease. In order to exercise an option to extend, the Lessee must give written notice to the Lessor not less than 150 days prior to the expiration of the then-current lease term.

The base rent during the option terms, if exercised, shall be as follows:

April 1, 2003 through March 31, 2004	$31,200.00
April 1, 2004 through March 31, 2005	$32,292.00
April 1, 2005 through March 31, 2006	$33,422.00
April 1, 2006 through March 31, 2007	$34,592.00
April 1, 2007 through March 31, 2008	$35,803.00
April 1, 2008 through March 31, 2009	$37,056.00
April 1, 2009 through March 31, 2010	$38,353.00
April 1, 2010 through March 31, 2011	$39,695.00
April 1, 2011 through March 31, 2012	$41,084.00
April 1, 2012 through March 31, 2013	$42,522.00

5. Options To Terminate.

5.1 This Lease. Lessee is hereby granted the one-time option to terminate this Lease effective on February 28, 1999, by giving Lessor not less than 150 days' prior written notice. If said option to terminate is exercised, Lessee shall pay Lessor $32,500.00, representing reimbursement to Lessor of $15,000.00, being 50% of the amount that the Lessor has agreed to pay toward the cost of repairing cranes; plus $17,500.00, being approximately 50% of the cost incurred by Lessor in complying with paragraph 10.7.

5.2 S-20 Lease. Lessee is currently leasing Building #S-20, on Lot 18, BSP 88-21 from Lessor pursuant to a Lease dated November 1, 1991. Provided that Lessee does not exercise its option to terminate this Lease as provided in paragraph 5. 1, Lessee is hereby granted the option to terminate the said Lease of Building #S-20 effective on either December 31, 1998, or December 31, 1999, by giving written notice to Lessor not less than 150 days prior to the termination date, which shall be stated in the notice, and by paying Lessor the sum of $4,800.00 per month on the first business day of each month, commencing in the month of January immediately following the termination date and continuing through March, 2003. Late charges would apply if not paid on time, the same as with rent.*

*Should Lessee exercise its option to terminate its lease for Building #S-20 under this paragraph #5.2, then Lessee's option to terminate this lease for Building #7 under paragraph #5.1 shall expire and become null and void.

6. Possession/Peaceful Enjoyment. Lessee shall be entitled to possession of the Premises on December, 1, 1996, it being recognized that the prior tenant of Building #7 is in the process of moving out so that the Lessee will not have

full use of the Premises until the prior tenant finishes moving out. Except as provided above, the Lessee shall have peaceful and quiet enjoyment throughout the term of this Lease and any exercised option terms, all subject to the Lessee performing its obligations under this Lease.

7. Holding Over. If the Lessee shall, with the written consent of Lessor, hold over after the expiration of the term of this Lease, or any exercised option term, such tenancy shall be on a month-to-month basis, and may be terminated as provided by the laws of the State of Washington. During such tenancy, Lessee agrees to pay to the Lessor the rental rate set forth in the written consent, and to be bound by all the terms, covenants and conditions of the lease then in effect. If the Lessee holds over without the written permission of the Lessor, Lessee shall be tenant at sufferance and shall pay base rent on a daily basis at a rate per day equal to 5% of the monthly rent then in effect.

8. Lease Deposit. Waived.

9. Business Purposes. The Premises are to be used for the purpose of conducting therein and thereon the following business: The manufacture of concrete products, steel fabrication, equipment repair and other related manufacturing activities, and the storage of related materials and products, and for none other without the prior written consent of Lessor. Lessee shall promptly notify Lessor of any proposed change in use of the Premises, but in no event later than 14 days prior to said proposed change. Lessor's consent to any proposed change shall not to be unreasonably withheld or delayed.

10. Acceptance of Premises.

10.1 As Is. Except as otherwise specifically provided in this Lease, Lessee, having made a careful and complete inspection of the Premises, accepts said Premises strictly "AS IS" in their present condition and without any representations or warranties, express or implied, as to their condition or suitability for Lessee's intended use.

10.2 Existing Cranes. There are presently three ten-ton cranes installed in Building #7 which the parties recognize are in need of repair. The Lessee will, within a reasonable time, perform all repairs necessary to put the cranes in good working order and in compliance with applicable laws and regulations. The Lessor will reimburse the Lessee for the cost of such repairs to the extent of $30,000.00. Thereafter the Lessee shall maintain said cranes in good working order throughout the term of this Lease and any extensions or renewals thereof.

10.3 Office HVAC. The Lessor represents that the HVAC system for the office area is in normal operating condition. The Lessor will perform any repairs necessary to put the office HVAC system in normal operating condition, provided that the need for repair is called to the Lessor's attention by written notice given not later than December 13, 1996. Thereafter the Lessee shall maintain said HVAC system in good working order throughout the term of this Lease and any extensions or renewals thereof. Lessor shall provide Lessee with a report from a licensed HVAC contractor certifying that both the heating and air conditioning aspects of the HVAC system are in good operating condition at the commencement of this Lease.

10.4 New Doors. The Lessor will, within a reasonable time, and in no event later than January 31, 1997, install four additional electrically

operated truck access doors as shown on Exhibit C attached. Upon completion of the installation of all four doors, the Lessee will reimburse the Lessor for the cost thereof to the extent of $10,500.00.

10.5 Existing Doors. All existing overhead doors, man doors and windows shall be in good operating condition as of the commencement of this Lease. The Lessor will perform any repairs necessary to make such doors and windows in operating condition, provided that the need for repair is called to the Lessor's attention by written notice given not later than December 13, 1996. Thereafter the Lessee shall maintain said doors and windows in good working order throughout the term of this Lease and any extensions or renewals thereof.

10.6 Overhead Power Line. The Lessor will, upon the written request of the Lessee given at any time during the first year of this Lease, and at the Lessee's cost, relocate the existing overhead power line at the east end of the building so as to provide reasonable 'clearance for the Lessee's equipment moving in and out of Building #7.

10.7 Gravel. The Lessor will grade the five-acre parcel which is part of the Premises and will remove topsoil, black dirt and organic matter in order to establish a firm mineral soil base and will install three inches of7/s " or 11/4" minus crushed gravel, all within a reasonable time, and as weather permits.

10.8 Paving. The Lessor will, within a reasonable time, and not later than June 30, 1997, asphalt pave the area between the east end of Building #7 and 5th Street.

10.9 5th Street Gate. The Lessor will, within a reasonable time, and not later than February 28, 1997, install a gate for access to the Park from 5th Street. The gate will be locked other than during general business hours. The gate will be controlled by an access card system or similar device. A reasonable number of access cards or similar access devices will be checked out to the Lessee so that the Lessee will have access to Building #7 from 5th Street at all times.

10.10 Interior Rail Line. Lessor will, upon receipt of such funds from the prior tenant, reimburse Lessee to the extent of $5,000.00 of the Lessee's cost of reinstalling interior continuous rail line in accordance with plans approved by Lessor, such approval not to be unreasonably withheld or delayed.

11. Compliance with Laws. Lessee shall, at all times, and at its sole expense, keep and use the Premises in accordance with applicable laws and ordinances and in accordance with applicable directions, rules and regulations of public bodies or entities. Lessee shall not overload the floors, cranes or other parts of the Premises, and shall permit no waste of, or damage or injury to, the Premises, and will not permit the Premises to be used in any way which is unlawful, offensive or dangerous, or which may be, or become, a nuisance, or in any manner which is, by reason of the emission of dust, odor, gas, fumes, smoke, or noise, noxious or offensive to a person of normal sensibilities occupying space in an industrial park or in a manner that significantly increases the risk of fire. The Lessee's use of concrete vibrators in the ordinary course of its business shall not constitute a violation of this paragraph.

12. General Obligations of Lessee. Lessee shall, at all times, keep the Premises, loading platforms, parking area, and service areas adjacent to the Premises clean and free from snow, ice, ash, rubbish, dirt, and unlawful structures and shall store all products, materials (hazardous or otherwise), dangerous substances, trash and garbage securely within the Premises. Lessee shall arrange for weekly (or more often if needed) pick-up of such trash and garbage as may be generated by Lessee, all at the Lessee's expense. Lessee may install a waste dump area on the south side of Building #7 in accordance with plans approved by Lessor, such approval not to be unreasonably withheld or delayed. Should Lessee fail to remove trash, garbage, refuse or materials from any location outside of the Premises within three days after written notice from Lessor, Lessor, at its option, may remove such items at Lessee's expense. Lessee agrees to hold Lessor harmless from any loss or damage resulting from Lessor's removal of any such items. Lessee shall permit no animals to be kept on the Premises.

13. Alterations.

13.1 Consent Required. Lessee shall not, without the prior written consent of Lessor, make any alterations, additions, or improvements in or to said Premises, which consent shall not be unreasonably withheld or delayed. Lessor's consent may be conditioned on an agreement (a) that the same will be removed by the Lessee at the termination of this Lease, or (b) that the same will be maintained in good repair by the Lessee and left on the Premises at the termination of this Lease. Lessee shall make no perforations in the building shell without prior review and approval of a duly licensed structural engineer and the prior written approval of the Lessor. Trade fixtures, appliances and equipment shall not be deemed alterations, additions or improvements unless the removal of the same would do material damage to the Premises. Unless specifically agreed to by Lessor in writing, Lessee shall not be compensated in any manner for an alteration, addition, or improvement to the Premises. Should Lessee fail to request written consent from Lessor at least 14 days prior to initiation of alterations, additions, or improvements, Lessee shall, at Lessor's option, be obligated to pay all costs incurred by Lessor associated with performing a due diligence evaluation of Lessee's proposal, including without limitation the cost of Lessor's employees and the costs of legal, engineering and architectural services.

13.2 Pre-approved Additions. The following alterations, additions and improvements are hereby approved by the Lessor, all to be performed at the sole cost and expense of the Lessee and in accordance with plans approved by the Lessor prior to the commencement of the work, approval not to be unreasonably withheld:

13.2.1 Batch Plant. Lessee may erect a concrete batch plant and wash down sump on the west or south side of Building #7 in accordance with plans approved by Lessor, such approval not to be unreasonably withheld or delayed. Lessee's plans shall include, but not be limited to, the precise area to be occupied, the design of the structure and final paint color. All construction shall be subject to environmental approvals, governmental approvals and building permits. On the termination of this Lease the Lessee may, and will, if so requested by Lessor, remove the batch plant and restore the area, including parking, to its prior condition. Lessee shall give notice to Lessor at least 30 days prior to the termination of this Lease as to whether or not it elects to remove the batch plant. Within 30 days after receipt of

such notice or, if no notice is given, then within 30 days after the termination of this Lease, Lessor may notify Lessee that Lessee is required to remove the said batch plant

13.2.2 Rail Line. Lessor will make available to Lessee, at no cost, all rail and switch material currently in its possession, which is not presently being used or specifically planned for future use, for the purpose of constructing approximately 1,000 feet of rail line in Building #7 and on the five-acre parcel. The installation will be in accordance with plans approved in writing by the Lessor prior to the commencement of the work, approval not to be unreasonably withheld or delayed. The rail line, as thus installed, will be left in place on termination of this Lease.

13.2.3 Additional Cranes. Lessee may install additional cranes in the two, 39-foot span wing bays. Lessee will provide all steel supports, duct bar and the cranes themselves. All such installation will be in accordance with plans approved by the Lessor prior to the commencement of the work, approval not to be unreasonably withheld or delayed. Lessee may, and will, if so requested, in the same manner as provided in paragraph 13.2. 1, remove all such installations and restore the Premises to its prior condition.

13.2.4 Hot Oil Heat Exchangers. Lessee may install a Hot Oil Exchanger(s) inside the building, subject to all state, local and environmental inspections and approvals, and approval of plans by Lessor prior to the commencement of the work, approval not to be unreasonably withheld. Lessee may, and will, if so requested, in the same manner as provided in paragraph 13.2. 1, remove all such installations and restore the Premises to its prior condition.

13.2.5 Exterior 33-Ton Crane. Lessee may install a 33-ton overhead bridge crane with supporting steel structure at the east end of Building #7 utilizing the existing concrete pillars. Lessee may, and will, if so requested by Lessor, in the same manner as provided in paragraph 13.2.1, remove the same and the concrete pillars, at the termination of this Lease.

14. Repairs or Services by Lessor.

14.1 Building Repair. Lessor shall, throughout the terms of this Lease and any exercised renewal term, keep in good order, condition, and repair the foundation, exterior walls (except the interior faces thereof), sprinkler system, if any, down spouts, gutters, and roof of the Premises, except for repairs necessitated or caused by any act or negligence of Lessee, its employees, agents, invitees, licensees or contractors. Lessee shall be liable for repairs necessitated by such negligence only to the extent of the deductible amount under any policy of property damage insurance maintained by Lessor, not to exceed the sum of $25,000, provided, however, that there shall be no obligation to make such repairs as are the obligation of the Lessor, until after the expiration of five days' written notice from Lessee to Lessor of the need thereof.

14.2 Services. At any time during the Lease or any exercised option term, should Lessee request any special services from Lessor not otherwise provided for in this agreement, and if the services are of such a nature that the Lessor can reasonably provide them, Lessor will use its best efforts to provide said special services. Lessee shall be obligated to reimburse Lessor for all reasonable costs incurred in providing said services. Reasonable costs shall include but not be limited to such things as attorney fees, engineering

services, and other professional fees, salary and benefits for employees of the Lessor and third parties employed by Lessor to provide such special services. The term "special services" includes, but is not limited to, such things as negotiations with financial institutions servicing Lessee, execution of Consent and Waiver Agreements, and emergency response assistance by employees or independent contractors employed by Lessor who assist Lessee in preventing or reducing damage to the Premises for which Lessee is responsible.

15. Repairs by Lessee. Except as otherwise provided, Lessee shall keep and maintain said Premises in a neat, clean and sanitary condition and in as good condition as at the inception of this Lease or as they may be in at any time during the continuance of this Lease, including without limitation all HVAC systems and equipment, all electrical wiring and fixtures, all cranes, all plumbing and sewage facilities and all windows, overhead doors and man doors, docks and appurtenances, within or attached to Building #7 or on the Premises. Lessee's duty to repair shall include replacement of parts or components of the Premises, or fixtures in the Premises that cannot be repaired. In the event Lessee fails to promptly undertake and reasonably complete repairs required under this paragraph, Lessor may, at its option, make the repairs at the expense of Lessee and the cost of the repairs shall be additional rent and shall be immediately due and payable.

16. Surrender on Termination. At the expiration of this Lease or its earlier termination, Lessee shall, without notice, turn in all keys and access cards, or similar devices, and re-deliver possession of said Premises to Lessor broom clean and in as good condition as they were in at any time during the Lease term, including any exercised option, ordinary wear and tear and damage by insured peril or uninsured casualty not the fault of the Lessee, excepted.

17. Mechanic's Liens. Lessee agrees to pay when due all sums that may become due for any labor, services, materials, supplies, or equipment furnished at the instance of the Lessee, in, upon or about the Premises and which may be secured by any mechanic's, materialman's or other lien against the Premises and/or Lessor's interest therein, and will cause each such lien to be fully discharged and released at the time of any obligation secured by any such lien matures and/or becomes due; provided that if the Lessee in good faith disputes the claim of lien the Lessee may pursue such dispute in any lawful manner, provided that it bonds against such lien to the Lessor's reasonable satisfaction.

18. Signs, Lights and Sounds. Lessee shall not erect or install any exterior signs or symbols without Lessor's prior written consent. Lessee shall not use any advertising media or other media, such as loudspeakers, phonographs or radio broadcasts, that may be deemed objectionable to Lessor or other tenants of the Park, or that can be heard outside the Park. Lessee shall not install any exterior lighting, shades or awnings or any exterior decorations or paintings, or build any fences or make any changes to the exterior portions of the Premises without Lessor's consent. Any signs or symbols so placed on the Premises shall be removed by the Lessee at the termination of this Lease and the Lessee shall repair any related damage or injury to the Premises. If not so removed by Lessee, the Lessor may have the same removed and repairs performed at Lessee's expense.

19. Displays of Merchandise. Lessee shall not keep or display any merchandise on, or otherwise obstruct, any street, loading platforms or areaways adjacent to the Premises, except that Lessee may store products, materials or merchandise in a neat and orderly manner in the area between the south wall of

Building #7 and the rail line immediately south of Building #7. Lessee shall not otherwise store products, materials or merchandise in any areas outside of the Premises, provided that Lessee may, with Lessor's prior approval, such approval not to be unreasonably withheld or delayed, display its products at the primary entrance to Building #7, but not in such a way as to obstruct any street, platform or common areas.

20. Streets, Parking Areas and Rules. Lessor shall keep the streets 20 feet on each side of the center lines and areas used in common by the tenants of the Park, as designated by Lessor from time to time, in reasonable repair and condition, including such snow removal as Lessor may reasonably deem necessary for normal access to the Premises. Lessor reserves the right to promulgate such reasonable rules and regulations relating to the use of the streets and parking areas within the Park as it may deem appropriate and for the best interests of all tenants and Lessee agrees to abide by such rules and to cooperate in the observance thereof. Such rules and regulations shall be binding upon Lessee upon delivery of a copy thereof to Lessee. Such rules and regulations may be amended by Lessor from time to time with or without advance notice and all such amendments shall be effective upon the delivery of a copy thereof to Lessee, provided that such rules and regulations shall not be amended in such a way as to impose an unreasonable financial burden on Lessee. Lessee shall not obstruct any portion of the common areas. Any violation of such rules and regulations by Lessee, its officers, agents, employees or invitees will constitute a breach of this Lease and entitle the Lessor to claim a default in the same manner and to the same extent as any other default under the Lease. Lessee shall comply with all rules and regulations of the applicable fire district or other governmental entities having jurisdiction over the Premises.

21. Access. Lessor shall have free access to the Premises at all reasonable times for purposes of inspecting of the same or of making repairs, additions or alterations to said Premises but this right shall not constitute or be construed as an agreement on the part of Lessor to make any repairs, additions or alterations, except such as Lessor is obligated to make. Lessor shall have the right to place and maintain "For Rent" signs in a conspicuous place or places on the Premises and to show the Premises to prospective tenants for 90 days prior to the expiration or sooner termination of this Lease.

22. Utilities. Lessee shall pay all charges for light, heat, water, gas, sewage, telephone and aquifer protection and other utilities which shall be provided to, or charged against, the Premises. In the event that electricity, heat, water, telephone or other utilities are furnished through Lessor, Lessee shall pay Lessor therefore according to Lessee's use thereof at the rates established therefore by Lessor, said rates to be no higher, however, than those which Lessee would be required to pay a third-party provider an available public utility company if it directly furnished such service to Lessee.

23. All Charges Deemed Rent. All costs, expenses, and other charges which the Lessee assumes or agrees to pay pursuant to this Lease shall be deemed to be additional rent. In the event of a non-payment, Lessor shall have all the rights and remedies herein provided for in case of non-payment of rent.

24. Indemnification and Insurance.

24.1 In General. Lessee releases and, subject to the provisions of paragraph 25, shall defend, indemnify and hold harmless Lessor, and each of its officers, directors, managers, members, owners, employees, agents and

representatives, from and against all liabilities, obligations, damages, penalties, fines, judgments, claims, costs, charges, fees and expenses, including, but not limited to, costs of investigation and correction, costs of remediation or removal of hazardous materials, and reasonable architect, attorney and consultant fees and costs, which may be imposed upon, incurred by, or asserted against, Lessor or its officers, directors, members, owners, employees, agents or representatives by reason of any of the following:

24.1.1 Acts or Omissions. Any act or omission in, on, about or arising out of, or in connection with, the use, operation, maintenance and occupancy of the Premises or any part thereof, whether or not consented to by Lessor, by Lessee, or Lessee's agents, contractors, servants or employees (whether or not within the scope of their employment), licensees or invitees, except to the extent caused by the negligence or intentional misconduct of Lessor or its agents, contractors, subcontractors, servants or employees; 24.1.2 Accidents. Any accident, injury, casualty, loss, theft or damage whatsoever to any person or tangible property occurring in, on, about or arising out of, or in connection with, the use or occupancy by Lessee of the Premises, any common area, roadway, alley, basement, pathway, curb, parking area, passageway or space under or adjacent thereto arising from any cause or occurrence whatsoever, except to the extent caused by the negligence or intentional misconduct of Lessor or its agents, contractors, subcontractors, servants or employees;

24.1.3 Breach of Lease. Any failure on the part of Lessee or any of its agents, contractors, subcontractors, servants or employees to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease;

24.1.4 Lessor's Performance. Any act performed by Lessor in the exercise of any of Lessor's rights under this Lease; or

24.1.5 Hazardous Substances. Any presence, release, discharge, disposal, dumping, spilling or leaking (accidental or otherwise), now or hereafter determined to be unlawful or subject to environmental laws or governmentally imposed remedial requirements, occurring on the Premises during the Lessee's occupancy thereof, of any hazardous, dangerous or toxic substance of any kind (whether or not now or hereafter regulated, defined or listed as hazardous, dangerous or toxic by any local, state, or federal government) into, onto or under the ground or the air, soil, surface water, or ground water thereof, or the pavement, structure, sewer system, fixtures, equipment, tanks, containers or personalty at the Premises, or from the Premises, into, onto or under the Park or the property of others. Any violation of paragraph 42. The foregoing indemnity shall apply notwithstanding any provisions of federal, state or local law which provide for exoneration from liability in the event of settlement with any governmental agency, and notwithstanding Lessor's consent, knowledge, action or inaction with respect to the act or occurrence giving rise to such right of indemnity, provided that Lessee shall, in no event, have any liability with respect to any hazardous substances that are present on the Premises at the inception of this Lease. Lessor shall indemnify Lessee and hold Lessee harmless with respect to any liability with respect to any hazardous substances that are present on the Premises at the inception of this Lease.

24.2 Lessee Liability Insurance. Lessee agrees to carry Commercial General liability insurance insuring both Lessee and Lessor, with insurance

carriers satisfactory to Lessor, with not less than $2,000,000 single limit and providing a Certificate of Insurance evidencing the same with not less than a 30-day cancellation clause, provided, however, that Lessee's obligation to indemnify and hold harmless Lessor as provided in this paragraph shall be to the extent only of the degree of negligence attributable to Lessee, its officers, employees, agents, invitees, or guests. Such insurance certificate shall also include not less than $50,000 "Fire Damage" liability for damage to the Premises. In the alternative, Lessee may carry "Building Legal Liability Insurance Special Form" (insurance industry forms CP0040 and CP1030 or equivalent) against Lessee's liability (pursuant to paragraphs (14.1 and 25).

24.3 Notice of Claim. If any action or proceeding is brought against Lessor or its officers, directors, managers, members, owners, employees, agents or representatives by reason of any claim indemnified under paragraph 24 Lessor shall promptly notify Lessee of such claim and Lessee, at Lessee's expense, shall immediately resist or defend such action or proceeding employing counsel approved by Lessor in writing, which approval shall not be unreasonably withheld. In connection with any such action brought against Lessor by any one or more of Lessee's employees, Lessee waives any immunity, defense or other protection that might be afforded to Lessee by any worker's compensation, industrial insurance or similar laws, with regard to such claim or action against Lessor.

24.4 Waiver by Lessee. Lessee waives and releases all claims against Lessor, its officers, managers, partners, employees, agents and representatives, for any loss, injury or damage (including consequential damages), to Lessee's property or business during the term of this Lease occasioned by theft, act of God, public enemy, riot, strike, insurrection, war, order of court, governmental body or authority not resulting from any act or omission of Lessor, earthquake, flood, fire, explosion, falling objects, steam, water, rain or snow, leak or by flow of water, rain or snow from the Premises or onto the Premises or from the roof, street, surface or subsurface or from any other place, or by dampness, or by the breakage, leakage, obstruction or defects of the pipes, sprinklers, wires, appliances, plumbing, heating, air conditioning, lighting fixtures of the Improvements, or by the construction, repair or alteration of the Premises or by any other acts or omissions of any other tenant or occupant of the Park, or visitor to the Park or the Premises or by any third party whomsoever, or by any cause which is beyond Lessor's control.

24.5 Lessee's obligations under this paragraph 24 shall survive any termination or expiration of this Lease.

25. Insurance and Waiver of Subrogation. Lessor shall maintain fire and extended coverage insurance on the buildings and improvements at the Park which belong to Lessor and pay for the same, subject to partial reimbursement as provided in paragraph 28.1. If the activities of the Lessee shall increase the cost of such insurance or jeopardize the availability of coverage due to Lessee's operations or failure to comply with fire codes and regulations, Lessor shall have the right to increase the rental payable hereunder by an amount equal to the increased cost of insurance premiums resulting therefrom. If Lessor's insurance hereunder should be canceled due to any actions of Lessee, Lessor may terminate this Lease upon 20 days' notice to Lessee as provided in paragraph 30.

Lessee shall maintain appropriate property insurance covering its personal

property, assets, and fixtures located on the Premises.

Lessor and Lessee each waive all rights to recover against the other or against the officers, directors, shareholders, partners, members, owners, joint ventures, employees, agents, customers, invitees, or business visitors of the other for any loss or damage to its property arising from any cause except that Lessee shall remain liable for Lessor's -deductible up to a maximum amount of $25,000 for its obligations under paragraphs 14 and 15 and the waiver provided herein to that extent shall not apply. Lessor and Lessee will cause their respective insurers to issue appropriate waiver of subrogation rights endorsements to all policies of insurance carried in connection with the Premises or the contents thereof.

26. Damage/Rebuilding. If the Premises are destroyed or damaged by acts of war, the elements (including earthquake), or fire to such an extent as to render the same untenantable in whole or in substantial part, the Lessor has the option of rebuilding or repairing the same to be exercised by giving notice to Lessee of its intent to rebuild or repair the Premises or the part so damaged within 30 days after receiving notice of the occurrence of any such damage. If the Lessor elects to rebuild or repair and does so without unnecessary delay, Lessee shall continue to be bound by this Lease except that during such period the base rent shall be abated in the same proportion that the Premises are rendered unfit for occupancy by Lessee. If the Lessor fails, for 30 days after the Lessee gives notice of the damage-causing event, to give notice of its intent to repair, Lessee shall have the right to declare this Lease terminated. Lessor's obligation (should it elect to repair or rebuild) shall be limited to the Premises as they existed at the commencement of this Lease, including those improvements which the Lessor was required to perform, and Lessee shall forthwith replace or fully repair, at its expense, all exterior signs, trade fixtures, equipment and other installations originally installed by Lessee or remove the same and repair any damage caused by their removal. Lessee agrees to give prompt written notice to Lessor of any fire loss or of any other damage which may occur to the leased Premises or any portion thereof, or of any other condition or occurrence causing the leased -Premises to be untenantable.

27. Condemnation. If the Premises, or any part thereof the loss of which impairs the utility of the Premises to a significant extent, are appropriated or taken for any public use by virtue of eminent domain or condemnation proceeding, or by conveyance in lieu thereof, or if by reason of law or ordinance or by court decree, whether by consent or otherwise, the use of the Premises by Lessee for any of the specific purposes herein before referred to shall be prohibited, Lessee shall have the right to terminate this Lease upon written notice to Lessor, and rent shall be paid only to the time when the Lessee surrenders possession of the Premises. In the event of a partial taking, if Lessee is entitled to, but does not elect to, terminate this Lease it shall continue in possession of that part of the Premises not so taken under the same terms and conditions hereof, except that there shall be an equitable reduction of the base rental payment hereunder. All compensation awarded or paid upon such a total or partial taking of the fee of the Premises shall belong to and be the property of Lessor, whether such compensation be awarded or paid as compensation for diminution in value of the leasehold or to the fee; provided however, Lessor shall not be entitled to any award made to Lessee for loss of business, depreciation to, and cost of removal of stock and/or fixtures, provided that no award for such claims shall reduce the amount of any award made to Lessor.

28. Taxes, Assessments and Insurance Premiums.

28.1 Reimbursement. The Lessee will reimburse the Lessor for increases over 1996 (base year) amounts in the amount of real property taxes and assessments, and for this purpose assessments will be paid by the Lessor in the minimum required amount per year, and premiums for fire insurance, with extended coverage applicable to all insurable buildings and improvements in the Park, including without limitation the cranes now or hereafter installed in the Premises, and with deductibles of $25,000.00 for losses by fire and other insured causes. All other common area costs are the sole responsibility of the Lessor. The Premises, taking into account both the building and the storage area, constitute approximately 3.2% of the Park. It is, therefore, agreed that the taxes, assessments and insurance premiums ("TAIP") applicable to the Premises is 3.2% of the total TAIP applicable to the Park. In the event that there is a material change in the Park, either in land area or in improvements such that the Premises is significantly different from 3.2% of the Park, there will be an equitable adjustment in the Lessee's percentage.

Commencing with the month of January, 1997, the Lessee will pay as additional rent, monthly, at the same time as base rent, if any, is due, an amount equal to 1/12th of 3.2% of the amount by which the TAIP for the current year exceeds the amount of the TAIP for the year 1996, when it was $638,679-00.

Inasmuch as the TAIP for any given year will not be fully known as of January 1 of such year, the Lessee will continue to pay at the prior year's rate, adjusted to the extent that the amounts that make up the TAIP for the current year are known. At such time as all amounts that make up the TAIP for the current year are known the monthly payment on account of TAIP will be changed and a further payment, or refund, as the case may be, will be made to compensate for any shortage or overage in the added rent paid in the preceding months. If there is a refund due it will be sent with the notice of the new TAIP amount. If there is a further amount owed it will be paid along with the next monthly rent.

28.2 Lessee's Taxes. Lessee shall pay all personal property taxes imposed on Lessee's fixtures and equipment and all other taxes, installments of assessments (amortized over the longest permissible time), except general property taxes and assessments, levies, licenses and permit fees, utility hook-up fees and facility charges, and other governmental charges and impositions of any kind and nature whatsoever, together with any interest or penalties attributable to tenant's failure to pay the same when due, which at any time during the term of this Lease may be assessed, levied or become due and payable out of, or in respect of, the Premises or Lessee's use thereof, or become a lien on the Premises, including, without limitation, any sales tax, business and occupation tax, excise tax or similar tax or imposition imposed upon rent or Lessor's business of leasing property, and the cost of compliance with any governmental requirements or regulations relating the Lessee's use of the Premises or the utility services thereto, or the conduct of Lessee's business (collectively, the "Impositions"); provided, however, Lessee shall not be obligated to pay Lessor's net income taxes or any transfer or excise tax imposed upon the conveyance of the Premises, or business and occupation taxes imposed upon Lessor's business activities other than leasing property. Impositions shall be paid by Lessee when due if billed directly to Lessee, and within 30 days of receipt of billing by Lessor if such Impositions are billed to the Lessor.

29. Non-waiver of Breach. The waiving of any of the covenants of this Lease by either party shall be limited to the particular instance and shall not be deemed to waive any other breaches of such covenants. The consent by Lessor to any act by Lessee requiring Lessor's consent shall not be deemed to waive consent to any subsequent similar act by Lessee. The failure of the Lessor to insist upon strict performance of the covenants and agreements of this Lease, shall not be construed to be a waiver or relinquishment of any such covenants or agreements, but the same shall remain in full force and effect.

30. Default. If Lessee should fail to remedy any default (a) in the payment of any sum due under this Lease within ten days after notice, or (b) in the keeping of any other term, covenant or condition herein with all reasonable dispatch, within 20 days after notice, then in any of such events, Lessor shall have the right, at its option, in addition to, and not exclusive of, any other remedy Lessor may have by operation of law, without further demand or notice, to re-enter the Premises and eject all persons therefrom, using all necessary force so to do, and either (i) declare this Lease at an end, in which event Lessee shall immediately pay to Lessor a sum of money equal to the amount, if any, by which the value of the rent reserved hereunder for the balance of the term of this Lease, discounted to present value at 8% per annum, exceeds the then reasonable rental value of the Premises for the balance of said term, discounted in like manner, net of all costs incident to reletting the Premises, or (ii) without terminating this Lease may relet the Premises, or any part thereof, as the agent and for the account of Lessee upon such terms and conditions as Lessor may deem advisable, in which event the rents received on such reletting shall be applied first to the expenses of such re-letting, including without limitation necessary renovation and alterations of the Premises, reasonable attorney fees, real estate commissions paid, and thereafter toward payment of all sums due or to become due Lessor hereunder, and if a sufficient sum shall not be thus realized to pay such sums and other charges, Lessee shall pay Lessor any deficiency monthly, notwithstanding Lessor may have received rental in excess of the rental stipulated in this Lease in previous or subsequent months, and Lessor may bring an action therefore as such monthly deficiencies shall arise.

31. Litigation Costs/Venue. If any legal action is instituted to enforce or construe this Lease, or any part thereof, the prevailing party shall be entitled to recover reasonable attorney fees and expenses. If any legal fees are incurred by Lessor relative to the enforcement of any term of this Lease, with or without suit, Lessee shall be liable to Lessor for said fees and shall, within ten days of demand by Lessor therefore, pay the same to Lessor. Venue of any legal action brought hereunder shall be Spokane County, State of Washington.

32. Removal of Personal Property by Lessee. Lessee shall have the right to remove all of its personal property, trade fixtures, and office equipment, whether or not attached to the Premises, provided that such may be removed without serious damage to the Premises. All damage to the Premises caused by removal of such items shall be promptly restored or repaired by Lessee. M property not so removed as of the termination of this Lease shall be deemed abandoned by Lessee.

33. Removal of Property by Lessor. If Lessor lawfully re-enters or takes possession of the Premises prior to the stated expiration of this Lease, Lessor shall have the right, but not the obligation, to remove from the Premises all personal property located therein and may place the same in storage in a public

warehouse at the expense and risk of Lessee, and shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of 30 days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums which may then be due from Lessee to Lessor under any of the terms hereof, the balance, if any, to be paid to the Lessee.

34. Loading Platforms. The Lessee shall maintain all loading platforms attached to Building #7.

35. Insolvency. If Lessee becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee, or other liquidating officer is appointed for the business of Lessee, then Lessor may cancel this Lease at its option.

36. Assignments and Subletting.

36.1 Consent Required. The Lessee shall not assign this lease, or any interest therein, or sublet the Premises, or any part thereof, or allow, permit or suffer any other entity to use or occupy any part of the Premises without the prior written consent of the Lessor.

36.2 Change in Lessee Ownership. Lessee being a corporation, any change in the ownership or voting power of the Lessee which cumulatively amounts to more than 40%, whether in a single transaction or in a series of transactions, or which results in a transfer of the control of the Lessee, shall constitute an assignment requiring the Lessor's prior written consent; provided that changes in ownership which occur in the ordinary course of the conduct of the ESOP will not trigger the application of this paragraph, and provided further, that any other change in ownership which would otherwise trigger the application of this paragraph shall be submitted to Lessor for waiver of this paragraph, such waiver not to be unreasonably withheld or delayed.

36.3 Request for Consent. If at any time the Lessee desires to assign or sublet this lease in whole or in part, the Lessee shall submit a written request to the Lessor, including with the request, the identification of the proposed assignee or sublessee, a history of its prior operations, a description of its proposed operations, audited financial statements for its most recently completed fiscal period and a statement of the terms upon which the assignment or the subletting is proposed to be made. The Lessee will promptly, on request, submit to the Lessor such further documentation relative to the proposed assignment or sublease as the Lessor may request.

36.4 Reimbursement of Costs. The Lessee will reimburse the Lessor for all costs and expenses reasonably incurred by the Lessor in evaluating the proposed assignment or subletting.

36.5 Withholding Consent. The Lessor may withhold its consent on any of the following bases: If the liquidity and/or net worth and/or profitability of the proposed assignee or sublessee is materially less than that of the Lessee; if the proposed use by the assignee or sublessee would, in the Lessor's reasonable judgment, have an adverse effect on the Park; if the proposed assignee's or sublessee's history as a tenant is, in the reasonable judgment of the Lessor, unsatisfactory; if any other reason exists which the Lessor, in its reasonable judgment, deems to be sufficient. Consent otherwise shall not be

unreasonably withheld or delayed.

36.6 Conditions of Consent. If consent to the assignment or subletting is granted, it may be granted on such reasonable conditions as the Lessor may deem appropriate in light of all of the circumstances, including the proposed use by the assignee or sublessee, and any change in conditions since the commencement of this lease. The conditions may include a reasonable additional charge for administrative services of the Lessor incident to the transaction.

36.7 Increased Rent Shared. If the assignee or sublessee would pay more for the Premises which it has proposed to occupy than is being paid by the Lessee, or if the proposed assignee or sublessee is paying any consideration to the Lessee for the assignment or subletting, then 50% of any such payment shall be paid to the Lessor as additional rent.

36.8 Submit Documents. All documents incident to the proposed transaction will be submitted to the Lessor in their proposed form and shall be subject to the Lessor's approval. If approval is given, then, promptly following their execution, copies of all such executed documents of assignment or subletting, or incident thereto, shall be furnished to the Lessor.

36.9 Assignee Bound. Any assignee or sublessee shall be subject to all of the terms and conditions of this lease, including without limitation, those terms and conditions applicable to assignment or subletting, provided that the assignment or sublease may be canceled or terminated, but not otherwise modified, without the consent of the Lessor, but, in any such event, the Lessor shall be promptly notified of the cancellation or termination and provided with copies of all documents incident thereto.

36.10 Lessee Remains Obligated. No assignment or subletting shall, to any extent, impair, limit or qualify the continuing obligation of the Lessee to perform all of the obligations of the Lessee under this lease, all the same as if the assignment or subletting had not taken place.

36.11 Additional Notice. If so requested by the Lessee, or included in the documents of assignment or subletting, and that provision is specifically called to the attention of the Lessor by written notice, the Lessor will give to the assignee or sublessee any notice that it gives to the Lessee, but if such provision is included, then, on that account, the monthly rent may be increased by a reasonable amount to defray the Lessor's additional administrative costs.

36.12 Joint Liability. In the event of any default under the lease which in any way relates to the assignment or subletting, the Lessee and the assignee or sublessee shall be jointly and severally obligated to the Lessor to remedy the default and to pay any damages that the Lessor may sustain on account of the default.

36.13 Default. Any purported assignment or subletting in whole or in part, without full compliance with this paragraph 36, shall constitute a default under this lease and shall vest no rights in the purported assignee or sublessee.

37. Statements by Lessee. Lessee agrees at any time and from time to time, upon not less than ten days' prior request by Lessor, to execute, acknowledge and deliver to Lessor a statement in writing (Estoppel Certificates), certifying

that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which the base rent and additional rent have been paid in advance, if any, it being intended that any such statement delivered. pursuant to this paragraph may be relied upon by any existing or prospective purchaser, mortgagee, or assignee of the Premises or the Park.

38. Subordination. Lessee, upon request of Lessor, will subordinate this Lease to any mortgage, deed of trust, or other security interest (mortgage) which now or hereafter affects the Premises, and to any renewals, modifications or extensions of such mortgage. Lessee will execute and deliver, at Lessor's expense, such instruments thus subordinating this Lease or evidencing such subordination; provided, however, Lessor shall deliver or cause to be delivered to Lessee an agreement in writing from any such mortgagee to the effect that so long as Lessee shall faithfully discharge its obligations under this Lease, its tenancy will not be disturbed nor this Lease affected by any default of such mortgage, and that in the event of a sale of the Premises in foreclosure or any sale, transfer or conveyance in lieu thereof, that same will be sold, transferred or conveyed subject to this Lease.

39. Short Form Lease. Each party agrees to execute upon request of the other a short form lease for the purpose of recordation. Each party agrees to re-execute this Lease at any time upon the request of the other.

40. Miscellaneous.

40.1 Use of Terms. Whenever the singular number is used in this Lease and whenever required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporation, firm or association or other entity. If there be more than one lessee, the obligations hereunder imposed upon Lessee shall be joint and several.

40.2 Entire Agreement/Modifications. This instrument contains all of the agreements and conditions made between the parties hereto and may not be modified orally or in any other manner than by an agreement in writing signed by all of the parties hereto or their respective successors in interest.

40.3 Time of the Essence. Time is and shall be of the essence of each term and provision of this Lease.

40.4. Heirs and Successors. All the covenants, agreements, provisions, and conditions of this Lease shall inure to the benefit of and be binding upon the parties hereto, their successors, heirs, executors, administrators and assigns.

40.5. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any of the provisions hereof.

40.6. No Other Agreements. The parties acknowledge that no representation or condition or agreements varying or adding to this Lease have been made either orally or in writing.

40.7. Notices. All notices and demands required or allowed to be given hereunder shall be in writing and sent by registered or certified mail, return

receipt requested, or hand delivered and receipted for, to the respective parties at the following addresses, or at such other address that either party may designate by notice in writing:

Lessor: 3808 N. Sullivan Road, Building N-15, Spokane, WA 99216

Lessee: P. O. Box 14918, Spokane, WA 99214-0918

41. Riders. The riders or exhibits, if any, attached to this Lease are made part hereof by reference.

42. Environmental Considerations. As used in this lease, the term "Hazardous Substance" shall mean any substance, chemical or waste, including petroleum products or radioactive substances, that is now or shall hereafter be listed, defined or regulated as hazardous, toxic or dangerous under any applicable Environmental Laws.

As used in this lease, "Environmental Law" shall mean any federal, state, or local laws, ordinances, rules, regulation and requirements now or hereafter enacted or adopted (including without limitation, consent decrees and administrative orders) relating to the generation, use, manufacture, treatment, transportation, storage, disposal, or release of any Hazardous Substance.

Lessee shall not, without prior written notice to Lessor, engage in or allow the generation, use, manufacture, treatment, transportation, storage, investigation, testing, release or disposal of any Hazardous Substance in, on, under or adjacent to the Premises. Lessee shall ensure that at all times Lessor has true, complete and accurate information regarding any of Lessee's activities on the Premises involving Hazardous Substances. Lessee shall provide Lessor with (a) a description of any processes or activities involving the use of Hazardous Substances to be conducted by Lessee on the Premises, (b) a description (by type and amount) of any Hazardous Substances Lessee plans to generate, use, manufacture, transport, store or dispose of in connection with its use of the Premises, and (c) a description of techniques and management practices to be utilized by Lessee to reduce the amount of Hazardous Substances used and/or generated, to prevent release of Hazardous Substances to the environment and to ensure the proper handling labeling, use and disposal of Hazardous Substances used by Lessee on the Premises. Lessee shall notify Lessor prior to any material changes in such processes, activities, type and amount of Hazardous Substances and/or techniques and management practices and in any event, Lessee shall report to Lessor at least once yearly regarding any such processes, activities, Hazardous Substances, techniques, and management practices. Lessee shall contemporaneously provide Lessor with copies of all reports, listings or other information required by any governmental entity relating to any Hazardous Substances utilized by Lessee, and shall promptly provide any other information related to Lessee's utilization of Hazardous Substances as Lessor may reasonably request.

Lessee shall not engage in or allow the unlawful release (from underground tanks or otherwise) of any Hazardous Substance in, on, under or adjacent to the property (including air, surface water and ground water on, in, under or adjacent to the property). Lessee, with respect to the Premises, shall at all times, and shall cause its employees, agents and contractors at all times, to be in compliance with all Environmental Laws with respect to any Hazardous Substances and shall handle all Hazardous Substances in compliance with applicable Environmental Law and good industry standards and management

practices.

Lessee shall promptly notify Lessor, in writing, if Lessee has, or acquires, notice or knowledge that any Hazardous Substance has been, or is threatened to be, released, discharged or disposed of, on, in, under or from the Premises. Lessee shall immediately take such action as is necessary to report to governmental agencies as required by applicable law and to detain the spread of and remove, to the satisfaction of Lessor and any governmental agency having jurisdiction, any Hazardous Substances released, discharged or disposed of as the result of, or in any way connected with, Lessee's activities on the Premises and which is now, or is hereafter determined to be, unlawful or subject to Environmental Laws and/or governmentally imposed remedial requirements. Lessee shall immediately notify Lessor and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports or notices relating to the condition of the Premises or compliance with Environmental Laws. Lessee shall promptly cure and have dismissed with prejudice any such actions or proceedings in any way connected with Lessee's activities on the Premises, to the reasonable satisfaction of Lessor, and Lessee shall keep the Premises free of any lien imposed pursuant to any Environmental Law. Lessor shall have the right at all reasonable times, and from time to time, to conduct environmental audits of the Premises (including sampling, testing, monitoring and accessing environmental records required by applicable law) by a consultant of Lessor's choosing, and Lessee shall cooperate with the conduct of such audits. If any violation of any Environmental Law by Lessee or any violation of Lessee's obligations under this paragraph are discovered, in addition to any other right Lessor may have, the costs incident to such audit, including the fees and expenses of such consultant, shall be paid by Lessee to Lessor on demand as additional rent.

Lessee shall at all times maintain an employee or consultant familiar with Environmental Laws and charged with responsibility for Lessee's compliance with all Environmental Laws and shall advise Lessor of the name, address and phone number of such employee or consultant. Lessee shall implement a system to review Lessee's Hazardous Substance activities on a regular basis and shall in good faith (consistent with sound business practices) implement and maintain best management practices to minimize the hazards posed by materials utilized by Lessee, for example, by reducing the amounts of Hazardous Substances used and disposed of, by utilizing less dangerous or less toxic materials or by implementing programs to ensure the safe and proper handling, labeling, use and disposal of Hazardous Substances.

Each year, between January 1 and March 31, Lessee shall conduct a self environmental audit of Lessee's operations, regulatory compliance status, and the Premises utilizing Lessor's standard format and checklists. Lessee shall present the results of the environmental audit, and proposed operational changes to address any audit deficiencies, to Lessor in writing within six weeks after conducting the audit.

Prior to its vacation of the Premises, in addition to all other requirements under this lease, Lessee shall remove any Hazardous Substances placed on the Premises during the term of this lease or Lessee's possession of the Premises, and shall demonstrate such removal to the Lessor's reasonable satisfaction.

Lessee's obligations under this paragraph with respect to any occurrence during the term of this lease shall survive any termination or

expiration of this lease.

Lessee is solely responsible for all costs and expenses related to the clean up, remediation or monitoring of Hazardous Substances on the Premises or any other properties which become contaminated with Hazardous Substances as a result of activities on, or the contamination of, the Premises during the term of this lease or any extension, renewal or holding over.

Lessee's obligations are unconditional and shall survive and continue in effect after the termination of the lease or the transfer of the Premises voluntarily or involuntarily, to the Lessor or others.

Lessor shall, at the inception of this Lease, advise Lessee in writing as to the present condition of the Premises vis-a-vis hazardous substances according to the best knowledge, information and belief of Lessor.

43. Brokers and Finders. Neither party has had any contact or dealings regarding the Premises, or any communication in connection with the subject matter of this Lease, through any real estate broker or other person who is entitled to claim a commission or finder's fee in connection with the Lease contemplated hereby. In the event that any broker or finder makes a claim for a commission * or finder's fee based upon, or alleged to be based upon, any such contract, dealings or communication, the party through whom the broker or finder makes its claim shall be responsible for, and shall indemnify, defend and hold harmless the other party from, such claim for commission or fee or allegation thereof and all costs and expenses (including reasonable attorney fees) incurred by the other party in defending against the same.

44. Arbitration. In the event that a dispute should arise under this lease, as a condition precedent to suit, the dispute shall be submitted to arbitration in the following manner: The party seeking arbitration shall submit to the other party a statement of the issue(s) to be arbitrated and shall designate such party's nominated arbitrator. The responding party shall respond with any additional or counter statement of the issue(s), to be arbitrated and shall designate the responding party's arbitrator, all within fourteen (14) days after receipt of the initial notice. The two arbitrators thus nominated shall proceed promptly, and in any event within ten days, to select a third arbitrator. The arbitrators shall, as promptly as the circumstances allow and within a time established by a majority vote of the arbitrators, conduct a hearing on the issues submitted to them, and shall render their decision in writing. Any decision as to procedure or substance made by a majority of the arbitration panel shall be binding. A decision by a majority of the arbitrators on any issue submitted shall be the decision of the arbitration panel as to that issue. The arbitrators have authority to award costs and attorney fees to either party in accordance with the merits and good faith of the positions asserted by the parties. In lieu of appointing three arbitrators in the manner set forth above, the parties may, by agreement, designate a single arbitrator. Except as provided herein the arbitration proceedings shall be conducted in accordance with the rules of the American Arbitration Association and the statutes of the State of Washington pertaining to binding arbitration.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

LESSEE:	LESSOR:
CXT INCORPORATED a Delaware corporation	CROWN WEST REALTY, L.L.C.
By: /s/ John G. White John G. White, President & CEO	By: /s/ Richard D. Rollnick Richard D. Rollnick, President

STATE OF WASHINGTON
) ss.
County of Spokane

On this day 30th day of December, 1996, personally appeared JOHN G. WHITE to me known to be the President and CEO of CXT INCORPORATED, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Name Printed: March Combs

NOTARY PUBLIC in and for the State
of Washington, residing at Spokane.

My Commission Expires: 8/1/98

STATE OF WASHINGTON
ss.
COUNTY OF SPOKANE

On this 30th day of December, 1996, personally appeared RICHARD D. ROLLNICK, to me known to be the President of CROWN WEST REALTY, L.L.C., the limited liability company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Name Printed: March Combs
NOTARY PUBLIC in and for the State

of Washington, residing at Spokane.

My Commission Expires: 8/1/98

ADDENDUM TO LEASE

This is an addendum to that certain Lease dated December 20, 1996, between CROWN WEST REALTY, L.L.C., as lessor, and CXT, INCORPORATED, as lessee, pursuant to which the lessee leased from the lessor Building No. 7 and approximately five acres of land.

Paragraph 5.1 of the said Lease is hereby amended to read as follows:

5.1 Option to Terminate This Lease Lessee is hereby granted the one-time option to terminate this Lease effective December 31, 1999, by giving the lessor not less than 90 days' prior written notice, said notice to be accompanied by a payment of $100,000.00 which, should said option to terminate be exercised, constitutes the consideration for the early termination of this Lease.

DATED this _____ day of _____,1998.

CROWN WE REALTY, L.L.C.

By: _____ By: _____

Title: President Title: President

STATE OF WASHINGTON
) ss.
County of Spokane

On this day personally appeared before me RICHARD D. ROLLNICK, and on oath stated that he was authorized to execute the instrument and acknowledged it as the President of CROWN WEST REALTY,, L.L.C.; to be the free and voluntary act of such party for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____.

Name Printed: _____
NOTARY PUBLIC in and for the State of Washington,
residing at Spokane.

Appointment Expires:_____

STATE OF WASHINGTON
) ss.
county of Spokane

On this day personally appeared before me JOHN G. WHITE, and on oath stated file he was authorized to execute the instrument and acknowledged it as the President of CXT, INCORPORATED, to be the free and voluntary act of such party the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ of _____ 1998.

Name Printed._____ I
NOTARY PUBLIC in and for the State
of Washington, residing at Spokane.

Appointment Expires:

LEASE OF INDUSTRIAL PROPERTY FROM U.P.

(GRAND ISLAND, NEBRASKA)

LEASE OF INDUSTRIAL PROPERTY

THIS LEASE ("Lease") is entered into on the 13 day of February 1998 between UNION PACIFIC RAILROAD COMPANY ("Lessor") and CXT INCORPORATED, whose address is North 2420 Sullivan Road, P. 0. Box 14918, Spokane, Washington 99214-0918 ("Lessee").

IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

Article I. PREMISES USE.

Lessor leases to Lessee and Lessee leases from Lessor the premises ("Premises") at Grand Island, Nebraska, as shown on the print dated February 6, 1998, marked Exhibit A, hereto attached and made a part hereof, subject to the provisions of this Lease and of Exhibit B attached hereto and made a part hereof. The Premises may be used for manufacture of concrete ties for the Lessor's use, and such other uses as may be permitted in the Restated Supply Agreement referred to in Article II of this Lease, and for no other purpose.

Article II. TERM.

The term of this Lease shall commence on the Thirteenth day of February, 1998, and shall extend for a term of run coterminous with that certain Restated Supply Agreement dated October 1, 1997, by and between the Lessor and lessee. This Lease shall terminate or expire on the same date that said Restated Supply Agreement terminates or expires.

Article III. RENT.

A. Lessee shall pay to Lessor, in advance, rent of One Dollar ($1.00) per annum.

B. Not more than once every sixty eight (68) months, Lessor may redetermine the rent. In the event Lessor does redetermine the rent, Lessor shall notify Lessee of such change.

Article IV. SPECIAL PROVISIONS.

A. The words, "which shall not be unreasonably withheld." shall be added to the end of the first sentence of Section 10.A. of Exhibit B.

B. Section 13.B of Exhibit B shall be deleted.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first herein written.

UNION PACIFIC RAILROAD COMPANY	CXT INCORPORATED
By: /s/ Michael P. Horn	By: /s/ J. White
Title: Sr. Mgr. - Real Estate	Title: President & CEO

NOTE: New.

IND LS 110695
APPROVED, LAW

EXHIBIT B

Section 1. IMPROVEMENTS.

No improvements placed upon the Premises by Lessee shall become a part of the realty.

Section 2. RESERVATIONS AND PRIOR RIGHTS.

A. Lessor reserves to itself, its agents and contractors, the right to enter the Premises at such times as will not unreasonably interfere with Lessee's use of the Premises.

B. Lessor reserves (i) the exclusive right to permit third party placement of advertising signs an the Premises, and (ii) the right to construct, maintain and operate now and existing facilities (including, without limitation, trackage, fences, communication facilities, roadways and utilities) upon, over, across or under the Premises, and to grant to others such rights, provided that Lessee's use of the Premises is not interfered with unreasonably.

C. This Lease is made subject to all outstanding rights, whether or not of record. Lesser reserves the right to renew such outstanding rights.

Section 3. PAYMENT OF RENT.

Rent (which includes the annual rent and all other amounts to be paid by Lessee under this Lease) shall be paid in lawful money of the United States of America, at such place as shall be designated by the Lessor, and without offset or deduction.

Section 4. TAXES AND ASSESSMENTS.

A. Losses shall pay, prior to delinquency, all taxes levied during the life of this Lease an all personal property and improvements on the Premises not belonging to Lessor. If such taxes are paid by Lessor, either separately or an a part of the levy on Lessor's real property, Lessee shall reimburse Lessor in full within thirty (30) days after rendition of Lessor's bill.

B. If the Premises are specially assessed for public improvements, the annual rent will be automatically increased by 12% of the full assessment amount.

Section 5. WATER RIGHTS.

This Lease does not include any right to the use of water under any water right of Lessor, or to establish any water rights except in the name of Lesser.

Section 6. CARE AND USE OF PREMISES.

A. Lessee shall use reasonable care and caution against damage or destruction to the Premises. Lessee shall not use or permit the use of the Premises for any unlawful purpose, maintain any nuisance, permit any waste, or use the Premises in any way that creates a hazard to persons or property. Lessee shall keep the Premises in a safe, neat, clean and presentable condition, and in good condition and repair. Lessee shall keep the sidewalks and public ways on the Premises, and the walkways appurtenant to any railroad spur track(s) on or serving the Premises, free and clear from any substance which might create a hazard and all water flow shall be directed away from the tracks of the Lessor.

B. Lessees shall not permit any sign on the Premises, except signs relating to Lessee's business.

C. If any improvement on the Premises not belonging to Lessor is damaged or destroyed by fire or other casualty, Lessee shall, within thirty (30) days after such casualty, remove all debris resulting therefrom. If Lessee fails to do so, Lessor may remove such debris and Lessee agrees to reimburse Lessor for all expenses incurred within thirty (30) days after rendition of Lessee's bill.

D. Lessee shall comply with all governmental laws, ordinances, rules, regulations and orders relating to Lessee's use of the Premises.

Section 7. HAZARDOUS MATERIALS, SUBSTANCES AND WASTES.

A. Without the prior written consent of Lessor, Lessee shall not use or permit the use of the Premises for the generation, use, treatment, manufacture, production, storage or recycling of any Hazardous Substances, except that Lessee may use (i) small quantities of common chemicals such as adhesives, lubricants and cleaning fluids in order to conduct business at the Premises and (ii) other Hazardous Substances, other than hazardous wastes as defined in the Resource Conservation and Recovery Act, 42 U.S.C. 55 6901, et seq., as amended ("RCRA"), that are necessary for the conduct of Lessee's business at the Premises as specified in Article I. The consent of Lessor may be withheld by Lessor for any reason whatsoever, and may be subject to conditions in addition to those set forth below. It shall the sole responsibility of Lessee to determine whether or not a contemplated use of the premises is a Hazardous Substance use.

B. In no event shall Lessee (i) release, discharge or dispose of any Hazardous Substances, (ii) bring any hazardous wastes as defined in RCRA onto the Premises, (iii) install or use on the Premises any underground storage tanks, or (iv) store any Hazardous Substances within one hundred feet (100') of the center line of any main track.

C. If Lessee uses or permits the use of the Premises for a Hazardous Substance use, with or without Lessor's consent, Lessee shall furnish to Lessor copies of all permits, identification numbers and notices issued by governmental agencies in connection with such Hazardous Substance use, together with such other information an the Hazardous Substance use as may be requested by Lessor. If requested by Lessor. Lessee shall cause to be performed an environmental assessment of the Premises upon termination of the Lease and shall furnish Lessor a copy of such report, at Lessee's sole cost and expense.

D. Without limitation of the provisions of Section 12 of this Exhibit B, Lessee, shall be responsible for all damages, losses, costs, expenses, claims, fines and penalties related in any manner to any Hazardous Substance use of the Premises (or any property in proximity to the Premises) during the term of this Lease or, if longer, during Lessee's occupancy of the Premises, regardless of Lessor's consent to such use, or any negligence, misconduct or strict liability of any Indemnified Party (as defined in Section 12), and including, without limitation, (i) any diminution in the value of the Premises and/or any adjacent property of any of the Indemnified Parties, and (ii) the cost and expense of clean-up, restoration, containment, remediation, decontamination, removal, investigation. monitoring, closure or post-closure. Notwithstanding the foregoing, Lessee shall not be responsible for Hazardous Substances (i) existing on, in or under the Premises prior to the earlier to occur of the commencement of the term of the Lease or Lessee's taking occupancy of the Premises, or (ii) migrating from adjacent property not controlled by Lessee, or (iii) placed on, in or under the Premises by any of the Indemnified Parties; except where the Hazardous Substance is discovered by, or the contamination is exacerbated by, any excavation or investigation undertaken by or at the behest of Lessee. Lessee shall have the burden of proving by a preponderance of the evidence that any exceptions of the foregoing to Lessee's responsibility for Hazardous Substances applies.

E. In addition to the other rights and remedies of Lessor under this Lease or as may be provided by law, it Lessor reasonably determines that the Premises may have been used during the term of this Lease or any prior lease with Lessee for all or any portion of the Premises, or are being used for any Hazardous Substance use, with or without Lessor's consent thereto, and that a release or other contamination may have occurred, Lessor may, at its election and at any time during the life of this Lease or thereafter (i) cause the

Premises and/or any adjacent premises of Lessor to be tested, investigated, or monitored for the presence of any Hazardous Substance, (ii) cause any Hazardous Substance to be removed from the Premises and any adjacent lands of Lessor, (iii) cause to be performed any restoration of the Premises and any adjacent lands of Lessor, and (iv) cause to be performed any remediation of, or response to, the environmental condition of the Premises and the adjacent lands of Lessor, as Landlord reasonably may deem necessary or desirable, and the cost and expense thereof shall be reimbursed by Lessee to Lessor within thirty (30) days after rendition of Lessor's bill. In addition, Lessor may, at its election, require Lessee, at Lessee's sole cost and expense, to perform such work, in which event, Lessee shall promptly commence to perform and thereafter diligently prosecute to completion such work, using one or more contractors and a supervising consulting engineer approved in advance by Lessor.

F. For purposes of this Section 7, the term "Hazardous Substance" shall mean (i) those substances included within the definitions of "hazardous substance", "pollutant", "contaminant", or "hazardous waste", in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. SS 9601, et. seq., as amended or in RCRA, the regulations promulgated pursuant to either such Act, or state laws and regulations similar to or promulgated pursuant to either such Act, (ii) any material, waste or substance which is (A) petroleum, (B) asbestos, (C) flammable or explosive, or D) radioactive; and (iii) such other substances, materials and wastes which are or become regulated or classified an hazardous or toxic under federal, state or local law.

Section 8. UTILITIES

A. Lessee will arrange and pay for all utilities and services supplied to the Premises or to Lessee.

B. All utilities and services will be separately metered to Lessee. If not separately metered, Lessee shall pay its proportionate share as reasonably determined by Lessor.

Section 9. LIENS.

Lessee shall not allow any liens to attach to the Premises for any services, labor or Materials furnished to the Premises or otherwise arising from Lessee's use of the Premises. Lessor shall have the right to discharge any such liens at Lessee's expense.

Section 10. ALTERATIONS AND IMPROVEMENTS; CLEARANCES.

A. No alterations, improvements or installations may be made an the Premises without the prior consent of Lessor. Such consent, if given, shall be

subject to the needs and requirements of the Lessor in the operation of its Railroad and to such other conditions as Lessor determines to impose. In all events such consent shall be conditioned upon strict conformance with all applicable governmental requirements and Lessor's then-current clearance standards.

B. All alterations, improvements or installations shall be at Lessee's sole cost and expense.

C. Lessee shall comply with Lessor's then-current clearance standards, except (i) where to do so would cause Lessee to violate an applicable governmental requirement, or (ii) for any improvement or device in place prior to Lessee taking possession of the Premises if such improvement or device complied with Lessor's clearance standards at the time of its installation.

D. Any actual or implied knowledge of Lessor of a violation of the clearance requirements of this Lease or of any governmental requirements shall not relieve Lessee of the obligation to comply with such requirements, nor shall any consent of Lessor be deemed to be a representation of such compliance.

Section 11. AS-IS.

Lessee accepts the Premises in its present condition with all faults, whether patent or latent, and without warranties or covenants, express or implied. Lessee acknowledges that Lessor shall have no duty to maintain, repair or improve the Premises.

Section 12. RELEASE AND INDEMNITY

A. As a material part of the consideration for this Lease, Lessee, to the extent it may lawfully do so, waives and releases any and all claims against Lessor for, and agrees to indemnify, defend and hold harmless Lessor, its affiliates, and its and their officers, agents and employees ("Indemnified Parties") from and against, any loss, damage (including, without limitation, punitive or consequential damages), injury, liability, claim, demand, cost or expense (including, without limitation, attorneys' fees and court costs), fine or penalty (collectively, "Loss") incurred by any person (including, without limitation, Lessor, Lessee, or any employee of Lessor or Lessee) and arising from or related to (i) any use of the Premises by Lessee or any invitee or licensee of Lessee, (ii) any act or emission of Lessee, its officers, agents, employees, licensees or invitees, or (iii) any breach of this Lease by Lessee.

B. The foregoing release and indemnity shall apply regardless of any negligence, misconduct or strict liability of any Indemnified Party, except that the indemnity, only, shall not apply to any Loss caused by the sole,

active and direct negligence of any Indemnified Party if the Loss (i) was not occasioned by fire or other casualty, or (ii) was not occasioned by water, including, without limitation, water damage due to the position, location, construction or condition of any structures or other improvements or facilities of any Indemnified Party.

C. Where applicable to the Loss, the liability provisions of any contract between Lessor and Lessee covering the carriage of shipments or trackage serving the Premises shall govern the Loss and shall supersede the provisions of this Section 12.

D. No provision of this Lease with respect to insurance shall limit the extent of the release and indemnity provisions of this Section 12.

Section 13. TERMINATION.

A. Lessor may terminate this Lease by giving Lessee notice of termination, if Lessee (i) fails to pay rent within fifteen (15) days after the due date, or (ii) defaults under any other obligation of Lessee under this Lease and, after written notice is given by Lessor to Lessee specifying the default, Lessee fails either to immediately commence to cure the default, or to complete the cure expeditiously but in all events within thirty (30) days after the default notice is given.

B. Notwithstanding the term of this Lease set forth in Article II.A., Lessor or Lessee may terminate this Lease without cause upon thirty (30) days' notice to the other party; provided. however, that at Lessor's election, no such termination by Lessee shall be effective unless and until Lessee has vacated and restored the Premises as required in Section 15A, at which time Lessor shall refund to Lessee, on a pro rata basis, any unearned rental paid in advance.

Section 14. LESSOR'S REMEDIES.

Lessor's remedies for Lessee's default are to (a) enter and take possession of the Premises, without terminating this Lease, and relet the Premises an behalf of Lessee, collect and receive the rent from reletting, and charge Lessee for the cost of reletting, and/or (b) terminate this Lease as

provided in Section 13 A) above and sue Lessee for damages, and/or (c) exercise such other remedies as Lessor may have at law or in equity. Lesser may enter and take possession of the Premises by self - help, by changing locks, if necessary, and may lock out Lessee, all without being liable for damages.

Section 15. VACATION OF PREMISES: REMOVAL OF LESSEE'S PROPERTY

A. Upon termination howsoever of this Lease, Lessee (i) shall have peaceably and quietly vacated and surrendered possession of the Premises to Lessor. without Lessor giving any notice to quit or demand for possession, and (ii) shall have removed from the Premises all structures, property and other materials not belonging to Lessor, and restored the surface of the ground to as good a condition as the same was in before such structures were erected, including, without limitation. the removal of foundations, the filling in of excavations and pits, and the removal of debris and rubbish.

a. If Lessee has not completed such removal and restoration within thirty (30) days after termination of this Lease, Lessor may, at its election, and at any time or times, (i) perform the work and Lessee shall reimburse Lessor for the cost thereof within thirty (30) days after bill is rendered, (ii) take title to all or any portion of such structures or property by giving notice of such election to Lessee, and/or (iii) treat Lessee as a holdover tenant at will until such removal and restoration is completed.

Section 16. FIBER OPTICS.

Lessee shall telephone Lessor at 1-800-336-9193 (a 24-hour number) to determine if fiber optic cable is buried an the Premises. If cable is buried on the Premises, Lessee will telephone the telecommunications company(ies), arrange for a cable locator, and make arrangements for relocation or other protection of the cable. Notwithstanding compliance by Lessee with this Section 16, the release and indemnity provisions of Section 12 above shall apply fully to any damage or destruction of any telecommunications system.

Section 17. NOTICES.

Any notice, consent or approval to be given under this Lease, shall be in writing, and personally served, sent by reputable courier service, or sent by certified mail, postage prepaid, return receipt requested, to Lessor at: Contracts a Real Estate Department, Room 1100, 1416 Dodge Street, Omaha, Nebraska 68179; and to Lessee at the above address, or such other address as a party may designate in notice given to the other party. Mailed notices shall be deemed served five (5) days after deposit in the U.S. Mail. Notices which are personally served or sent by courier service shall be deemed served upon receipt.

Section 18. ASSIGNMENT.

A. Lessee shall not sublease the Premises, in whole or in part, or assign, encumber or transfer (by operation of law or otherwise) this Lease, without the prior consent of Lessor, which consent may be denied at Lessor's sole and absolute discretion. Any purported transfer or assignment without Lessor's consent shall be void and shall be a default by Lessee.

B. Subject to this Section 18, this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

Section 19. CONDEMNATION.

If, as reasonably determined by Lessor, the Premises cannot be used by Lessee because of a condemnation or sale in lieu of condemnation, then this Lease shall automatically terminate. Lessor shall be entitled to the entire award or proceeds for any total or partial condemnation or sale in lieu thereof, including, without limitation, any award or proceeds for the value of the leasehold estate created by this Lease. Notwithstanding the foregoing, Lessee shall have the right to pursue recovery from the condemning authority of such compensation as may be separately awarded to Lessee for Lessee's relocation expenses, the taking of Lessee's personal property and fixtures, and the interruption of or damage to Lessee's business.

Section 20. ATTORNEY'S FEES.

If either party retains an attorney to enforce this Lease (including, without limitation, the indemnity provisions of this Lease), the prevailing party in entitled to recover reasonable attorney's fees.

Section 21. ENTIRE AGREEMENT.

This Lease is the entire agreement between the parties, and supersedes all other oral or written agreements between the parties pertaining to this transaction. Except for the unilateral redetermination of annual rent as provided in Article III., this Lease may be amended only by a written instrument signed by Lessor and Lessee.

AGREEMENT

THIS AGREEMENT is made and entered into as of the 21st day of January, 2005 (the "Effective Date") by and between UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("UP"), and CXT INCORPORATED, a Delaware corporation ("CXT").

WHEREAS, UP wishes to purchase various types of concrete ties from CXT and CXT wishes to sell such concrete ties to UP.

NOW, THEREFORE, for and in consideration of the recitation set forth above and the terms and provisions herein contained, the Parties do hereby contract, covenant and agree as follows:

SECTION 1
DEFINITIONS

Unless some other meaning and intent is apparent from the context, the singular form as used herein shall include the plural and vice versa; masculine, feminine, and neuter words shall be used interchangeably; and the following terms, when used in this Agreement, shall have the following meanings:

Section 1.1: Agreement. Wherever reference is made herein to this "Agreement" or any section hereof, such reference shall mean this Agreement.

Section 1.2: Concrete Tie Car. "Concrete Tie Car" shall mean a rail car which is a P-811, TRT-909 or a bulkhead flat car, in each case configured to readily accept concrete ties in twenty-one (21) tie groupings.

Section 1.3: Environmental Laws. "Environmental Laws" shall mean and include any federal, state or local statute, law, rule, regulation, ordinance, code, policy, rule of common law, judicial order, administrative order, consent decree, or judgment now or hereafter in effect, in each case, as has been amended from time to time, relating to the environment, health or safety, including the National Environmental Policy Act (42 U.S.C. Sec. 4321 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Sec. 9601 et seq.), as amended by the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act (42 U.S.C. Sec. 6901 et seq.), as amended by the Hazardous and Solid Waste Amendments of 1984, the Hazardous Materials Transportation Act (49 U.S.C. Sec. 1801 et seq.), the Toxic Substances Control Act (15 U.S.C. Sec. 2601 et seq.), the Clean Water Act (33 U.S.C. Sec. 1321 et seq.), the Clean Air Act (42 U.S.C. Sec. 7401 et seq.), the Occupational Safety and Health Act (29 U.S.C. Sec. 651 et seq.), the Federal Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. Sec. 3808 et seq.), and any similar federal, state or local laws, ordinances or regulations implementing such laws.

Section 1.3: GI Plant. "GI Plant" shall mean the manufacturing facility of CXT located in Grand Island, NE.

Section 1.4: Governmental Entity. "Governmental Entity" shall mean and include the States of

Arizona and Nebraska, the Counties of Pima, Arizona, and Hall, Nebraska, the City of Tucson and the City of Grand Island, the United States Environmental Protection Agency, the United States Department of Labor, the United States Department of Transportation, any successors thereto, or any other federal, state or local governmental agency now or hereafter regulating substances and materials in the environment located at or adjacent to the Property.

Section 1.5: Hazardous Materials. "Hazardous Materials" shall mean and include:

(a) any solid, gaseous or liquid wastes (including hazardous wastes), hazardous air pollutants, hazardous substances, hazardous materials, regulated substances, restricted hazardous wastes, hazardous chemical substances, mixtures, toxic substances, pollutants or contaminants or terms of similar import, as such terms are defined in any Environmental Law and as such definition may change from time to time;

(b) any substance or material which now or in the future is known to constitute a threat to health, safety, property or the environment or which has been or is in the future determined by any Governmental Entity to be capable of posing a risk of injury to health, safety, property or the environment or exposure to which is prohibited, limited or regulated by any Environmental Law or Governmental Entity, including all of those materials, wastes and substances designated now or in the future as hazardous or toxic by any Governmental Entity; and

(c) any petroleum or petroleum products or by-products, radioactive materials, asbestos, whether friable or non-friable, urea formaldehyde foam insulation, polychlorinated biphenyls, or radon gas.

Section 1.6: Including. "Including" shall be deemed to mean "including, without limitation".

Section 1.7: Legal Action. "Legal Action" shall include any proceeding in any court of general, limited or appellate jurisdiction, including any proceeding in the bankruptcy courts of the United States, any action affecting creditor's rights generally, any declaratory judgment proceeding, any action at law or suit in equity, and any appeal; and shall also include any arbitration proceeding.

Section 1.8: Legal Expenses. "Legal Expenses" shall include: (a) all reasonable fees incurred by a Party for services rendered to such Party by an attorney; (b) all other reasonable expenses incurred by a Party relating to services rendered to such Party by an attorney; and (c) without limiting the generality of the foregoing, if any Legal Action is commenced between the Parties, said term shall include all reasonable costs (such as filing fees, court reporters' fees, expert witness fees, and similar out-of-pocket expenses) associated with prosecution or defense thereof, including any related discovery proceedings.

Section 1.9: New Technology. "New Technology" shall mean the Grimbergen long line concrete tie technology or a substantial equivalent thereto.

Section 1.10: Parties. "Parties" shall mean UP and CXT, jointly, and the term "Party" shall mean either one of the Parties.

Section 1.11: Plants. "Plants" shall mean the GI Plant and the Tucson Plant and the term "Plant" shall mean either of the Plants.

Section 1.12: Produced. "Produced" and "Production" with reference to Ties shall mean that such Ties (a) have been manufactured by CXT and completely assembled with all fastening components installed (if required); (b) have been inspected and approved as to quality by CXT, including, without limitation, compliance with the Specifications (as such term is defined in Section 1.17, below); and (c) have met, if applicable, twenty-eight (28)-day compressive strength requirements.

Section 1.13: Producer Price Indices; PPI. "Producer Price Indices" or "PPI" shall mean the Producer Price Indices published by the United States Department of Labor, Bureau of Labor Statistics. If any of the Producer Price Indices referred to in Section 2 (or successors established pursuant to this Section 1.13) are discontinued, such other governmental index or computation, as mutually agreed (such agreement shall not be unreasonably withheld by either Party), shall be used as may be reasonable in order to obtain substantially the same result as if it had not been discontinued.

Section 1.14: Program Year. "Program Year" shall mean each twelve (12) month period beginning on January 1 and ending on December 31 during the term of this Agreement. The first Program Year shall begin on January 1, 2005, and end on December 31, 2005.

Section 1.15: Property. "Property" shall collectively mean all or any portion of the real property located in the City of Grand Island, Hall County, Nebraska, and City of Tucson, Pima County, Arizona, more particularly described in Exhibit A attached to this Agreement and incorporated herein by this reference for all purposes, together with all improvements and fixtures located thereon, all property used in or connected with the operation of the business located thereon, and the soil, ground water, surface water and air located at such real property.

Section 1.16: Related Agreements. "Related Agreements" shall mean the Leases of Industrial Property and the Industry Track Agreements entered into between the Parties, pursuant to which (a) CXT is leasing or will lease real estate from UP for the GI Plant and the Tucson Plant, (b) UP will use CXT track at the respective Plants, and (c) agreements for additional services between either or both of the Parties and any third party (e.g., the agreement proposed among CXT, UP and the Wood Tie Re-hab Contractor). The terms of this Agreement shall prevail over any conflicting terms in any of the Related Agreements.

Section 1.17: Standard Ties. "Standard Ties" shall mean prestressed, pretensioned, concrete ties, with scalloped sides, manufactured by CXT, which comply with the UP Specifications, dated September 2003, attached hereto as Exhibit B (the "Specifications"), as revised from time to time by UP's Methods and Research Department.

Section 1.18: Special Ties. "Special Ties" shall mean any prestressed, pretensioned, concrete ties which may be included in this Transaction and which are not Standard Ties.

Section 1.19: Ties. "Ties" shall mean any Standard Ties and Special Ties sold by CXT to UP under this Agreement.

Section 1.20: Transaction. "Transaction" shall mean the sale of Ties by CXT to UP pursuant to this Agreement.

Section 1.21: Tucson Plant. "Tucson Plant" shall mean the manufacturing facility of CXT located in Tucson, AZ.

Section 1.22: UP Material Manager - Ties. "UP Material Manager - Ties" shall mean the person appointed as the Material Manager - Ties of UP.

Section 1.23: UP Representative. "UP Representative" shall mean any person who is appointed by UP as its representative at either of the Plants.

Section 1.24: Wood Tie Re-hab Contractor. "Wood Tie Re-hab Contractor" shall mean a sub-contractor chosen by UP to perform the re-habilitation of wood ties returned to either of the Plants by UP on Concrete Tie Cars.

SECTION 2
TRANSACTION

Section 2.1 Transaction. CXT agrees to sell to UP, and UP agrees to purchase from CXT, Ties upon the terms and conditions set forth herein. CXT shall have the right to manufacture concrete railroad ties and other products at the Plants for sale to third parties; provided, however that: (a) such manufacturing shall not interfere with CXT manufacturing Ties reasonably required by UP pursuant to the Annual Estimates (as such term is defined in Section 2.3, below); and (b) should CXT sell concrete ties manufactured at either Plant, substantially similar to any Tie (excluding shoulders and fastening systems), to any third party for a total price (including all rebates, discounts, service charges, etc.) which is less (the "Lesser Third Party Price") than the Purchase Prices (as such term is defined in Section 2.4, below) then payable by UP to CXT for Ties purchased at an annual rate of 300,000 Ties Produced from the applicable Plant, then (x) the Standard Tie Prices and/or Special Tie Prices (as such terms are defined in Section 2.4, below), as applicable, shall be reduced to the Lesser Third Party Price during the period of the effectiveness of such Lesser Third Party Price and (y) the ties produced for such third parties shall count toward the applicable per Plant Annual Minimum (as such term is defined in Section 2.3, below).

Section 2.2 Term; Termination. Unless earlier terminated as provided herein, including, without limitation, below in this Section 2.2 as to either or both of the Plants, the initial term of this Agreement (the "Initial Term") shall commence on the Effective Date and (a) continue through December 31, 2012 for the Tucson Plant, and (b) continue through December 31, 2009 for the GI Plant; provided, however, that the term of this Agreement for either or both Plants may be extended for successive two (2) year periods (each an "Extension") by UP if UP provides CXT with written notice of such extension (the "Extension Notice") at least 180 days prior to the expiration of the Initial Term, or the then current Extension, for such Plant(s) and CXT accepts or fails to reject the Extension Notice within thirty (30) days of its receipt thereof.

In the event either Party breaches any term or provision of this Agreement and such breach has a material adverse impact on the other Party and frustrates the fundamental purpose of this

Agreement (a "Material Breach") (a) the non-breaching Party shall furnish written notification to the other specifying the nature of the Material Breach, (b) the breaching Party shall have ninety (90) days following its receipt of such notification (the "Initial Material Breach Cure Period"), or, in the case of a Material Breach that cannot reasonably be cured within the Initial Material Breach Cure Period, such longer period of time, up to a maximum period of 180 days following its receipt of such notification, as may be required to cure such breach as long as the breaching Party commences a cure during the Initial Material Breach Cure Period and works diligently thereafter towards completing such cure (the "Extended Material Breach Cure Period") (the Initial Material Breach Cure Period and any Extended Material Breach Cure Period are referred to collectively hereinafter as the "Material Breach Cure Period"), and (c) if the breaching Party fails to cure the Material Breach within the Material Breach Cure Period the non-breaching Party, at its option, may forthwith terminate this Agreement.

Notwithstanding the foregoing paragraph or any other provision of this Agreement, UP shall have the right to immediately terminate this Agreement on sixty (60) days' prior written notice if CXT becomes insolvent, has a receiver appointed to manage it, makes an assignment for the benefit of its creditors, or if a petition in bankruptcy is filed with respect to CXT that is not dismissed within sixty (60) days.

In the event either Party breaches any term or provision of this Agreement and such breach does not rise to the level of a Material Breach (a) the non-breaching Party shall furnish written notification to the other specifying the nature of the breach, and (b) the breaching Party shall have thirty (30) days to cure such breach or, if the breach is one which could not reasonably be cured within such thirty (30) day period, such longer period of time as is necessary so long as the breaching party commences a cure and continues to work diligently towards curing the breach.

During the Material Breach Cure Period applicable to a Material Breach that prevents the Production of Ties in the amount agreed under this Agreement, UP may, in a manner consistent with its obligation to mitigate damages and as its exclusive remedy for such failure to Produce, purchase ties from a third party(ies) to replace such lost quantities in any amount not exceeding the lesser of its then current needs, as reasonably determined by UP, or the amount CXT was obligated to have Produced (the "Cover Ties") and (i) the Cover Ties shall count towards the applicable Per Plant Annual Minimum(s) (as such term is defined in Section 2.3, below) and (ii) CXT shall reimburse UP the amount, if any, by which the cost to UP of the Cover Ties purchased during such Material Breach Cure Period exceeds the cost of the Ties that the Cover Ties replaced (the "Cover Tie Cost Differential").

A waiver by the non-breaching Party of any breach by the breaching Party shall not impair the right of the non-breaching Party to avail itself of any subsequent breach hereof.

Section 2.3 Minimum Quantity; Annual Estimates; Additional Quantities. CXT shall Produce and sell to UP, and UP shall purchase from CXT, a minimum of 100,000 Ties per Program Year at each Plant (the "Per Plant Annual Minimum"); provided, however, that the Per Plant Annual Minimum applicable to the Tucson Plant will be prorated for 2005 based upon the date of the Tucson Start Date (as such term is defined below in this Section 2.3), with the Purchase Prices for Ties Produced at the Tucson Plant purchased during 2005 based on the annualized amount. If CXT fails to Produce the Per Plant Annual Minimum, as prorated in the case of 2005, as to either Plant, UP may, in a manner consistent with its obligation to mitigate damages and as its exclusive remedy for such failure to Produce, purchase Cover Ties in any amount not exceeding

the lesser of its actual then current needs, as reasonably determined by UP, or the amount CXT was obligated to have Produced for such year, and (a) shall be reimbursed by CXT for the Cover Tie Cost Differential related to such purchases, and (b) such Cover Ties shall count toward the applicable per Plant Annual Minimum; provided, however, there shall be no reimbursement of the Cover Tie Cost Differential unless UP has complied with the provisions of Section 2.6, below, as they relate to the delivery of purchase orders for the period of such Cover Tie purchases. On or before December 1 of each year during the term of this Agreement UP will provide CXT a non-binding estimate (the "Annual Estimate") of the number of Ties it estimates it will purchase during the next following Program Year from CXT Produced at each Plant. The Annual Estimate, in conjunction with the PPI Adjustment (as such term is defined in Section 2.4(f), below), will be used to set the purchase price for Standard Ties Produced during such Program Year. Any necessary adjustments (credits or debits) to the Purchase Prices (as such term is defined in Section 2.4, below) resulting from the number of Ties actually purchased by UP from CXT will be made prior to the thirtieth (30th) day following the conclusion of each Program Year; provided, however, that if during the course of a calendar year UP estimates that its purchases of Ties from either Plant will vary from the Annual Estimate applicable to such Plant in an amount that will result in an adjustment to the Purchase Prices, either party may request that such adjustment in the Purchase Prices applicable to Ties Produced at such Plant be implemented during the subsequent quarter(s), if any, in the same calendar year.

CXT agrees that the Tucson Plant will be operational and manufacturing Ties within ten (10) months following the Effective Date (i.e., on or before November 21, 2005, as and if extended as provided below) (the "Tucson Start Date"); provided, however, that the Tucson Start Date shall be extended to the extent delays occur due to factors that UP determines are beyond the reasonable control of CXT (e.g., without limitation, an event of force majeure affecting CXT, the discovery or appearance of an environmental condition at the Tucson Plant predating the Effective Date that delays CXT's operations, a delay in any necessary permitting process not occasioned by the unreasonable act or omission of CXT, any delay in the delivery of New Technology equipment not occasioned by the unreasonable act or omission of CXT), which determination shall not be unreasonably withheld; and provided further that CXT shall have a maximum of sixty (60) days following the Tucson Start Date to attain full production capacity at the Tucson Plant. To achieve the Tucson Start Date within the timeframe set forth in this paragraph, CXT further agrees to use and follow best practices project management techniques, including, without limitation, undertaking concurrently individual tasks required for the completion thereof. In addition, attached to this Agreement as Exhibit C is a detailed construction schedule for the Tucson Plant mutually agreed upon by the parties (the "Tucson Plant Construction Schedule"). Every two (2) weeks during construction of the Tucson Plant CXT will submit to UP reports on the progress of the construction of the Tucson Plant relative to the Tucson Plant Construction Schedule. If any failure by CXT to comply with this paragraph results in its Production of Ties in an amount less than that required by this Agreement (which shall be the prorated Annual Minimum as to 2005), UP may, in a manner consistent with its obligation to mitigate damages and as its exclusive remedy for such failure to Produce, purchase Cover Ties in an amount equal to the lesser of its actual then current needs, as reasonably determined by UP, or the amount CXT was obligated to have Produced, and (a) shall be reimbursed by CXT for the Cover Tie Cost Differential related to such purchases, and (b) such Cover Ties shall count toward the applicable per Plant Annual Minimum; provided, however, there shall be no reimbursement of the Cover Tie Cost Differential unless UP has complied with the provisions of Section 2.6, below, as they relate to the delivery of purchase orders for the

period of such Cover Tie purchases.

The Tucson Plant will be sized to Produce approximately 400,000 Ties per year (33,333 Ties per month), on four production lines, assuming 350 days per year of production. CXT may expand this Production to approximately 500,000 Ties per year (41,667 Ties per month) by adding a fifth production line, if UP and CXT agree upon an arrangement for UP's long term commitment to purchase quantities of Ties Produced at the Tucson Plant in addition to the Per Plant Annual Minimum. CXT will utilize New Technology in the Tucson Plant.

CXT agrees (a) to commence site preparation in 2004 and complete track projects at the GI Plant, including, without limitation, preparation work for the site at which wood ties are to be unloaded, within six (6) months following the Effective Date (i.e., by July 21, 2005, as and if extended as provided below), (b) the New Technology shall be installed at the GI Plant prior to its installation at the Tucson Plant, and (c) to finalize installation of the New Technology at the GI Plant within eight (8) months following the Effective Date (i.e., by September 21, 2005,) (the "GI Start Date"); provided, however, that the GI Start Date shall be extended to the extent delays occur due to factors that UP determines are beyond the reasonable control of CXT (e.g., without limitation, an event of force majeure affecting CXT, the discovery or appearance of an environmental condition at the GI Plant predating the Effective Date that delays CXT's operations, a delay in any necessary permitting process not occasioned by the unreasonable act or omission of CXT, any delay in delivery of New Technology equipment not occasioned by the unreasonable act or omission of CXT), which determination shall not be unreasonably withheld; and provided further that CXT shall have a maximum of sixty (60) days following the GI Start Date to attain full production capacity at the GI Plant. To achieve the GI Start Date within the timeframe set forth in this paragraph, CXT further agrees to use and follow best practices project management techniques, including, without limitation, undertaking concurrently individual tasks required for the completion thereof. In addition, attached to this Agreement as Exhibit D is a detailed construction schedule for the GI Plant mutually agreed upon by the parties (the "GI Plant Construction Schedule"). Every two (2) weeks during construction of the GI Plant CXT will submit to UP reports on the progress of the construction of the GI Plant relative to the GI Plant Construction Schedule. If any failure by CXT to comply with this paragraph results in its Production of Ties in an amount less than that required by this Agreement, UP may, in a manner consistent with its obligation to mitigate damages and as its exclusive remedy for such failure to Produce, purchase Cover Ties in an amount equal to the lesser of its actual then current needs, as reasonably determined by UP, or the amount CXT was obligated to have Produced, and (a) shall be reimbursed by CXT for the Cover Tie Cost Differential related to such purchases, and (b) such Cover Ties shall count toward the applicable per Plant Annual Minimum; provided, however, there shall be no reimbursement of the Cover Tie Cost Differential unless UP has complied with the provisions of Section 2.6, below, as they relate to the delivery of purchase orders for the period of such Cover Tie purchases.

The updated GI Plant will be sized to Produce approximately 375,000 Ties per year (31,250 Ties per month), on three production lines, assuming 350 days per year of production. CXT may expand this Production to approximately 500,000 Ties per year (41,667 Ties per month) by adding a fourth line, if UP and CXT reach agreement upon UP's purchase of quantities of Ties

Produced at the GI Plant in addition to the GI Plant Per Plan Annual Minimum. Prior to the shutdown of the GI Plant for installation of the New Technology, CXT will Produce Ties at the GI Plant at a rate of 24,000 Ties per month. To provide a "seamless" supply of Ties to UP notwithstanding (x) the fact that the New Technology may not be at full capacity at the GI Plant until ten (10) months, subject to extension as provided above, following the Effective Date (i.e., November 21, 2005, subject to extension), and (y) that it is anticipated that the GI Plant will be shut down for approximately two (2) months during the installation of the New Technology and during the period January 1, 2005 through May 31, 2005, CXT will Produce 48,000 Ties at CXT's plant in Spokane, WA (the "Spokane Plant") and ship such Ties to UP fob the GI Plant at the GI Purchase Price. CXT may supply a portion of such Ties from the GI Plant, in excess of CXT's Production commitment of 24, 000 Ties per month at the GI Plant prior to the GI Plant shutdown. UP shall have no responsibility under this Agreement for loss of or damage to Ties during transit from the Spokane Plant to the GI Plant as described above in this Section 2.3.

Section 2.4 Purchase Prices. The purchase prices for the Standard Ties (503-1732 ties with AirBoss 2001 shoulders) are set forth below by Plant (the "GI Standard Tie Prices" and the "Tucson Standard Tie Prices," respectively, and, collectively, the "Standard Tie Prices"). Prices for new designs of Standard Ties (for example, new fastening system or new design requirements) must be mutually agreed upon by the Parties. The initial (i.e., 2004) Purchase Price for 2005 Safelok III - UP Item #503-1736 - is that amount equal to the Standard Tie Price less the cost of AirBoss 2001 shoulders, with UP providing the shoulders to CXT, FOB Plant, free of charge, provided that UP has proper advance notification of which CXT Plant will be producing the ties. The Producer Price Index will be applied to it and to other Purchase Prices beginning January 1, 2005, as provided in Subsection 2.4(f), below. The purchase prices for Special Ties are set forth in Exhibit E (the "Special Tie Prices") (the Standard Tie Prices and the Special Tie Prices are referred to hereinafter collectively as the "Purchase Prices"). The Purchase Prices are FOB the respective Plant. The Purchase Prices do not, however, include on-line transportation costs for Produced Ties (as opposed to materials and components used in the production of Ties and as opposed to the Safelok III Ties to be produced in 2005 by the Spokane Plant to "seamlessly" cover the anticipated Grand Island production shortage during the installation of New Technology as described in Section 2.3, above), it being understood and agreed between the Parties that UP shall be solely responsible for the transportation of the Ties to project job sites. The Purchase Prices are subject to reduction in accordance with the provisions of Subsection 2.8, below. In addition to the specified Purchase Prices, UP shall be responsible for and pay all applicable federal, state, and local taxes thereon, except taxes based upon CXT's gross income. The charges for additional services for Standard Ties (the "Additional Services") are set forth below.

(a) GI Standard Tie Prices: The GI Standard Tie Prices for Ties Produced at the GI Plant during 2005 are the amounts set forth, adjusted pursuant to Section 2.4(f), below:

100,000 (minimum)-199,999 Ties Produced per Year	200,000-249,999 Ties Produced per Year	250,000-299,999 Ties Produced per Year	300,000-349,999 Ties Produced per Year	350,000-399,999 Ties Produced per Year	400,000-499,999 Ties Produced per Year	500,000+ Ties Produced per Year
*	*	*	*	*	*	*

(b) Tucson Standard Tie Prices: The Tucson Standard Tie Prices for Ties Produced at the Tucson Plant during 2005 are the amounts set forth below, adjusted pursuant to Section 2.4(f), below:

100,000 (minimum)-199,999 Ties Produced per Year	200,000-299,999 Ties Produced per Year	300,000-399,999 Ties Produced per Year	400,000-499,999 Ties Produced per Year	500,000+Ties Produced per Year
*	*	*	*	*

(c) Charges for Additional Services (Loading, Fastening Component, Fastening Component Handling). The per Tie charges for Additional Services (the "Additional Services Charges") performed during 2005 at either Plant are the amounts set forth below, adjusted pursuant to Section 2.4(f), below:

Fastening Component Installation (pads, clips, and insulators)	*
Fastening Component Handling (if purchased by UPRR)	*
Loading of CXT Ties onto UPRR supplied Concrete Tie Cars	*

UP will provide all necessary fastening components to CXT, FOB Plant, free of charge. UP will purchase all fastening components (including shoulders, if applicable) on a schedule that will not adversely impact CXT's Production of Ties. CXT will be responsible for providing material releases in a manner that ensures an adequate inventory for CXT Production.

(d) Storage at GI and Tucson Plants. CXT will not charge UP for storage of Ties or re-hab wood ties at the Plants.

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* Indicates the location of confidential data which has been omitted and filed separately with the Securities and Exchange Commission.

(e) Dunnage. CXT will provide dunnage (as specified by UP) for which UP is otherwise responsible under the provisions set forth below. If CXT provides dunnage, UP will reimburse CXT for CXT's actual incremental cost thereof. All invoices for such dunnage (1) shall reflect all items or factors that affect the total cost, including, but not limited to, discounts, rebates, and freight costs, and (2) shall be documented, presented and paid following the same schedule as that established for the payment of the Purchase Prices and the Additional Services Charges in Section 2.5, below.

(f) Adjustment of Purchase Prices and Additional Service Charges. Beginning January 1, 2005, and on each January 1 during the term thereafter, the Purchase Prices and the Additional Service Charges will be adjusted (increased or decreased) by multiplying those then in effect by an adjustment factor (the "Annual Adjustment Factor") equal to the annual percentage change in the specified Producer Price Indices, measured to the November preceding the January 1 adjustment date from the preceding November, according to the following formula:

1+[0.30(PPI-Steel-WPU1017)+0.35(0.50(PPI-Cement-WPU1322)+0.35(0.50(PPI - Aggregates-WPU1321)

Exhibit F sets forth a further description of the Annual Adjustment Factor and provides a hypothetical example of its application.

If information required for computation of the Annual Adjustment Factor is not available on or before any January 1, prices in effect during the prior Program Year shall be paid until such information is available. Any additional amounts due from one Party to the other for the current Program Year as a result of any increase or decrease based upon the Annual Adjustment Factor shall be promptly computed and paid after the required information becomes available.

All percent changes will be rounded to the nearest tenth of a percent and all dollar amounts will be rounded to the nearest whole cent, using the rounding rule that any fraction less than one-half will be dropped, while any fraction equal to or greater than one-half will be increased to the next higher value.

Section 2.5 Payment Terms. On the first (1st) day of each calendar month during the term of this Agreement, CXT shall invoice UP for all Ties Produced and all Additional Services provided from the sixteenth (16th) day of the previous month through the last day of the previous month. On the sixteenth (16th) day of each calendar month during the term of this Agreement, CXT shall invoice UP for all Ties Produced and Additional Services provided during the period from the first (1st) day through the fifteenth (15th) day of that calendar month. The undisputed amount of any such invoice shall be paid to CXT within ten (10) days following the date of receipt in Omaha. All such invoices shall be transmitted to UP via Electronic Data Interchange (EDI) system. Title to and ownership of Ties shall pass from CXT to UP upon UP's payment of the applicable invoice pursuant to this Agreement.

Section 2.6 Purchase Orders: No less than thirty (30) days prior to the start of each quarter of each Program Year UP will provide to CXT purchase orders for each of the Plants for each month of such quarter. Though UP will make a good faith effort to timely provide purchase orders to CXT, CXT acknowledges and agrees that there may be circumstances that dictate UP's delivery of a purchase order(s) less than thirty (30) days prior to the beginning of the applicable

quarter. Unless previously agreed to in writing between the Parties, any terms of such purchase orders that contradict the terms of this Agreement or impose additional obligations or liabilities on CXT shall be of no force or effect. Unless previously agreed to by CXT in writing, UP may not issue a monthly purchase order for Ties in an amount in excess of the applicable monthly Production amount set forth in Section 2.3, above. Unless previously agreed to by UP in writing, CXT may not invoice UP for a number of Ties Produced during any month which differs (either more or less than) the number of Ties shown on the purchase order applicable to such month.

Section 2.7 Tie Specifications. All Ties shall be manufactured to the Specifications in effect at the time of their manufacture. Upon any revision to the Specifications (e.g., Tie design, component usage, materials, etc.), which may be made only by UP, the Parties shall simultaneously in writing determine the price adjustments, if any, for such change, and the purchase price payable hereunder as a result thereof. UP's Supply and Methods & Research Department shall be notified in writing of any CXT originated sourcing changes for key materials/components.

Section 2.8 Loading at CXT Plants. As a general rule, Ties Produced shall be loaded by CXT on UP Concrete Tie Cars at the Plant(s), as applicable, at a rate of sixty (60) Concrete Tie Car loads of Ties loaded within twenty-four (24) hours after arrival of the Concrete Tie Cars on which they are to be loaded, seven (7) days a week (includes holidays and weekends), fifty-two (52) weeks a year; provided, however, that unless otherwise agreed to by the parties, no Ties shall be loaded on UP Concrete Tie Cars until the Purchase Price for such Ties has been paid by UP. UP will, if possible, provide a minimum of forty-eight (48) hours' notice that a unit train of Concrete Tie Cars is inbound for loading. CXT shall not be required to provide intra-Plant switching or car movements as part of the normal operations of the Wood Tie Re-hab Contractor. The following intra-Plant switching will be performed by CXT at its sole cost and expense: (a) switching required by CXT in its operations; (b) removal of bad ordered railcars from consists as empty railcars are switched; (c) placement of repaired bad ordered railcars in consists; and (d) switching of railcars containing wood products for unloading upon the arrival of the train in which they are located if UP is unable to do so upon train arrival because other railcars prevent UP from spotting such cars, the number of such railcars is greater than the number the Plant is designed to handle at the wood tie unloading area, or any other reason that prevents the Wood Tie Re-hab Contractor from having necessary access to the inbound railcars. The Wood Tie Re-hab Contractor will unload any wood products arriving by train within ten (10) hours of the train's arrival at the Plant. CXT will load Ties on any train unloaded by the Wood Tie Re-hab Contractor within fourteen (14) hours of the time unloading of such train was completed.

To permit unloading of wood products by train at night, CXT will provide lighting of the Plants' yards consistent with a lighting plan for each Plant approved by UP. The cost of the total amount required to implement such lighting plans at both Plants (the "Lighting Plan Total Cost") shall be allocated between the parties as follows: CXT shall initially pay one hundred percent (100%) of the Lighting Plan Total Cost. CXT shall impose, and UP shall pay, a surcharge of $1.00 per Tie on each Tie purchased by UP pursuant to this Agreement until the total of such surcharges so received by CXT is equal in amount to the Lighting Plan Total Cost. In addition, there shall be a reduction of $.50 per Tie in the Purchase Price for each Tie in excess of 400,000 Ties/ties purchased by UP or by a third party during the term of this Agreement; provided, however, that the total amount of such reduction in the Purchase Prices during the term of this Agreement shall not exceed the fifty percent (50%) of the Lighting Plan Total Cost.

Risk of loss of Ties shall be allocated as follows: (a) CXT shall bear the risk of loss until the Ties have been paid for by UP or are loaded onto Concrete Tie Cars per UP instructions, whichever is earlier, and (b) UP shall bear the risk of loss following the time the Ties have been paid for by UP or have been loaded onto Concrete Tie Cars per UP instructions, whichever is earlier; provided, however, that CXT shall retain responsibility under this Agreement for Ties in transit from the Spokane Plant to the GI Plant pursuant to Section 2.3, above. CXT shall retain custodial responsibility for Ties stored at the Plants, i.e., CXT shall have responsibility for safe warehousing, storage damage, handling damage, and for the theft of Ties Produced and stored at the Plants until they are loaded onto Concrete Tie Cars. Other than that they be stored in a secure, safe, and accessible area at a Plant, CXT bears no responsibility for wood ties.

Section 2.9: The UP lease rate of the Tucson facility shall be $16,080.00 per year. The annual lease rate of the Grand Island facility shall be $16,536.00 per year. The parties shall promptly execute Related Agreements with terms and conditions consistent with this Agreement's language and purposes.

UP immediately shall remove all lessees and/or other occupants from the Tucson Plant site, other than the Wood Tie Re-hab Contractor. CXT shall be responsible, at its sole cost and expense, for construction of plant structures and improvements required for the Production and storage of Ties at each Plant. UP will provide all necessary utilities to the property (lease) line of each Plant. At each Plant site CXT will provide level land suitable for material storage and rail sidings for the use of the Wood Tie Re-hab Contractor. Pursuant to the Industry Track Agreement, UP will provide track material (to consist solely of ballast, OTM, ties, turnouts and rail) for a nominal fee of $1. This material will be used for construction of the trackage at the Plants pursuant to UP-approved track drawings. CXT will provide, at its sole cost and expense, the labor to construct the trackage, subject, as track and yard designs evolve, to the reconciliation of any differences between the final plans and the track drawings submitted with CXT's April 7, 2004 proposal to UP. At the end of the Lease for each Plant, (a) track materials at the applicable Plant will revert to UP for $1 on an "as is where-is" basis, and (b) CXT shall be responsible for proper closure of the Plant under applicable laws and regulations existing at the time of the closure and return of the Plant property substantially to its original condition on the date CXT first took possession, ordinary wear and tear excepted. Within ninety (90) days following the termination of this Agreement as to a Plant CXT shall remove the Batch Plant, the New Technology equipment, non-UP inventory, raw materials, the grantry crane and associated rail, and office equipment and rail from the premises of such Plant, leaving structures, foundations and similar improvements; provided, however, that the foregoing removal obligations of CXT shall not apply to any item or material owned or placed at a Plant by the Wood Tie Re-hab Contractor.

Section 2.10: Wood Tie Rehabilitation. UP and the Wood Tie Re-hab Contractor are responsible for the offloading and rehabilitation of wood ties and CXT shall have no responsibility or liability associated with or arising from such activities. The Wood Tie Re-hab Contractor shall off-load wood ties from Concrete Tie Cars and process wood ties and OTM at the direction of UP. CXT agrees to provide a suitable area at each Plant where the Wood Tie Re-hab Contractor may maintain wood ties stored at the Plant. CXT agrees to provide the area at each Plant where wood ties are stored with such reasonable protection against fire, flood and theft as is customary for similar facilities and commensurate with the values involved. UP shall direct the Wood Tie Re-hab Contractor not to interfere with CXT's operations. CXT shall not interfere with the operations of the Wood Tie Re-hab Contractor.

Section 2.11 Warranty; Limitation of Remedies. CXT warrants that all Standard Ties sold by it to UP under this Agreement will conform to the Specifications, as they may be revised from time to time as provided herein, and be free from any material defects in workmanship. For each Standard Tie that fails to conform with the Specifications or otherwise contains a material defect in workmanship, as UP's exclusive (except as otherwise provided below) remedy CXT will, free of charge replace such Tie (FOB plant) with one and one half (1.5) Ties that have been confirmed to meet the Specifications and/or correct such defect; provided, however, that CXT is given written notice (email or letter) of such failure to conform or defect in workmanship not more than five (5) years after the Tie was Produced, and is given the opportunity to inspect such Tie. For example, if 300 Ties fail to conform to the Specifications, CXT will, free of charge (but including neither shipping by truck nor reimbursement of UP's cost to install), replace such 300 nonconforming Ties (FOB Plant) with 450 Ties conforming to the Specifications. Notwithstanding the foregoing provisions of this paragraph, any failure by CXT to deliver Standard Ties hereunder that conform to the Specifications or that are otherwise free from material defects in workmanship that rises to the level of a Material Breach shall give UP the option to (a) terminate this Agreement after notice pursuant to Section 2.2, above, and upon expiration of the applicable Material Breach Cure Period without cure of the Material Breach, and (b) purchase Cover Ties during the applicable Material Breach Cure Period in an amount not exceeding the lesser of its then current needs, as reasonably determined by UP, or the amount CXT was obligated to have Produced and be reimbursed the Cover Tie Cost Differential.

CXT warrants that all Special Ties will comply with all specifications applicable to them agreed upon by the parties and that they will be free from any material defects in workmanship; provided, however, that no warranty is given with respect to Grade 2 ties. For each Special Tie that fails to conform with the specifications applicable to it or otherwise contains a material defect in workmanship, as UP's exclusive (except as otherwise provided below) remedy CXT will, free of charge replace such Special Tie (FOB Plant) with one and one half (1.5) Special Ties that have been confirmed to meet such specifications and/or correct such defect; provided, however, that CXT is given written notice (email or letter) of such failure to conform or defect in workmanship not more than five (5) years after the Special Ties was Produced, and is given the opportunity to inspect such Tie. Notwithstanding the foregoing provisions of this paragraph, any failure of CXT to deliver Special Ties hereunder that conform to the applicable specifications or that are otherwise free from material defects in workmanship that rises to the level of a Material Breach shall give UP the option to (a) terminate this Agreement after notice pursuant to Section 2.2, above, and upon expiration of the applicable Material Breach Cure Period without cure of the Material Breach, and (b) purchase Cover Ties during the applicable Material Breach Cure Period in an amount not exceeding the lesser of its then current needs, as reasonably determined by UP, or the amount CXT was obligated to have Produced, and be reimbursed the Cover Tie Cost Differential.

These warranties shall not apply to any Ties that: (a) have been repaired or altered, without CXT's written consent, in such a way as to affect the stability or reliability thereof; (b) have been subject to misuse, negligence, or accident; or (c) have been improperly maintained, or used contrary to the Specifications for which such Ties were produced.

The warranty set forth above is in lieu of all other warranties, expressed or implied. All other warranties are hereby disclaimed. CXT makes no other warranty, express or implied, including, without limitation, any warranty of merchantability or fitness for a particular purpose or use. In no event shall either Party be subject to or liable for any incidental or consequential damages of

the other.

Section 2.12 Indemnification; Environmental Concerns; Insurance.

A. CXT, at CXT's expense, shall promptly comply with all present and future federal, state or local laws, ordinances, orders, rules, regulations and requirements of all governmental authorities having jurisdiction, affecting or applicable to either of the Plants, including, but not limited to the applicable requirements of the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., as heretofore or hereafter amended, and the regulations heretofore or hereafter promulgated pursuant to such Act (collectively "CERCLA"), the Clean Water Act ("CWA") and other laws or regulations that govern the cleanliness, safety, occupancy and use of the same. If any governmental license(s) or permit(s) shall be required for the proper and lawful conduct of CXT's business or other activity carried on from either Plant, then CXT, at its sole expense, shall duly procure and thereafter maintain such license(s) or permit(s) and submit the same for inspection by UPRR prior to the date on which CXT commences operations at such Plant pursuant to this Agreement and thereafter upon UP's request therefor. Under no circumstances shall CXT be liable for any Environmental Condition at a Plant to the extent it existed prior to CXT's activities at such Plant.

CXT shall be responsible for all liabilities, costs, damages, and expenses ("Loss/Damage") arising in connection with its operations at each Plant, including, without limitation, complying with Environmental Laws, including but not limited to, compliance in the handling, treating, storage and disposal of Hazardous Materials (each, an "Environmental Condition") at either Plant to the extent resulting from any activity of CXT, its officers, employees, or agents, whether undertaken in connection with this Agreement or otherwise. UP shall be responsible for Loss/Damage arising in connection with any Environmental Condition at either Plant to the extent not resulting from any activity of CXT, its officers, employees, or agents. CXT shall not be responsible for any Loss/Damage arising in connection with any Environmental Condition resulting from the activities of the Wood Tie Re-hab Contractor at either Plant; any such Loss/Damage shall be allocated pursuant to agreement between UP and the Wood Tie Re-hab Contractor.

Nothing contained herein shall be construed or interpreted as making UP an owner, operator, generator, arranger or a transporter of any Hazardous Materials or an operator of a treatment, storage or disposal facility pursuant to the provisions of CERCLA, RCRA, or any other federal, state or local laws, statutes, rules and regulations governing the generation, treatment, storage and disposal of Hazardous Materials and non-Hazardous Materials, except with respect to Loss/Damage it has assumed pursuant to the immediately preceding paragraph.

If, based on the operations of CXT at either Plant, UP shall be interpreted to be an owner, operator, generator or a transporter of Hazardous Materials or a generator, arranger or operator of a treatment, storage or disposal facility under RCRA, CERCLA or any state statute governing the treatment, storage and disposal of Hazardous Materials, CXT agrees to indemnify, hold harmless and defend UP from and against any and all Loss/Damage resulting from such an interpretation.

CXT shall protect, defend, indemnify and hold harmless UP and any parent, subsidiary or affiliate of UP, the officers, directors, shareholders and employees of UP and any such parent, subsidiary or affiliate of UP, and the successors and assigns of any of the foregoing from and against any and liabilities, losses, damages, claims, demands, causes of action, costs and expenses, fines and penalties, of whatsoever nature (including, without limitation, court costs and reasonable attorneys' fees and the cost and expense of cleaning, restoration, containment, remediation, decontamination, removal, investigation, monitoring or closure), arising out of or resulting from (a) any Environmental Condition, or any federal, state or local law, ordinance, rule or regulation applicable thereto, including, without limitation, RCRA or CERCLA, for which CXT is allocated responsibility pursuant to this Section 2.12, (b) the use by CXT of Hazardous Materials at either Plant for any purpose regardless of UP's consent to such use, and (c) any Hazardous Materials which otherwise first become present in, on or under either Plant as a result of any acts of CXT.

B. UP agrees to indemnify CXT against all loss resulting from personal injury to the extent proximately caused by the active negligence of UP, its agents, employees or others entering either of the Plants for or on behalf of UP. CXT agrees to indemnify UP against all loss resulting from personal injury incident to the Production of Ties and/or CXT's operation of the Plants, except to the extent otherwise provided in the preceding sentence of this Section 2.12.B.

C. CXT shall, at its sole cost and expense, procure and maintain during the term of this Agreement insurance coverage as set forth in Exhibit G, attached hereto and by this reference incorporated herein.

Section 2.13 Audits. UP may audit CXT's records relating to the Transaction during normal business hours. UP shall preserve and protect the confidentiality of all information obtained during any such audit.

SECTION 3
GENERAL PROVISIONS

Section 3.1 Amendments or Supplements. No amendment or modification of this Agreement or of any term or condition hereof shall be valid or effective unless in writing and executed by the Parties. This Agreement may be supplemented only by written documents executed by the Parties, and it shall not be qualified, modified or supplemented by any preliminary negotiations, course of dealing, usage of trade or course of performance.

Section 3.2 Assignments. No assignment or assumption of any obligation hereunder shall relieve either Party from liability for any obligation hereunder.

Section 3.3 Legal Expenses. Each of the Parties shall bear its own Legal Expenses relating to negotiation and preparation of this Agreement and/or to the Transaction. If either Party is in default of any material provision of this Agreement, the Party which is not in default shall have the right, at the expense of the Party which is in default, to retain an attorney(s) to make any demand, enforce any remedy, or otherwise protect or enforce the rights of the Party which is not in default under this Agreement. The Party which is in default shall pay all reasonable Legal Expenses (including but not limited to Legal Expenses incurred in any Legal Action) so incurred

by the Party which is not in default, and the failure of the Party which is in default to promptly pay the same shall in itself constitute a further and additional default hereunder. All reimbursements required by this Section shall be due and payable on demand, and may be offset against any sum owed to the Party so liable.

Section 3.4 Execution of Documents. Each of the Parties agrees promptly to execute all documents necessary to implement the provisions of this Agreement.

Section 3.5 Merger. This Agreement and the Related Agreements express the full and final purpose and agreement of the Parties relating to the Transaction. There are no oral agreements which modify, qualify, supplement or offset any of the provisions of this Agreement.

Section 3.6 Notices. Any Notice transmitted by Party to any other Party may be hand-delivered to such Party, personally, or mailed by certified or registered mail, return receipt requested, deposited in the United States mail to the mailing address of such other Party set forth below, or such other place as either Party may hereafter designate by notice to the other Party. All notices shall be deemed sufficiently given and served for all purposes if so hand-delivered or if so mailed.

Section 3.7 Relationship of Parties; No Third Party Beneficiaries. Any intention to create a joint venture or partnership relation between the Parties is hereby expressly disclaimed, and neither Party shall have the right to bind the other. There are no third party beneficiaries to this Agreement.

Section 3.8 Remedies Cumulative. All remedies provided for in this Agreement are distinct and cumulative to any other right or remedy afforded by law or equity and, to the extent permitted by law, may be exercised concurrently, independently, or successively. An action may be maintained to enforce such remedies in the alternative.

Section 3.9 Successors. This Agreement shall be binding upon and inure to the benefit of the Parties and their successors and assigns.

Section 3.10 Union Pacific Railroad Representative. UP shall have the right, through any UP Representative, (a) to reject, prior to shipment from a Plant, any Ties not meeting the Specifications; (b) of reasonable access to the Plants during normal business hours; (c) to inspect and test the Ties at the Plants and (d) to inspect the handling of Ties, including the equipment for testing the strength of the Ties. The UP Representatives have the authority to accept or reject Ties in a timely manner and to otherwise act on behalf of UP in all matters pertaining to this Agreement. CXT shall, without cost to UP, furnish any UP Representatives with reasonable access to suitable office space and a telephone at the Plants.

Section 3.11 Force Majeure. Should performance by either party of its obligations hereunder be delayed due to causes beyond the reasonable control of such party including, but not limited to: acts of God; acts of any government or political subdivision; fire, flood, explosion or other catastrophe; epidemic; quarantine restriction; acts of a public enemy; any strike, slowdown or labor shortage of any kind (collectively and individually, an "Event of Force Majeure"); and provided the party so delayed promptly notifies the other party thereof in writing, the time allowed for performance by the delayed party will be extended by a period of time equal to the period of delay; provided, however, that the occurrence/existence of an Event of Force Majeure

shall not excuse CXT from (a) its obligations under Section 2.3, above, to meet the Tucson Plant Construction Schedule and the GI Plant Construction Schedule, or (b) its liabilities for failing to meet such obligations, except in either case as otherwise expressly provided in Section 2.3.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Mailing Address:	UNION PACIFIC RAILROAD COMPANY, a Delaware corporation
1400 Douglas St, Mail Stop 0780 Omaha, NE 68179 ATTN: General Director-Purchasing	By: /s/ Thomas M. Holmes --- Title: General Director-Purchasing
Mailing Address:	CXT INCORPORATED, a Delaware corporation
N 2420 Pioneer Lane Spokane, WA 99216 ATTN: President	By /s/ S L Hasselbusch 1/26/05 --- Title: Chief Executive Officer

EXHIBIT A
TO
AGREEMENT

[Real estate descriptions.]

EXHIBIT B
TO
AGREEMENT

[Specifications.]

(UNION PACIFIC LOGO)

UNION PACIFIC RAILROAD COMPANY

CONCRETE TIE SPECIFICATION

SEPTEMBER 2003

1. SCOPE

This specification is for the manufacture, testing, quality, shipping, and handling of monoblock, pretensioned, prestressed concrete ties for the Union Pacific Railroad. This specification is based on recommendations, practices, and specifications laid out by Chapter 30 of the AREMA Manual; however, numerous modifications have been made throughout.

An elastic fastening system with cast in shoulder will be used. Shoulder type will be as determined by the Engineer.

2. DEFINITIONS

Where current specifications or recommended practices of other technical societies, such as the American Society for Testing and Materials (ASTM) or the American Concrete Institute (ACI), are appropriate, they are made part of this specification by reference.

The following definitions are applicable to this specification:

2.1 The word "Engineer" shall mean the Vice President - Engineering, Union Pacific Railroad Company, or duly-authorized representative.

2.2 The word "Inspector" shall the duly-authorized Engineer's representative.

2.3 The word "Manufacturer" shall mean the manufacturer of concrete ties.

2.4 The word "Supplier" shall mean a supplier of materials or components for use in the concrete ties.

2.5 The word "Source" shall mean a plant where a material or component used in the concrete ties is produced. For aggregates, the word "Source" shall mean the strata or quarry face from which it is obtained.

2.6 The words "Outside Testing Laboratory" shall mean a testing laboratory, independent of the manufacturer, which conforms with ASTM E329 and is approved by the Engineer.

Supply Department

UNION PACIFIC RAILROAD
14J6 Dodge Street, Omaha, NE 68179

2.7 The word "Crosstie" shall mean a transverse component of a track system whose functions are the control of track gage and the transmitting of rail loads to ballast.

2.8 The word "Fastening" shall mean a component, or group of components, of a track system which affixes the rail to the crossties.

2.9 The words "Flexure Strength" shall mean resistance to bending.

2.10 The word "Insert" shall mean a device for securing an assembly and/or the rail to the tie. It may be encased in the tie at the time of manufacture or placed in a cored, cast, or drilled hole in the tie.

2.11 The words "Lateral Load" shall mean a load or component of a load at the gauge corner of the rail parallel to the longitudinal axis of the tie and perpendicular to the rail.

2.12 The words "Longitudinal Load" shall mean a load along the longitudinal axis of a rail.

2.13 The words "Negative Bending" shall mean bending that produces tension or reduces compression in the top surface of the tie.

2.14 The words "Positive Bending" shall mean the bending that produces tension or reduces compression in the bottom surface of the tie.

2.15 The word "Wire" shall mean a prestressing tendon designed to precompress the concrete.

2.16 The words "Prestressed Tie" shall mean a tie utilizing precompressed concrete and prestressing tendons.

2.17 The word "Form" shall mean a battery form, one tie long, with 5 to 8 cavities in which ties are cast upside down.

2.18 The word "Bed" shall mean a prestressing bed with forms placed end to end. Each bed is only one form wide.

2.18 The word "Pretensioned" shall mean tensioning prestressing tendons prior to placing concrete.

2.19 The words "Long Line Process" shall mean ties being made on a bed with at least forty-five forms end to end.

3. QUALIFICATIONS OF MANUFACTURER

3.1 The manufacturer shall have experience, in a fixed location, of the large-scale manufacture of pretensioned, prestressed concrete products. The manufacturer's existing plants in the USA shall be certified under the PCI plant certification program and ISO 9001:2000. If the manufacturer's existing plants are outside of the USA, they shall be certified by equivalent National Certification Organizations for that country.

3.2 The manufacturer shall show, to the satisfaction of the Engineer, that he has, or can obtain, the necessary and proper equipment, tools, facilities and means, and that he has the experience, ability and financial resources to perform the work within the time specified and to the quality standards required.

3.3 Ties shall be manufactured by using the pretensioned, prestressed, long-line process.

4. REFERENCED STANDARDS

Materials and test procedures shall conform with the published requirements of the various societies or institutes as stated in this specification. The current edition of each standard shall be used.

ASTM C33	Concrete Aggregates
ASTM C39	Method of Test for Compressive Strength of Cylindrical Concrete Specimens
ASTM C70	Test Method for Surface Moisture in Fine Aggregates
ASTM C109	Test Method for Compressive Strength of Hydraulic Cement
ASTM C114	Methods for Chemical Analysis of Hydraulic Cement
ASTM C131	Standard Test Method for Resistance to Degradation of Small-Size Coarse Aggregate by Abrasion and Impact in the Los Angeles Machine
ASTM C136	Test Method for Sieve or Screen Analysis of Fine and Coarse Aggregates
ASTM C143	Method of Test for Slump of Portland Cement Concrete
ASTM C150	Standard Specification of Portland Cement
ASTM C172	Sampling Fresh Concrete
ASTM C191	Test Method for Time of Setting of Hydraulic Cement by Vicat Needle
ASTM C192	Method of Making and Curing Concrete Test Specimens in the Laboratory
ASTM C204	Test Method for Fineness of Portland Cement by Air Permeability Apparatus

ASTM C227	Potential Alkali Reactivity of Cement Aggregate Combinations (Mortar - Bar Test)
ASTM C231	Test Method for Air Content of Freshly Mixed Concrete by the Pressure Method
ASTM C260	Air Entraining Admixtures for Concrete
ASTM C295	Recommended Practice for Petrographic Examination of Aggregates for Concrete
ASTM C359	Test Method for Early Stiffening of Portland Cement (Mortar Method)
ASTM C403	Time of Setting of Concrete Mixtures by Penetration Resistance
ASTM C430	Test Method for Fineness of Hydraulic Cement by the No. 325 Sieve
ASTM C457	Practice for Microscopical Determination of Air Void Content and Parameters of the Air Void System in Hardened Concrete
ASTM C494	Chemical Admixtures for Concrete
ASTM C586	Potential Alkali Reactivity of Carbonate Rocks for Concrete Aggregate (Rock Cylinder Method)
ASTM C617	Capping Cylinder Concrete Specimens
ASTM C666	Test Method for Resistance of Concrete to Rapid Freezing and Thawing
ASTM C779	Test Method for Abrasion Resistance of Horizontal Concrete Surfaces
ASTM C1231	Use of Unbonded Caps in Determination of Compressive Strength of Hardened Concrete Cylinders
ASTM C5329	Recommended Practice for Inspection and Testing Agencies far Concrete, Steel and Bituminous Materials used in Construction
ASTM A536	Ductile Iron Castings
ASTM A 881	Steel Wire, Deformed, Stress-relieved or Low Relaxation for Prestressed Concrete Railroad Ties
ASTM A886	Steel Strand, Indented, Seve-Wire Stress-Relieved for Prestressed Concrete
ACI 211.1	Recommended Practice for Selecting Proportions for Normal and Heavyweight Concrete.
ACI 214	Recommended Practice for Evaluation of Strength Tests for Concrete
ACI 301	Structural Concrete for Building
ACI 318	Building Code Requirements for Reinforced Concrete
PCI MNL 116	Quality Control for Plants and Production of Precast Prestressed Concrete Products

5. MATERIALS

5.1 General

The Manufacturer shall only use materials from sources approved by the Engineer.

5.2 Concrete

5.2.1 Batching and Mixing

Aggregates and cement shall be measured by weight. The weight of aggregate shall be based on a saturated surface dry condition corrected for free moisture.

Water shall be measured by weight or volume and admixtures shall be measured by volume.

Each batch of concrete shall be mixed separately in a pan or counter-flow mixer.

No water shall be added to concrete after discharge from the mixer.

The quantity of each material used in each batch of concrete shall be automatically recorded.

5.2.2 Proportioning

Mix proportions shall be developed using industry standard methods, such as ACI 309, Section 3.9. The cement content shall be not less than 600 pounds per cubic yard.

5.2.3 Temperature

Freshly mixed concrete shall be between 65 and 95 degrees F.

5.2.4 Curing

Concrete shall be cured by a method or procedure such as set forth in AREMA Chapter 8, Section 1.17, Part 1.

a) Immediately after placing and consolidating the concrete, the exposed surface shall be covered with impermeable sheeting or an ASTM C309 compliant curing compound.

b) Concrete shall not be placed in forms whose temperatures are less than 40 degrees F. Concrete temperature shall not be allowed to fall below 50 degrees F between casting and transfer of prestress.

c) If heat curing is used, the forms may be preheated to avoid cooling of the concrete after placing but the temperature of concrete shall not rise above 104 degrees F until initial set (ASTM 403) has occurred, nor shall any heat be applied between casting and initial set. The rate of temperature rise in the concrete shall not exceed 36 degrees F

per hour and the maximum concrete temperature shall not exceed 158 degrees F. The heating method used shall be such that all ties in a bed are at a similar temperature.

d) If an over temperature situation is imminent during the curing process, only Engineer approved cooling methods may be utilized.

e) During curing, the temperature at the center of the rail seat cross section of one tie in each bed shall be automatically recorded.

f) If heat curing is used, the manufacturer shall prove to the Engineer that no internal micro cracking is induced.

g) At least annually, the manufacturer shall complete a test correlating temperature across and down the bed by simultaneously measuring the temperature of all cavities across one form at three or more separate locations evenly spaced down the length of the bed.

5.2.5 Testing Fresh Concrete

a) The water-to-cement (w/c) ratio of fresh concrete shall not exceed 0.38 for any batch. Calculation shall be by weight and accounting for all free water available in the mix in accordance with ACI requirements.

b) When measured in accordance with ASTM C231, the air content of the plastic concrete, when placed in the forms, shall not be less than 4.5% in order to ensure a minimum 3.5% air void content in the hardened concrete for adequate protection against potential freeze-thaw damage.

The first batch on any bed shall be tested for air content and if this requires no adjustment to the mix, a further test shall be made after approximately 30 cubic yards have been placed. If the first batch requires adjustment to the mix, each subsequent batch shall be tested until no further adjustment is necessary and then a further batch shall be tested after approximately 30 additional cubic yards have been placed.

5.2.6 Testing Hardened Concrete

The minimum compressive strength shall be 4500 psi at transfer of prestress and 7000 psi at 28 days. All compressive strength testing shall be in accordance with ASTM C39 and performed by, or under the direct supervision of, ACI certified technicians.

Compressive strength shall be determined using 4" X 8" cylinders that are capped in accordance with ASTM C617 or ASTM C1231.

The cylinders shall all be made in accordance with ASTM C39 from one batch of concrete and the air content shall be measured on that same batch.

a) Transfer Strength

Cylinders used to determine transfer strength shall be cured with the ties until detensioning (transfer of prestress) in such a way that the temperature of the cylinders is within +0 -10 degrees F of the temperature of the ties during curing. This shall be achieved by utilizing a computer controlled curing system that is designed to monitor the internal tie temperature and matches cylinder temperatures via computer controlled slave heating elements.

A minimum of two cylinders shall be tested for transfer strength prior to release of prestress. If only one cylinder achieves the required transfer strength, an additional set of ties from one form shall be acceptance load tested in accordance with Section 10.2.3.1 and any failed result will require that the entire bed be acceptance load tested. If no transfer cylinders achieve the required transfer strength, the entire bed shall be acceptance load tested. Ties for any beds where there are fewer than two acceptable transfer strength cylinders shall be placed in a designating holding area in the yard, pending 28 day strength results in accordance with 5.2.6.b.

b) 28 Day Strength

The 28 day cylinders shall be cured in accordance with ASTM C192.

The strength at 28 days shall be satisfactory if the average of three cylinders meets or exceeds the required minimum and no individual result is less than 10% below the required minimum.

Any ties produced with an average 28 day strength between 6500 psi and 7000 psi will be accepted by the Engineer if the following conditions are met:

- Quantity of said ties is less than 10% of the total UPRR tie production for that plant for that month.

- Ties otherwise fully comply with these specifications.

- The number, unique cast numbers, and flexural strength testing results for said ties are clearly stated in the monthly quality report (Section 10.5.1) to the Engineer.

- Manufacturer provide ties, credit, and/or research and development services, as agreed with the Engineer, at a value of 10% of the bare (not including loose components) tie cost charged to the Engineer for said ties.

5.2.7 Durability

a) One tie shall be selected at the start of production, once per month during the first twelve months of production, and thereafter every six months, for air void content and durability factor tests by an outside testing laboratory.

b) The air void content shall be measured in accordance with ASTM C457 on the top, center and bottom of a cross section slice cut from the rail seat of a tie. The measured air void content shall be not less than 3.5% and the air void spacing factor shall not exceed 0.008".

c) The durability factor shall be measured in accordance with ASTM C666 procedure A on a minimum of four prisms of concrete taken adjacent to the samples used for tests in Section 5.2.7b. The durability factor shall be not less than 90%.

d) The frequency of testing for air void content and durability factor shall be increased at the Engineer's request if there is evidence that not all ties satisfy the requirements of 5.2.7b and 5.2.7c.

5.2.8 Chloride

The water soluble chloride content of the concrete shall not exceed 0.06% expressed as chloride ion by weight of cement. This shall be measured by an outside testing laboratory on fresh concrete or on individual materials in the mix when mix proportions are developed (see Section 5.2.2) and thereafter, by tests at six month intervals which include materials from all sources in use.

5.3 Cement

Cement shall be Portland cement and shall meet the requirements of ASTM C150. Maximum equivalent alkali content shall be 0.60%.

5.3.1 Cement shall conform to ASTM C150, Type III, low alkali. False set shall be greater than 50% in accordance with ASTM C451.

5.3.2 Separate random samples of cement shall be taken each day to represent the cement used on each bed. Each sample shall not be less than one (1) cup and shall be clearly identified with the unique bed cast number. Each sample shall be kept in air-tight containers until the corresponding 28 day cylinder tests have been carried out and results accepted by the Engineer.

5.3.3 Not more than two sources of clinker or ground cement shall be used by the manufacturer during any one month. Cement from each source shall be clearly identified and stored in separate weather tight silos. If two sources of cement are used on one bed, the tests in Section 5.2.5 shall be performed on the first batch of concrete made with each cement and thereafter as required in Section 5.2.5. Strength tests as required in 5.2.6.1 shall also be conducted on concrete made with each type of cement.

5.3.4 Cement mill certificates shall be provided weekly by each supplier, and shall include the results of the following tests on cement delivered during that week:

- Blaine fineness by air permeability (ASTM C204)

- False set (ASTM C451)

- Setting Time (ASTM C191)

- Compressive Strength (ASTM C109) at 1 day, 3 days and 7 days

- Chemical Analysis (ASTM C114) - including SiO_2, Al_2O_3, Fe_2O_3, CaO, MgO, SO_3, K_2O, and Na_2O. Also show calculated equivalent alkali, C_2S, C_3S, C_3A, and C_4AF

- Residue on 325 mesh sieve (ASTM C43O)

5.3.5 At least once during every six months, a randomly chosen sample of cement from each source used shall be analyzed for alkali content in accordance with ASTM C114 by an approved outside testing laboratory.

5.4 Aggregates

5.4.1 Aggregates shall be natural aggregates in accordance with ASTM C33, Class 4S, modified such that abrasion loss, according to C131, is less than or equal to 35%.

5.4.2 The manufacturer shall provide evidence that concrete containing aggregate from the proposed source with a cement content and alkali burden similar to the job mix, has a satisfactory service history of at least five years. This evidence shall include structures requiring a class 4S aggregate. This section is not intended to preclude the use of a new source of aggregate. New sources will be considered acceptable, pending Manufacturer and Engineer agreement on service acceptability.

5.4.3 Aggregate shall be in accordance with ASTM C33, gradation number 67. If the coarse or fine aggregate is supplied in more than one size, each size shall be stored separately.

5.4.4 Washed aggregate shall be allowed to drain, in stockpiles, before use. All aggregates shall be free from ice when used.

5.4.5 In addition to the requirements of ASTM C33, the following tests shall be conducted by an outside testing laboratory.

a) Petrographic examination to ASTM C295. This shall be conducted on each new source (strata or quarry face from which it is obtained).

b) Each new source of aggregate will be tested to ASTM C-1260. The test may be modified down to a 0.6% alkalinity but no lower. Aggregate must be below 0.10% expansion at the completion of the test.

This shall be repeated every six months for each source.

c) Evaluation of potential alkali carbonate reactivity. Aggregates containing carbonate shall be tested in accordance with ASTM C586 every six months.

d) The use of any pozzolon to mitigate an aggregate source will not be allowed without the written permission of the Engineer.

5.5 Mixing Water

Mixing water shall meet the requirements of the AREMA Chapter B, Section 4.4, Part 1.

5.6 Admixtures

5.6.1 Only liquid admixtures shall be used.

5.6.2 No chloride based admixture shall be used.

5.6.3 Water reducing admixtures shall only be used with the approval of the Engineer. They shall conform with ASTM C494, Types A, B, D, E, or F.

5.6.4 ASTM C618 Type F fly ash and/or other mineral admixtures may only be used upon receipt of written approval of the Engineer. Any use of such admixtures shall be as additives to enhance concrete durability and not as direct replacements of cement.

5.6.5 Air-entraining admixtures shall conform with ASTM C260.

5.7 Metal Reinforcement

Metal reinforcement shall be used and placed according to Chapter 30 of the AREMA Manual as it applies to prestressed, pretensioned metal reinforcement.

5.7.1 Prestressing Wire

The wire shall be indented, low-relaxation, stress relieved wire complying with ASTM A881. Surface deformations shall comply with ASTM A864.

All wire shall be thoroughly cleaned of drawing lubricants before shipment. Wire from one source only shall be used on each bed. Wire shall not be contaminated with drawing lubricants, mud, oil grease, or chloride salts or other contaminants. Loose rust shall be removed during stringing and wire pitted due to corrosion shall not be used.

a) Pretensioning

Any wire contaminated with form release agent during stringing or pretensioning shall be thoroughly removed with a rag prior to casting.

Each wire shall be individually tensioned at the dead end of the bed with the same initial force of between 5% and 20% of the final force using a hydraulic jack. The final force shall then be applied by multiple tensioning with hydraulic jacks. The force shall be measured by monitoring hydraulic pressure and set to within 1.5% of the target value and verified by another control method such as wire elongation. The forces measured by the two control methods shall agree within 5%.

b) Detensioning

Prestress transfer shall be performed in a controlled manner with hydraulic jacks. The forms shall be free to move and the stress in all wires shall be transferred at the same time and same rate. No wire shell be cut until it is completely detensioned.

If any wires break during curing, all ties shall be load tested in Rail Seat Positive in accordance with Section 10.2.3.1, starting with the ties from the form adjacent to the abutment where the wire broke and moving towards the other abutment, when a point on the bed is reached at which all ties from one form pass the test, the remaining ties shall be accepted without further load testing.

5.8 Iron Shoulders

5.8.1 Ductile iron shoulders shall be obtained by the Manufacturer and shall conform with ASTM A536 Grade 80-55-06 or 65-45-12. They shall be marked, on non-bearing surfaces above the concrete level, with the Supplier's identification. Shoulder part number and Supplier pattern number shall also be marked on the casting.

a) The shoulders shall be free from burned-on sand, cracks, cavities, injurious blow holes and other defects. All fins shall be removed from the vertical faces on the head of each shoulder. Fins across the top of the head shall not exceed 1/32 inch and below the head, fins shall not exceed 1/16 inch. At gates, there shall be no cavity in the shoulder more than 1/8 inch below the general surface level.

b) Go and No Go inspection gauges approved by Engineer shall be used to check that tolerances conform with the iron shoulder drawings. A sampling plan for Acceptable Quality Levels shall be agreed upon between the Manufacturer and the Engineer.

6. TIE DIMENSIONS, CONFIGURATION AND WEIGHT

Tie drawings and associated wire pattern shall be as approved by the Engineer.

6.1 General

Length: 8'-6" (eight feet, six inches) +/- 1/8"

Weight: 700 lbs. min.

Base Width: 11" (eleven inches) +/- 1/4"

Height, at rail seat: 8-3/4" min. (eight and three-quarters inches) +3/16", -0

Height, at center of tie: 6-3/4" (six and three - quarters inches) +3/8", -1/8"

Tie symmetrical about both axis: +/- 1/8"

6.2 Shoulder Positioning

Cast in shoulders shall be spaced to provide 56.5 inch track gage using 133 RE rail and assuming the rail and insulator are hard against the field side shoulder. For SAFELOK 38450 or Airboss 2001 - Revision "H" shoulders, the out-to-out dimension has been calculated to be

66.35 inches and the adjacent to 6.64 inches. This shoulder out-to-out spacing will provide a nominal track gauge of 56.47" for 136 RE rail and 56.44" for 141 AB rail.

Tolerance on shoulder dimensions shall be +/- 0.0625" for out-to-out and +/- 0.040" for adjacents. See Section 10.4 for more detail.

6.3 Railseat Cant

The railseat shall provide for a cant of 1 in 30 down toward centerline of tie +/- 1 in 5 either direction,

6.4 Railseat Flatness

The railseat shall be flat to within +/- 0.030" as measured with a six inch rule diagonally across the center of the tie railseat area.

6.5 Wire Pattern

The tolerance on wire shall be +/- 1/4". Any single wire may be out of position by more than 1/4" so long as 3/4" minimum cover and electrical requirements are satisfied.

6.6 Railseat Twist

Railseat twist or wind, shall be less than 1/16".

7. SURFACE FINISH, INSPECTION, AND REPAIR

7.1 Railseat air voids in excess of 1/4" dia. X 1/8" deep are unacceptable. Those smaller may be repaired with high strength epoxy paste.

7.2 Simple air voids in the side of ties up to 3/8" diameter by 1/4" deep are acceptable as is. Voids larger than 3/8" diameter and 1/4" deep, but less than 1.25 square inches area and 1/2" deep may not exceed 2 per tie and shall be repaired with Dow Corning 790 gray caulking compound, or equivalent. Ties with air voids larger than 1.25 square inches area and 1/2" deep are to be rejected.

7.3 Handling breaks or end chips must not expose more than 1/2" of reinforcing wire. If two or more wires are exposed, none shall show more than 3/8". Any handling breaks exposing a broken surface greater than 10 square inches shall be repaired in accordance with an Engineer approved procedure.

7.4 Ties with honeycombing and air voids indicative of poor mixing, vibration, consolidation, etc. cannot be repaired and shall be rejected.

8. FLEXURAL STRENGTH

Tie flexural strength shall be 61 kips minimum railseat positive (RS+), 27 kips minimum railseat negative (RS-), and 15 kips minimum center negative (C-), when tested in accordance with AREMA Chapter 30.

9. LATERAL TIE RESTRAINT

All ties will require a lateral resistance pattern to be placed on the side of the tie. The Engineer will review for approval the design, but not provide the design of this pattern. The tie must provide a minimum lateral restraint of 3000 pounds force when measured by Single Tie Push Test after 20 MGT of traffic and with an 18" ballast shoulder. Proof of meeting this requirement will be through multiple single tie push tests in a program approved by the Engineer.

10. TIE TESTING

10.1 Design Validation Testing

Prior to approval of the concrete tie design, validation tests specified in Chapter 30 of the AREMA Manual shall be performed at an outside testing facility approved by the Engineer and results provided to the Engineer. Upon satisfying the AREMA startup requirements to validate the design, a single tie shall be subjected to the Bodycote "Severe Service Load Test" (SSLT) to 5 million cycles utilizing 70 kips total load and 0.52 L/V ratio with results reported to the Engineer for approval.

10.2 Acceptance Load Testing

All acceptance load testing shall be carried out within 24 hours of demoulding ties. All testing shall be conducted in accordance with requirements set forth in AREMA Chapter 30 for monoblock ties.

10.2.1 Bending Strength Production Commencement Validation

From the first bed cast, or for any new production bed, under this or any contract, all the ties from one form, selected at random, shall be load tested as follows;

- Railseat positive and bond development at one end.

- Center negative.

If the ties meet the test requirements, then further beds may be cast.

If any tie fails to meet the test requirements, two additional ties shall be taken from the same line and, if either of these ties fail to meet the test requirements, each tie in the line shall be individually tested, excluding the bond development test. One further bed shall then be cast and the test procedure repeated. When the test ties meet the requirements of the first test, further beds may be cast.

10.2.2 Bending Strength Routine Production Validation

All ties from one form, selected at random from each bed cast, shall be load tested for railseat positive (RS+) at one end to first crack.

Every sixth (6th) tie selected for test shall additionally be tested for Bond Development during the railseat positive (RS+) test. Every sixth (6th) tie selected for test shall also be tested for center negative (C-) to first crack.

If any tie fails to comply with RS+, Bond Development, and/or C- testing, two (2) additional ties shall be taken from the same line and all tests repeated. If either of these ties fails the test, each tie in the line shall be tested.

10.3 Tie Compliance Testing

Each tie tested in accordance with Section 10.2 shall also be tested (using gauges approved by the Engineer) for the following:

10.3.1 Electrical Shorts - Check all shoulder to shoulder combinations (4 readings) for each tie for electrical shorts under 10 volts DC. The resistance shall not be less than 100 ohms at release and shall not be less than 300 ohms at 28 days, as measured with an Ohm meter.

If any tie fails the electrical short test, all ties from the same line shall be individually tested.

10.3.2 Railseat Cant - In accordance with Section 6.3.

10.3.3 Railseat Flatness - In accordance with Section 6.4.

10.3.4 Wire Pattern - In accordance with Section 6.5.

10.3.5 Railseat Twist - In accordance with Section 6.6.

Items 10.3.2 through 10.3.5 shall also be checked on each tie cast using any new, modified, or repaired form.

10.4 Shoulder Gauging

Out-to-out and adjacent shoulder spacing measurements shall be adjusted for temperature, shrinkage, and creep for that expected at 1000 hours age. Reference temperature shall be 68 degrees. Shoulder positioning shall be in accordance with Section 6.2.

Shoulder out-to-out and adjacent gauging shall be first article checked on each tie cast using any new, modified, or repaired form.

At least once per week, shoulder out-to-out and adjacent gauging shall be checked for a single bed of ties produced to confirm shoulder positioning. Subsequent checking for following weeks shall be on ties produced on any other beds used for production such that all ties produced from all forms in production are eventually checked (i.e. if there are three production beds, bed 1 would be checked during week 1, bed 2 during week 2, and bed 3 during week 3. Bed 1 would be re-checked during week 4, and so on).

Weekly gauging shall conform to the following requirements:

a. Out-to-out and adjacent measurements shall be recorded by form and cavity number, with clear indication for which end adjacent measurements were obtained.

b. For any given bed gauged, tie out-to-out and adjacent measurements shall be plotted on a histogram that shows average, range, and standard deviation of results.

c. 95% of adjacent or out-to-out measurements for any given bed as plotted in accordance with Section 10.4.b shall be within the target +/- tolerance requirements as required in Section 6.2 with a further requirement that no ties will he accepted if its gauging result is less than or greater than three standard deviations from target. Manufacturer will address the 5% of ties falling outside of specification limits prior to the next gauging of said bed or said repeat offenders shall be rejected at that time and each subsequent cast until corrected.

10.5 Test Reports

10.5.1 The manufacturer shall submit a monthly test report to the Engineer. This shall include;

- Number of good ties cast.
- Number of reject ties cast and reasons for rejection.
- Concrete compressive strength test results at transfer and at 28 days.
- Range and standard deviation of the 28 day comprehensive strength results.
- Complete range of out-out and adjacent tie gauging results in bar graph form.
- Percentage probability of 28 day compressive strength results failing to meet the minimum specified strength and the actual number of failures.
- Tie RS + and C- loads to first crack.
- Average and standard deviation of the first crack loads.
- Percentage probability of the first crack loads failing to meet the minimum specified load and the number of failures.
- The 28 day compressive strength results also presented as frequency histogram.
- The average 28 day strength results, average first crack loads and percentage probability of failing figures shall also be plotted on graphs showing the corresponding results for the previous 12 months or since production started, whichever is the shorter period.

10.5.2 The manufacturer shall retain for a period of ten years all test certificates provided by suppliers and outside testing laboratories. Results of all inspection and testing carried out by the manufacturer shall also be retained for 10 years.

11. SHIPPING REQUIREMENTS

Concrete ties should be shipped in open-top cars. Ties must be securely braced for transportation to prevent any movement that will cause damage. Ties shall he shipped in a horizontal position and braced with spacer blocks in such a manner that the top surface or cast-in-place hardware does not contact ties loaded above.

The vertical midpoint of tie ends shall not be loaded higher than the top of the cars, nor more than six layers deep. Ties may be shipped with additional hardware (clips, pads) attached from factory.

Ties shall not be shipped prior to achieving the required 28 day concrete compressive strength in accordance with Section 5.2.6.b. Manufacturer shall have a yarding system for storing ties in a systematic manner that allows for easily locating any individual cast and for allowing first in, first out shipping methodology.

Dunnage used for shipping shall be 19'4" to 19'6" long, 2-5/8" (+1/8" -0") tall, and 2-5/8" to 3" wide Douglas Fir, Hemlock, Hem-Fir, or equivalent compressive strength material to ensure minimal loss of dunnage height. Dunnage shall be placed in the railseat on top of the railseat pad (if pad is required) on all layers except for the top layer.

All shipments shall be QC released for shipment by using a yellow inspection tag that is affixed to the rail car or truck and shows, at a minimum, car number, qc inspector, and inspection date.

12. IDENTIFICATION

Each tie shall be marked with indented or raised letters or numerals to identify the manufacturer, tie type, form designation, unique cast number, and year of manufacture as approved by the Engineer.

13. QUALITY ASSURANCE

The manufacturer shall operate a quality assurance program. Before production commences, he shall prepare a quality assurance manual for approval by the Engineer.

This manual and the QA program shall comply with PCI and ISO 9001:2000.

14. INSPECTION

Inspectors shall have access, during working hours, to all parts of the manufacturer's plant involved in tie production and to those parts of suppliers plants engaged in producing materials or components for use in the ties.

Inspectors shall also have access to the results of all tests carried out by the manufacturer, suppliers and outside testing laboratories.

15. WARRANTY

The concrete ties shall be guaranteed by the manufacturer, effective from the month and year of manufacture shown on the tie for a period of 5 years against any defect attributable to manufacturer.

During the warranty period, if a substantial quantity of ties have to be withdrawn form service due to a potential manufacture's defect, a laboratory examination shall be performed.

In cases where a manufacturing fault is detected during the examination, the manufacturer shall provide replacement ties for all defective ties at a rate of 1.5 replacement ties for each defective tie.

If no agreement can be reached during the examination referred to above, the matter shall be referred to independent specialists, acceptable to both parties, to settle the dispute. The cost shall be borne by the party found to be responsible.

The defective ties shall remain the property of the Railroad.

EXHIBIT C
TO
AGREEMENT

[Tucson Plant Construction Schedule.]

EXHIBIT C
TO
AGREEMENT

CXT TUCSON PLANT CONSTRUCTION AND CRITCAL PATH SCHEDULE

TUCSON

Description:	Calendar Days:	25	50	75	100	125	150	175	200	225	250	275	300	325	350
1. Signed contract	0														
2. Construction permitting	60														
3. Crane/plant track construction	70														
4. Cranes on site/installed	200														
5. Building construction (incl. Batch plant)	200											Building completion			
6. Manufacturing equip. on site	270														
7. Manufacturing equip. install	60														
8. Equipment commissioning	60														
Total days:	365										10 months to commissioning				
	===										Total: 12 months for TUS				

Note: This is using a highly accelerated permitting timeline.

EXHIBIT D
TO
AGREEMENT

[GI Plant Construction Schedule.]

EXHIBIT D
TO
AGREEMENT

CXT GRAND ISLAND PLANT CONSTRUCTION AND CRITCAL PATH SCHEDULE

GRAND ISLAND

Description:	Calender Days:	25	50	75	100	125	150	175	200	225	250	275	300
1. Signed contract	0												
2. Construction permitting	45												
3. Track construction	70												
4. Cranes on site/installed	200												
5. Building demolition/construction	75												
6. Manufacturing equip. on site	220												
7. Manufacturing equip. install	60												
8. Equipment commissioning	60												
Total days:	310								8 months to commissioning				
									Total: 10 months for GRI				

EXHIBIT E
TO
AGREEMENT

[Special Tie Prices.]

EXHIBIT E TO
AGREEMENT

SPECIAL TIES PRICES

Tie Type (all ties are mid-production)	UPRR Item #	Price per Tie/Unit
497S Grade 2	503-1000	*
10' Grade crossing ties with Safelok III shoulders	503-1802	*
8' 6" Guard Rail Tie (GRT) w/ Safelok III shoulders and Vape inserts	503-1953	*
8' 6" Safelok III Bridge Tie with rubber pad installed	503-1737	*
8' 6" Safelok III GRT Bridge Tie with rubber pad installed	503-1954	*
Replacement Shoulder Double Stem Safelok 32644	503-5075	*
Replacement Shoulder Double Stem Safelok 38450	503-6002	*

Pricing is provided for the mid-production tie only, without components or installation, assuming Safelok III shoulders provided by UPRR.

Pricing for components and installation will be based on the installation, car loading, handling, and mark-ups presented in the contract, section 2.4.C.

The price shown for Grade 2 ties includes the cost of the shoulders, provided by CXT.

Pricing shown for all ties and shoulders are for 2004, with PPI adjustments applied per section 2.4.f.

Section 2.7 details price adjustment process for new designs or specifications.

Pricing shown for all ties and shoulders are for 2004, with PPI adjustments applied per section 2.4.f.

Pricing shown are for existing designs and Forms. Additional expenses for form changes related to new designs will be passed on to UP.

Section 2.7 details price adjustment process for new designs or specifications.

- ----------

* Indicates the location of confidential data which has been omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT F
TO
AGREEMENT

Annual Adjustment Factor:

Beginning January 1, 2005, the rates shall be adjusted in the following manner:

The rate adjustment (increase or decrease) shall be made annually to the rate (which equals the 2004 base price/tie + the fastening component installation price + the fastening component handling charge + the Loading of Ties on Concrete Tie Cars per Section 23) by multiplying the current rate by the Annual Adjustment Factor. The Annual Adjustment Factor is the annual percentage change in the identified Producer Price Indices according to the following formula:

1+[.30(PPI-Steel Mill Products) + .35(.50(PPI-Cement)) +
..35(.50(PPI-Sand/Gravel/Crushed Stone))]

The following schedule will be used in calculating the adjustments:

Adjustment Date	Index Months
January 1, 2005	November 2003 vs November 2004
January 1, 2006	November 2004 vs November 2005
January 1, 2007	November 2005 vs November 2006
January 1, 2008	November 2006 vs November 2007
January 1, 2009	November 2007 vs November 2008
January 1, 2010	November 2008 vs November 2009
January 1, 2011	November 2009 vs November 2010
January 1, 2012	November 2010 vs November 2011

All percent changes will be rounded to a hundredth of a percent and all rates will be rounded to whole cents based on the rounding rule that any fraction less than one half will be dropped while any fraction equal to or greater than one half will be increased to the next highest value. (See Hypothetical Example, Exhibit G, Page 2).

If the BLS re-bases the PPI, the re-based values will be used in the annual adjustment calculations. If a PPI value used in an adjustment is not re-based it will be restated with a linking factor. This linking factor will equal the PPI as re-based divided by the PPI on the old base (rounded to a thousandth of a point) for the first period in which the PPI is published on both bases. The linking factor will then be multiplied by the PPI value in need of re-basing (rounded to a tenth of an index point).

HYPOTHETICAL EXAMPLE OF ANNUAL RATE ADJUSTMENT
FOR JANUARY 1, 2005*

PPI - WPU1017, Steel Mill Products
November 2004 PPI: 218.1 (Current Index)
November 2003 PPI: 215.1 (Prior Index)
Quarterly % Change 1.39%

PPI - WPU1322, Cement
November 2004 PPI: 197.1 (Current Index)
November 2003 PPI: 195.1 (Prior Index)
Quarterly % Change 1.03%

PPI - WPU1321, Sand/Gravel/Crushed Stone
November 2004 PPI: 186.1 (Current Index)
November 2003 PPI: 185.1 (Prior Index)
Quarterly % Change 0.54%

1+[.30(PPI-Steel Mill Products) + .35(.50(PPI-Cement)) +
.35(.50(PPI-Aggregates))]
1+[.30(.0139)+ .35(.50(.0103)+ .35(.50(.0054)]
1+[(.0042)+ .35(.005)+ .35(.003)]
1+[.0042)+ .0018+ .0011]
1+[.0071]
1.0071

Application to Rate:

Hypothetical Rate as of December 31 2004: $40.00 (rate as defined above)
Adjustment Percent Change: 0.71% (from above)

New Rate as of January 1, 2005: = $40.00 * [1 +.0071]
= $40.00 * [1.0071]
= $40.28

*NOTE: All index values, percent changes, and dollar amounts in the above exhibit are for illustrative purposes only.

EXHIBIT G
TO
AGREEMENT

[CXT Insurance Coverage.]

MARSH

CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER
CLE-001179812-08

PRODUCER
Marsh USA Inc.
Six PPG Place, Suite 300
Pittsburgh, PA 15222
Attn: Glendora Harris (412)552-5160

051823-ALL-04/05 L.B.

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY, THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.

COMPANIES AFFORDING COVERAGE

COMPANY	
A	STEADFAST INSURANCE COMPANY
B	ZURICH INSURANCE COMPANY
C	SENTRY INSURANCE COMPANY
D	

INSURED
L.B. FOSTER COMPANY
ATTN: David Russo
PO Box 2806
Pittsburgh, PA 15230

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES, AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	GENERAL LIABILITY				GENERAL AGGREGATE	$ 2,000,000
A	[X] COMMERCIAL GENERAL LIABILITY	SCO 3672553-02	01/01/04	01/01/05	PRODUCTS - COMP/OP AGG	$ 2,000,000
	[ ] [ ] CLAIMS MADE [X] OCCUR				PERSONAL & ADV INJURY	$ 1,000,000
	[ ] OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE	$ 1,000,000
	[X] DEDUCTIBLE - $250,000/occur.				FIRE DAMAGE (Any one fire)	$ 300,000
	[X] $1,000,000 Ded. Aggregate				MED EXP (Any one person)	$ 10,000
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT	$ _____
	[ ] ANY AUTO				BODILY INJURY (Per Person)	$ _____
	[ ] ALL OWNED AUTOS					
	[ ] SCHEDULED AUTOS					
	[ ] HIRED AUTOS				BODILY INJURY (Per accident)	$ _____
	[ ] NON-OWNED AUTOS					
	[ ] _____					
	[ ] _____				PROPERTY DAMAGE	$ _____
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	$ _____
	[ ] ANY AUTO				OTHER THAN AUTO ONLY:	
	[ ] _____				EACH ACCIDENT	$ _____
	[ ] _____				AGGREGATE	$ _____
	EXCESS LIABILITY				EACH OCCURRENCE	$10,000,000
B	[X] UMBRELLA FORM	AUC 9378203-00	01/01/04	01/01/05	AGGREGATE	$10,000,000
	[ ] OTHER THAN UMBRELLA FORM					$ _____
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				[X] WC STATUTORY [ ] OTHER LIMITS	
C		90-14714-01 (AOS))	01/01/04	01/01/05	EL EACH ACCIDENT	$ 1,000,000
C	THE PROPRIETOR/ [X] INCL PARTNERS/EXECUTIVE [ ] EXCL OFFICERS ARE:	90-14714-02 (MA & OR)	01/01/04	01/01/05	EL DISEASE-POLICY LIMIT	$ 1,000,000
					EL DISEASE-EACH EMPLOYEE	$ 1,000,000
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

Union Pacific Railroad is named Additional Insured but only with regard to those sums that L. B. Foster Company Becomes legally obligated to pay as damages because of bodily injury or property damage to which this general liability policy applies. Includes a Waiver of Subrogation where applicable by law. The exclusions for railroads (except where the Job Site is more than fifty feet (50') from any railroad including but not limited to tracks, bridges, trestles, roadbeds, terminals, underpasses or crossings), and explosions, collapse and underground hazard shall be removed.

CERTIFICATE HOLDER

Union Pacific Railroad

CANCELLATION

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY

KIND UPON THE INSURER AFFORDING COVERAGE, ITS AGENTS OR REPRESENTATIVES, OR THE ISSUER OF THIS CERTIFICATE.

MARSH USA INC.

BY: R Scott Holden /s/ R Scott Holden

MM1(3/02) VALID AS OF: 04/07/04

ADDITIONAL INFORMATION

DATE (MM/DD/YY)
CLE-001179812-08 04/07/04

PRODUCER

Marsh USA Inc.
Six PPG Place, Suite 300
Pittsburgh, PA 15222
Attn: Glendora Harris (412)552-5160

051823-ALL-04/05 L.B.

COMPANIES AFFORDING COVERAGE

COMPANY E

COMPANY F

INSURED

L.B. FOSTER COMPANY
ATTN: David Russo
PO Box 2806
Pittsburgh, PA 15230

COMPANY G

COMPANY H

TEXT

The Workers Compensation policy contains an Alternate Employer Endorsement in favor of the Union Pacific Railroad. The General Liability Policy includes an endorsement providing Severability of Interest. The Umbrella Policy follows forms.

CERTIFICATE HOLDER

Union Pacific Railroad

MARSH USA INC. BY

R Scott Holden /s/ R Scott Holden

Client#: 15056 LBFOST

(ACORD(TM) LOGO) CERTIFICATE OF LIABILITY INSURANCE DATE (MM/DD/YYYY) 01/07/04

PRODUCER

The HDH Group, Inc. P&C
USX Tower, Suite 1100
600 Grant Street
Pittsburgh, PA 15219-2804

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW

INSURERS AFFORDING COVERAGE NAIC #

INSURED

L.B. Foster Company
415 Holiday Drive
Pittsburgh, PA 15220

INSURER A: Travelers Property & Casualty of Ame 25615
INSURER B: Character Oak Fire Insurance Company 25615
INSURER C:
INSURER D:
INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
		GENERAL LIABILITY				EACH OCCURRENCE	$_____
		[ ] COMMERCIAL, GENERAL LIABILITY				DAMAGE TO RENTED	
		[ ] [ ] CLAIMS MADE [ ] OCCUR				PREMISES (Eg OCCURRENCE)	$_____
		[ ] _____				MED EXP (Any one person)	$_____
		[ ] _____				PERSONAL & ADV INJURY	$_____
		GENL AGGREGATE LIMIT APPLIES PER;				GENERAL AGGREGATE	$_____
		[ ] POLICY [ ] PROJECT [ ] LOC				PRODUCTS. COMP/OP AGG	$_____
A		AUTOMOBILE LIABILITY	8100308B464TIL	01/01/04	01/01/05	COMBINED SINGLE LIMIT	
B		[X] ANY AUTO	CAP200D8675COF	01/01/04	01/01/05	(Eg accident)	$1,000,000
		[ ] ALL OWNED AUTOS				BODILY INJURY	
		[ ] SCHEDULED AUTOS				(Per person)	$_____
		[X] HIRED AUTOS				BODILY INJURY	
		[X] NON-OWNED AUTOS				(Per accident)	$_____
		[ ] _____				PROPERTY DAMAGE	
		[ ] _____				(Per accident)	$_____
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	$_____
		[ ] ANY AUTO				OTHER THAN EA ACC	$_____
		[ ]				AUTO ONLY: AGG	$_____
		EXCESS UMBRELLA LIABILITY				EACH OCCURRENCE	$_____
		[ ] OCCUR [ ] CLAIMS MADE				AGGREGATE	$_____
		[ ] DEDUCTIBLE					$_____
		[ ] RETENTION $_____					$_____
							$_____
		WORKERS COMPENSATION AND EMPLOYERS LIABILITY				[ ] WC STATUTORY [ ] OTHER LIMITS	
						E.L. EACH ACCIDENT	$_____
		ANY PROPRIETOR/PARTNER/EXECUTIVE				E.L. DISEASE-EA EMPLOYEE	$_____
		OFFICER/MEMBER EXCLUDED?				E.L. DISEASE-POLICY LIMIT	$_____
		If yes, describe under SPECIAL PROVISIONS below					
		OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

THE ABOVE REFERENCED POLICY INCLUDES A WORKER'S COMPENSATION & EMPLOYEE EXCLUSION WHICH APPLIES ONLY TO LB FOSTER'S EMPLOYES. THE ABOVE REFERENCED POLICY DOES NOT INCLUDE A RAILROAD EXCLUSION OR EXPLOSION, COLLAPSE AND UNDERGROUND HAZARD EXCLUSION. SEVERABILITY OF INTEREST IS (SEE ATTACHED DESCRIPTIONS)

CERTIFICATE HOLDER CANCELLATION

UNION PACIFIC RAILROAD

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

/s/ Illegible

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insure(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

included in the policy form.

MANUFACTURING AGREEMENT

THIS AGREEMENT is made and entered into as of the 24th day of January, 2005 (the "Effective Date") by and between (i) CXT Incorporated, a Delaware corporation with its principal place of business at N 2420 Pioneer Lane, Spokane, WA 99216, USA ("CXT"), (ii) Grimbergen Engineering & Projects B.V., a Dutch limited liability company with its principal place of business at Bedrijfsweg 23 - 25, 2404 CB Alphen aan den Rijn, registered with the trade register of the Chamber of Commerce for Rijnland under file no. 28096017 and Lubbers' Constructiewerkplaats en Machinefabriek "Hollandia" B.V., a Dutch limited liability company with its principal place of business at Industrieweg 2 A, 2921 LB Krimpen aan den IJssel, registered with the trade register of the Chamber of Commerce for Rotterdam under file no. 24090654 (collectively, "Hollandia"), (iii) Grimbergen Holding B.V., a Dutch limited liability company with its principal place of business at Groenoord 192, 2401 AJ Alphen aan den Rijn, registered with the trade register of the Chamber of Commerce for Rijnland under file no. 28011239 ("Grimbergen Holding").

WHEREAS, CXT is currently negotiating a contract with Union Pacific Railroad Company, a Delaware corporation ("UP"), under which UP will purchase various types of concrete ties from CXT;

WHEREAS, CXT has to establish two manufacturing plants at Tucson, Arizona, U.S.A. and Grand Island, Nebraska, U.S.A. (the "American Plants") for the manufacture of concrete railroad ties, utilizing equipment, services and skills that are to be provided by Grimbergen Holding and Hollandia;

WHEREAS, the design, building and construction of the American Plants is expected to take six to nine months;

WHEREAS, Hollandia is an affiliated company of Grimbergen Engineering & Projects B.V.;

WHEREAS, the parties have discussed and agreed on a scenario where Hollandia will design and manufacture the equipment for the American Plants (the "American Plant Equipment"), while using the raw materials provided by CXT, review and manage any work outsourced to subcontractors and oversee the installation of such American Plant Equipment at the American Plants;

WHEREAS, Grimbergen Holding is the owner of the Plant which is necessary for the design, building and construction of the American Plants and which is currently being leased to Hollandia, and will lease this Plant to CXT;

WHEREAS, Grimbergen Holding will devote all reasonable efforts to its tasks,

consisting of managing and supervising of the Dedicated Employees and the advising the other Parties with respect to their respective tasks;

NOW, THEREFORE, for and in consideration of the recitation set forth above and the terms and provisions herein contained, the Parties do hereby contract, covenant and agree as follows:

SECTION 1
DEFINITIONS

Unless some other meaning and intent is apparent from the context, the singular form as used herein shall include the plural and vice versa; masculine, feminine, and neuter words shall be used interchangeably; and the following terms, when used in this Agreement, shall have the following meanings:

Section 1.1: Agreement. Wherever reference is made herein to this "Agreement" or any section hereof, such reference shall mean this Agreement.

Section 1.2: CXT Project Liaison Officer. "CXT Project Liaison Officer" shall mean any individual selected by CXT (the name and contact details as well as the authority of such an individual to represent CXT for purposes of this Agreement, to be communicated to Hollandia prior to his appointment).

Section 1.3: Dedicated Employees. "Dedicated Employees" shall mean the employees currently employed by Hollandia and approved by CXT for purpose of the Project, whose names are set forth on Exhibit 1.3 hereto; CXT may, from time to time, add to or delete individuals from such Dedicated Employees by giving two weeks' prior written notice to such effect.

Section 1.4: Budget. "Budget" shall mean the financial budget set forth in Exhibit 1.

Section 1.5: Manufacturing Equipment. "Manufacturing Equipment" shall mean the equipment, tools and machinery owned by Hollandia and to be used for the Project, details of which are set forth on Exhibit 1.5 hereto.

Section 1.6: Parties. "Parties" shall mean CXT, Hollandia and Grimbergen Holding, and the term "Party" shall mean any one of the Parties.

Section 1.7: Plant. "Plant" shall mean the production plant owned by Grimbergen Holding and located at Bedrijfsweg 23 - 25, 2404 CB Alphen aan den Rijn, details of which are set forth in the lease agreement attached as Exhibit 2.1 hereto.

Section 1.8: Project. "Project" shall mean the engineering, design, testing, fabrication and installation at the American Plants of the American Plant Equipment.

Section 1.9: Specifications. "Specifications" shall mean the specifications and requirements (including, without limitation, time limits) attached hereto as Exhibit 1.9.

SECTION 2
THE PROJECT

Section 2.1: General. The Parties agree to combine their efforts in order to complete the Project within the Budget and in accordance with the Specifications, in the following manner:

(i) Plant Lease. Effective as of the Effective Date, Hollandia hereby subleases the Plant to CXT (all costs and expenses relating thereto reflected in the Budget). As of April 1, 2005, the date at which the current lease between Hollandia and Grimbergen Holding expires, and until CXT, in its sole discretion, determines that the Plant is no longer required in connection with the Project, CXT shall lease the Plant from Grimbergen Holding and will make the same available to Hollandia for purposes of the Project. The total rent due by CXT to Grimbergen Hoding shall be a fixed sum of Euros 125,000 (exclusive of VAT), payable in three equal monthly installments of Euro 41,166.67 each, which are due the first day of each month and will therefore be paid in advance, with the first such installment payable on April 1, 2005, provided however that in the event the Project is not completed by July 1, 2005 (a) the lease shall be free of rent for the period of 1 July 2005 through July 21, 2005 and (b) CXT and Grimbergen shall negotiate in good faith the terms of the lease for the period thereafter. All lease terms between Grimbergen Holding and CXT are set forth in the lease agreement attached as Exhibit 2.1 hereto, which are incorporated herein by reference.

(ii) Contract Manufacturing. Hollandia shall manufacture the Project for CXT (either by manufacturing the Project itself or by outsourcing parts thereof to subcontractors hired by CXT subject to Hollandia's supervision and management) by using the Dedicated Employees and the Manufacturing Equipment until CXT (in its sole discretion) determines that its services are no longer required for the Project. CXT shall reimburse Hollandia as follows:

a. CXT shall pay to Hollandia at rates set forth in Exhibit 1.3 (excluding of VAT) for each hour worked, payable monthly within five days after Hollandia's payroll payment date upon receipt of an invoice inter alia specifying the names of each Dedicated Employee, his or her social security number ("Sofi number") and the dates and hours worked on the Project during the past month. In addition, for any labor force (other than CXT employees) brought in by CXT for

the Project in addition to the Dedicated Employees CXT shall reimburse Hollandia at a rate of Euro 4.00 per hour per laborer. CXT shall have the option to pay part of the aforementioned employment remuneration and/or any VAT payable under any part of this Agreement or any ancillary agreements entered into in connection with the Project, into the "G account" held by Hollandia directly to the competent Dutch taxing and social security authorities. Hollandia shall cause each of the Dedicated Employees to carry appropriate identification at all times while working on the Project and to perform all services required in a competent and timely fashion.

b. CXT shall pay to Hollandia a fee for the Manufacturing Equipment (related to the expected depreciation and ordinary wear and tear thereof during the Project) which shall be a fixed sum of Euro 146,400 (exclusive of VAT), payable in six equal monthly installments of Euro 24,400 each, the first such installment payable by the end of the first month in which the Project commences. CXT shall have the right, without additional charge, to exclusive use of the Manufacturing Equipment until such Manufacturing Equipment is, in CXT's discretion, no longer required for the Project. Hollandia shall be responsible for the proper operation and maintenance of the Manufacturing Equipment and the Plant and for any damage to the Manufacturing Equipment or the Plant.

(iii) Management Services Grimbergen Holding. Until the completion of the Project, Grimbergen Holding shall manage and supervise, in a timely and competent manner, the Dedicated Employees as well as any outside laborers as may be brought in the Project, and work with the CXT Project Liaison Officer on a daily or other regular basis so as to ensure to the best of Grimbergen Holding's ability that the Project is completed on time within Budget and in accordance with Specifications. In so doing Grimbergen Holding shall make available to the Project Mr. Frederikus Adolf Jozeph Grimbergen, a private individual residing at Groenoord 192, 2401 AJ Alphen aan den Rijn, and shall cause him to devote such time to the Project as is required to complete the Project on time, within Budget and in accordance with Specifications. To the duties performed by both Grimbergen Holding and Mr. F.A.J. Grimbergen the following sections of the current RVOI-conditions ("Regeling van de verhouding tussen opdrachtgever en adviserend ingenieursbureau; version 2001") will be applicable: Sec. 5 (general obligations and duty of care of the contracting engineer), Sec. 6 (general obligations of the principal) and Sec. 16 (duty of care contracting engineer, limitation of liability). For its services Grimbergen Holding shall receive a fixed gross remuneration of Euro 10,000 per month (exclusive of VAT, if any), to a maximum of Euro 60,000, plus an additional EUR 60,000 if the Project is completed in compliance with the Specifications and within the Budget. The total

amount paid shall not exceed Euro 120,000.

(iv) Designs, drawings and Intellectual Property Rights. Hollandia hereby sells and transfers to CXT, effective as of the Effective Date, all engineering designs and drawings related to the Project (whether in existence now or in the future) as well as any patents, copyrights, trademarks, know how, technology, service marks, source code, and any other industrial and intellectual rights in connection therewith to be used or useful in connection with the Project only (the "IP Rights"). In consideration of the sale of the IP Rights CXT agrees to pay to Hollandia an amount estimated on December 8, 2004 to be Euro 400,000, payable in two installments: Euro 200,000 shall be due on the Effective Date and the balance shall be due 90 days thereafter. The Parties shall determine the exact amount as soon as possible after the signing of this Agreement, any differences to be settled with the payment of the second installment.

CXT and its representatives shall, until CXT determines they are no longer required in connection with the Project, have unfettered access to and use of the Plant, the Manufacturing Equipment, the Dedicated Employees and have reasonable access to Freek Grimbergen during the agreed upon working hours, all in connection with the Project.

Section 2.2: Handling and management of the Project. CXT shall enter into, or arrange for an affiliated company to enter into, contracts with third party suppliers of raw materials and labor, and shall determine in its sole discretion (after consultation with Hollandia experts) the mix of work done at the Plant versus outside the Plant, and the materials required to complete the Project in a timely and high quality fashion. Hollandia and Grimbergen Holding acknowledge that CXT will rely significantly on each of Hollandia's and Grimbergen Holding's unique know how, experience and technology as well as those of the Dedicated Employees, and each of them agree to provide their best efforts and utilize such know-how, experience and technology in a timely, competent and professional manner and to devote their best efforts to complete the Project on time, within the Budget and in accordance with all Specifications.

Section 2.3: Profit. In the event the part of the Project inasfar as relating to (i) the delivery on truck of all machinery and equipment relating to the Project and (ii) the shipment, installation and acceptance by CXT of the machinery and equipment on CXT's plant in Grand Island, Nebraska, is completed in accordance with all applicable Specifications, and within the Budget, then CXT shall pay to Hollandia a profit in the amount of EUR 125,000 (exclusive of VAT, if any). In the event CXT's total costs to complete the Project (not including any costs or expenses incurred outside the Netherlands) exceed the Budget then the profit payable to Hollandia shall, on a Euro for Euro basis, be lowered by the excess, provided always that the profit shall not be reduced below zero, provided, however, that no portion of the profit shall be due unless the Project is completed in accordance with the Specifications. For the avoidance of doubt, any technical alterations requested by CXT that are not necessary to complete

the Project in accordance with the Budget and the Specifications and that would increase in the total costs of the Project, will not affect Hollandia's profit entitlement according to this Section.

Section 2.4: Identification of CXT name. The Parties shall use all reasonable efforts to clearly identify CXT as occupant of the Plant and owner of any equipment, machinery, materials (other than the Manufacturing Equipment) and any finished part of the Project by erecting fencing, placing the CXT name and clearly visible on crates and fences, et cetera.

SECTION 3
ADDITIONAL COVENANTS HOLLANDIA & GRIMBERGEN HOLDING

Section 3.1: Performance of Agreement. Grimbergen Holding and Hollandia will use their best efforts to complete the Project within the Budget and in accordance with the Specifications, and will refrain from doing anything (including but not limited to reassigning or relocating any of the Dedicated Employees and/or the Manufacturing Equipment) that might impair or interfere with the due and timely performance of each their obligations under this Agreement as well as the due and timely completion of the Project. Hollandia shall be obliged to replace any Dedicated Employees, up to a maximum of 10% of the number of Dedicated Employees identified in Exhibit 1.3, who are unavailable for the Project with workers of at least equal ability. Hollandia represents that to the best of its knowledge the Dedicated Employees, the Manufacturing Equipment and the Plant are suitable for the satisfactory completion of the Project and that the use of the Dedicated Employees, Manufacturing Equipment and the Plant fully comply with all applicable legal or regulatory requirements and that such use shall not create any liability whatsoever to CXT.

Section 3.2: Indemnities. Hollandia will indemnify and hold CXT harmless against all damages, costs or expenses as a result of:

(i) Any work accident and/or illness of any of the Dedicated Employees.

(ii) Claims by, or related to, the Dedicated Employees, tax or social security authorities or any third party either during the Project or thereafter to the effect that any of the Dedicated Employees were at any time employed by, rather seconded to, CXT or any other claim whatsoever related to the Dedicated Employees (other than claims to pay amounts specifically owed by CXT under this agreement).

(iii) Any environmental or soil contamination existing on the Plant on the Effective Date (it being agreed that in the event of any claims or actions by governmental authorities or third parties either during or after the completion of the Project, between the Parties any such environmental violations shall be deemed to have been caused by any previous user, owner or lessee).

(iv) Any claims attributable to the breach of any representation or agreement

by or with Hollandia.

(v) Any loss or damage to the Plant, Manufacturing Equipment or, prior to delivery to CXT ex works at the Plant, the American Plant Equipment or any of the materials or goods to be used or produced under this agreement.

If and insofar as the tax or social security authorities levy additional assessments for wage taxes and/or social security premiums (including fines and interests) for which CXT is held liable, CXT is entitled to set-off those additionally assessed amounts against any amounts due by CXT to Hollandia, it being understood that Hollandia shall remain liable for any amounts which could not be set-off.

Hollandia shall take out a "Construction All Risks" insurance to cover against risks associated with the Project. If and to the extent such insurance covers any of the equipment, materials and/or other tangible assets purchased by and/or manufactured for CXT (title / ownership to which shall rest with CXT) Hollandia shall have the right to charge a proportionate part of the insurance premium related thereto to CXT (the costs thereof to be reflected in the Budget), provided always that in such an event Hollandia shall proportionally assign the benefit of the insurance policy to CXT and/or designate CXT as co-beneficiary, as the case may be.

Section 3.3: Bank Guarantee. On the Effective Date Hollandia will procure a bank guarantee issued by a first class reputable Dutch bank, substantially in the form attached as Exhibit 3.3 hereto. The Parties shall duly and timely inform the issuing bank of all events that have an impact on the reduction, termination or continuation of the bank guarantee as set forth in more detail therein.

Section 3.4: Separate, not Joint Liability. Notwithstanding each of Hollandia's and Grimbergen Holding's commitments to work together in good faith to complete the Project in accordance with the Budget, it is explicitly agreed that Hollandia's and Grimbergen Holding's obligations and liabilities under this Agreement shall be several ("gemeen") and not joint ("hoofdelijk").

SECTION 4
ADDITIONAL COVENANTS CXT AND HOLLANDIA

Section 4.1: Non-solicitation CXT. CXT agrees that it will not, except with the prior written approval from Hollandia, during the term of the Project and for five years thereafter, actively entice or solicit any of the Dedicated Employees to terminate their employment and become an employee of CXT or any affiliated company of CXT, provided, however, that these restrictions shall not be applicable to the extent CXT determines that it requires the service of any Dedicated Employee in connection with the Project.

Section 4.2: Non-compete CXT. The Parties acknowledge that Hollandia has

unique proprietary know how and technology which will be used in connection with the Project. In order to adequately protect this unique know how and technology, CXT agrees that it will not, except with the prior written approval from Hollandia, during the term of the Project and for five years thereafter, use any of the IP Rights to produce, sell or market production plants designed to manufacture concrete railroad ties, provided, however, that these restrictions shall not be applicable (i) to the extent CXT reasonably determines that it is necessary for CXT to produce ties for the Project due to any failure or anticipated failure timely to meet the Project requirements (ii) to the (re)production of any replacement parts or additional components (including but not limited to forms to produce railroad ties) as may be necessary or useful for the American Plants or the American Plant Equipment.

Section 4.3: Termination of non-compete CXT. The Parties acknowledge that the Project is essential to the business of CXT and accordingly Hollandia agrees to provide to CXT at CXT's first request for a period of five years hereafter all engineering, designing and production services as may be necessary to construct additional similar plants whether in the United States or elsewhere. Such services shall notably include the making available of the Dedicated Employees and the Manufacturing Equipment to CXT. In the event Hollandia for whatever reason fails to comply with such a request by CXT, (i) CXT shall be at liberty to take any action it deems necessary in its own sole discretion, including but not limited to the hiring of the Dedicated Employees and (ii) the non-solicitation and non-compete covenants set forth in Sections 4.1 and 4.2 above shall terminate and cease to have any force and effect.

Section 4.4: Non-compete Hollandia. The Parties acknowledge that CXT has selected Hollandia and introduced Hollandia to the U.S. market and accordingly Hollandia agrees not to produce, sell or market, directly or indirectly, during the term of the Project and for a period of five years thereafter any manucturing equipment and/or production plants for the manufacture of concrete railroad ties anywhere in the United States of America.

Section 4.5: Damages. The Parties acknowledge that in the event of a breach of the foregoing non-solicitation and non-compete covenants by either CXT or Hollandia, the other Party will suffer damages which are difficult to measure. Accordingly the Parties agree that (i) in the event of a breach of this Section 4 by CXT, Hollandia will be entitled to liquidated damages in the amount of 10% of the manufacturing costs of the railroad tie production plant or equipment produced in violation of this Section 4 and (ii) in the event of a breach of this Section 4 by Hollandia, CXT will be entitled to liquidated damages in the amount of 10% of the manufacturing costs of the railroad tie production plant or equipment produced in violation of this Section 4. The liquidated damages set forth in this Section 4.5 shall be in lieu of the actual damages suffered and if and to the extent the actual damages are in excess of the liquidated damages, the damages to be reimbursed hereunder shall be limited to the liquidated damages specified above.

SECTION 5
SET-OFF AND TERMINATION

Section 5.1: Suspension of performance. In the event of a breach by either Hollandia or Grimbergen Holding of their obligations under this Agreement CXT shall have the right to suspend the performance of its own obligations hereunder vis-a-vis any or all of Hollandia or Grimbergen Holding.

Section 5.2: Termination. CXT shall have the right to terminate this Agreement with respect to any other Party either (i) for cause (which, for the purpose hereof, shall mean a breach by any other Party of any material obligation under this Agreement which was not cured within 10 days after receiving written notice of the breach) or (ii) for its convenience, by giving 10 days notice to such effect (the termination notice setting forth the reasons for termination). In the event of a termination for cause CXT shall be obliged only to pay any amounts due under this Agreement for the period prior to such termination. In the event of a termination for any other reason CXT shall be obliged to pay (i) any amounts due under this Agreement for the period prior to such termination plus (ii), if the Agreement was terminated vis-a-vis Hollandia, to Hollandia an amount EUR 125,000. In the event of a termination of this Agreement for any reason whatsoever CXT shall have the right to retain any part of the Project already paid, and any ownership interests in such part(s) shall be deemed to have been assigned to CXT to the extent the same were not already owned by CXT.

Section 5.3: Breach of Contract. In the event of a breach of contract by either Hollandia or Grimbergen Holding CXT shall have the right to set off its obligations to the Party which commits the breach of contract, with the damage it suffers from the breach of contract.

SECTION 6
LIMITATION OF LIABILITY

Section 6.1: Grimbergen Holding. Grimbergen Holding's total liability for its management services under this Agreement or any ancillary agreement entered into in connection with the Project shall be limited to the total of all sums to be received by Grimbergen Holding for its management services under this Agreement and any such ancillary agreement.

Section 6.2: Hollandia. Hollandia's total liability under Sections 3 and 5 of this Agreement shall be limited to EUR 675,000.

SECTION 8
GENERAL PROVISIONS

Section 8.1: Amendments or Supplements. No amendment or modification of this Agreement or of any term or condition hereof shall be valid or effective unless in writing and executed by the Parties. This Agreement may be supplemented only by written documents executed by the Parties, and it shall not be qualified, modified or supplemented by any preliminary negotiations, course of dealing, usage of trade or course of performance.

Section 8.2: Assignments. No assignment or assumption of any obligation hereunder shall relieve either Party from liability for any obligation hereunder.

Section 8.3: Legal Expenses. Each of the Parties shall bear its own legal expenses relating to negotiation and preparation of this Agreement and/or to the Transaction. If any Party is in default of any material provision of this Agreement, the Party which is not in default shall have the right, at the expense of the Party which is in default, to retain an attorney(s) to make any demand, enforce any remedy, or otherwise protect or enforce the rights of the Party which is not in default under this Agreement. The Party which is in default shall pay all reasonable legal expenses (including but not limited to legal expenses incurred in any legal action) so incurred by the Party which is not in default. All reimbursements required by this Section shall be due and payable on demand, and may be offset against any sum owed to the Party so liable.

Section 8.4: Execution of Documents. Each of the Parties agrees promptly to execute all documents necessary to implement the provisions of this Agreement.

Section 8.5: Final Agreement; Integration. This Agreement expresses the full and final purpose and agreement of the Parties relating to the Project.

Section 8.6: Notices. Any Notice transmitted by a Party to any other Party may be hand-delivered to such Party, personally, or mailed by certified or registered mail, return receipt requested, to the principal place of business or residence of such other Party as set forth above, or such other place as either Party may hereafter designate by notice to the other Party. All notices shall be deemed sufficiently given and served for all purposes if so hand-delivered or if so mailed.

Section 8.7: Relationship of Parties; No Third Party Beneficiaries. Any intention to create a joint venture or partnership relation between the Parties is hereby expressly disclaimed, and no Party shall have the right to bind the other. There are no

third party beneficiaries to this Agreement.

Section 8.8: Remedies Cumulative. All remedies provided for in this Agreement are distinct and cumulative to any other right or remedy afforded by law or equity and, to the extent permitted by law, may be exercised concurrently, independently, or successively. An action may be maintained to enforce such remedies in the alternative.

Section 8.9: Governing Law. This Agreement shall be governed by the substantive laws of the Netherlands, excluding any conflict of laws provisions thereof. The 1980 Vienna Convention for the International Sales of Goods shall not apply.

Section 8.10: Disputes. All disputes arising out of or in connection with this Agreement or any ancillary agreement entered into in connection with the Project shall in first instance be submitted to an executive committee consisting of Messrs. Maarten Jongejan (as representative of Hollandia), Freek Grimbergen (as representative of Grimbergen Holding) and Alec Bloem (as representative of CXT), or by persons to be designated by the Parties in their stead, which shall attempt to settle the dispute amicably. In the event the Parties are unable to so settle the matter amicably the dispute shall be referred to mediation according to the Minitrial Rules of the Netherlands Arbitration Institutes. In the event the Parties are unable to settle their disputes in accordance with the Minitrial Rules, the dispute shall be finally settled in accordance with the Arbitration Rules of the Netherlands Arbitration Institute. The arbitral tribunal shall be composed of three arbitrators. The place of arbitration shall be Rotterdam, The Netherlands. The arbitral procedure shall be conducted in the English language. There shall be no consolidation of the arbitral proceedings with other arbitral proceedings pending in the Netherlands, as provided in Article 1046 of the Netherlands Code of Civil Procedure.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CXT INCORPORATED,
a Delaware corporation

By /s/ S L Hasselbusch

Title: Chief Executive Officer

GRIMBERGEN ENGINEERING & PROJECTS B.V.,
a Dutch limited liability company

By /s/ Maarten Jongejan

Title: Managing Director

LUBBERS' CONSTRUCTIEWERKPLAATS EN
MACHINEFABRIEK "HOLLANDIA" B.V.

By /s/ Maarten Jongejan

Title: Managing Director

GRIMBERGEN HOLDING B.V.

/s/ Frederikus Adolf Jozeph Grimbergen

By: Frederikus Adolf Jozeph Grimbergen
Title: Managing Director

EXHIBIT 1.3

DEDICATED EMPLOYEES

FUNCTION	HOURLY-RATE*1)	NAME *2)	SPECIALISATION
ADMINISTRATION	E 35,-	Cora Blanken	
PURCHASING	E 40,-	Adrie Straathof	
ENGINEERING	E 55,-	Willem van Burik	
		Gerrit Veenstra	
		Martijn Sjerps	
		Chris van der Plas	
		Carel Leenen	
		Gerard Ten Brink	
		Jan Voorn	
		Ruud van Zanten	
		Donald Pennings	
PRODUCTION	E 40,-	Bhondoe S	Welding
		Altay M	Welding
		Erbilgin Y	Welding
		Botonnou A	Welding
		Heemskerk L.N.J.W.	Welding
		Bosman H	Fitting
		Boughaf	Fitting
		Celikler Y I	Pre-fabrication
		Ted Hollevas	Fitting
		Heemskerk J.M.	Fitting
		Hoogenboom H.G.	Pre-fabrication
		Lammeren J.C.M.van	Welding/fitting
		Lek J.C.	Fitting
		Mellah A	Pre-fabrication
		Mourits R.P.	Machining
		Raymann R.F.	Welding
		Rietveld F	Fitting
		Tol J.H.B.M.	Pre-fabrication
		Turgud M	Welding
		Zuidam R.J.	Welding
		Zuidam W	Welding
		Meilof O	Chef welding
		Hakkelbrak A	Chef fitting

		Wit J. de	Chef pre-fadrication
		L'Amie Hans	Fitting
		Elshout Hans	Fitting
		Jansen Ben	Fitting
TECHNICAL CONSULTANCY	E 59,-	Tom van Zeil	
		Peter van der Aar	
		Marcel Lek	
		Peter Tersteeg	
GSO ENGINEER	E 55,-	Gail Mouhout/Dennis v Veen	Hardware
GSO ENGINEER	E 65,-	Ad Hofman/Frank van der Klooster	Software
GSO PRODUCTION	E 42.50	Leen Weerheim	E-installation works

*1) SURCHARGE OVERTIME/SHIFT WORKS E 10,-/HOUR

*2) THE HOURS OF THESE PERSONNEL WILL VARY AS NEEDED ON THE PROJECT BETWEEN 0% AND 100% OF THEIR WORKING HOURS

EXHIBIT 1.4

BUDGET

All work to be done in the Netherlands in connection with the Project, consisting of the following items:

Projecttime: F.O.B. delivery Week 26 2005 (July 2005)

DESCRIPTION SPECIALS	FIXED COSTS	VARIABLE COSTS
PRODUCTION LOCATION (GRIMBERGEN HOLDING)		
Rent location Alphen a.d. Rijn (3 month,s)	E125.000,00	
Energy/ tax / insurance?? (3 month,s)		E 30.000,00
Cleaning services (3 month,s)		E 5.000,00
MACHINES		
Rent machinery (machinaal RM + inlener)	E 72.000,00	
Rent machinery (voorbewerking JvT/HH/Saber)	E 74.400,00	
PRODUCTION CONSUMABLES)		
- -grinding materials		E 30.000,00
- -welding materials		
- -welding /cutting gas		
- -etc.		
LABOR		
Administration 24 hours/week x 30 weeks xE35,-		E 25.200,00*1)
Purchaser 40 hours/week x 30 weeks xE40,-		E 48.000,00*1)
Production 21 personnel x 40 hours/week x 25 weeks		E840.000,00*1)
21000 hours xE40,-		
Engineering 6 engineers x 40 hours x 20 weeks		E264.000,00*1)
4800 x E 55,-		
Tech Consultant /project management		E184.080,00*1)

ML 30 weeks x 24 hours
PT 30 weeks x 24 hours
TvZ 30 weeks x 40 hours
PvdA 30 weeks x 16 hours
Total 3120 hours x E 59,-

Electrical hardware/software
Hardware engineering (GM/DvV) 1200 hours xE55,- E 66.000,00*1)
Software engineering (AH/FvdK)370 hours xE65,- E 24.050,00*1)
Hardware install. (LW) 40 hours x 20 weeks xE42,50 E 34.000,00*1)

CONSUMED AMOUNT UP TO & INCLUDING WEEK 44 GEP/GSO
Labour E 193.500,00
Flights/hotel/materials E 22.800,00
Pre-estimated for weeks 45/46/47 E75.000,00*2)
Purchase base material stamp E20.000,00*3)

MANAGEMENT FEE (GRIMBERGEN HOLDING)
Freek Grimbergen 2005 (2 to 3 days/week) E 120.000,00

SUBTOTAL RENT FROM HOLLANDIA	E 457.700,00	E1.480.930,00
SUBTOTAL RENT FROM GRIMBERGEN HOLDING	E 245.000,00	E 35.000,00

Project costs consumables E 30.000,00
Supervision Installation USA directly to be invoiced to CXT USA
Tech consult. 24 weeks a 4000,- E 96.000,00
Soft/hardware 12 weeks a 4800,- E 57.600,00

Total: E6,752,085

Notwithstanding any exceptions agreed between the Parties the budget will not include, in CXT's reasonable judgment, any work moved from the Netherlands to the USA.

EXHIBIT 1.5

MANUFACTURING EQUIPMENT

The equipment described in the right hand column of the attached chart, as well as all the equipment necessary or appropriate for the manufacture of the American Plant Equipment.

EXHIBIT 1.9

SPECIFICATIONS AND REQUIREMENTS

SPECIFICATION OF EQUIPMENT
TUCSON AND GRAND ISLAND FACTORY
INCLUDING
ERECTION, TEST-RUN AND PERFORMANCE TESTING

1.0 GENERAL REQUIREMENTS

All system mechanisms must be safe for operation personnel and must prevent damage to product and components or other plant equipment.

Controls shall be designed to prevent unexpected start up or movement in sudden directions. Design should include elimination of hazards due to failure of machinery, i.e., falls of machinery due to hydraulic failure. Design should include guarding of machinery to avoid physical injury, where applicable.

All components shall comply, where possible, with UL code (Underwriter's Laboratory).

All electrical equipment shall be designed for 480.110V and 60 Hz service. Also, where possible, all o-rings, hydraulic hoses and fittings, etc., shall be standard English (inch) sizes.

THE CYCLE TIMES OF THE AMERICAN PLANT EQUIPMENT ACCORDING THE DESCRIBED SPECIFICATIONS IS BASED ON A PRODUCTION AMOUNT /24 hours OF 1080 TIES

LIST OF EQUIPMENT

		QTY
1.0	TIE FORMS	
	Tie Forms	7
	Partial Form line (frame structure and hydraulics. Tieform part not included).	1
2.0	PRESTRESSING SYSTEM	
	Wire Pulling Buggy	2
	Pre-stressing/release Equipment	8
	Hydraulic Units	2
3.0	CONCRETE SUPPLY AND DISTRIBUTION	
	Bucket Conveyor	2
	Concrete Distribution System	2
4.0	HANDLING OF COMPLETED CONTINUOUS TIE LINE	
	Sawing Machine	2
5.0	DISCHARGE LINE	
	System from sawing output to pickup location storage Crane	2
6.0	CLEANING, OILING, FORM PREPARATION	
	Wagon for cleaning, oiling & mold preparation	2
7.0	STORAGE EQUIPMENT	
	Robot Crane design/specification	1
	Manufacture robot crane	2

2.0 DETAILED TECHNICAL DESCRIPTION OF EQUIPMENT

1. TIE FORMS

1.1 Form line with 180 (4 x 45) tie forms with shape and dimensions to produce the TIE according CXT drwg: CXT -505S-50"Revision ??? The form line is built up from a frame structure and an upper structure. The frame structure has a supporting function for the movable upper part The upper structure is built up from 4 x 45 combined, welded and smoothly ground tie forms.

The 3 major parts of the lines are:

- Frame structure;

- Tie forms including vibrators mounted at the underside of the forms;

- Hydraulic system with cylinders for demoulding of the continuous concreted tie line and supporting this line before releasing the prestressing force.

The tie line forms will be transported in parts, which can be easily erected.

The separate forms are provided with an integrated system to install the Pandrol rail fasteners type 38652/1 issue code B in a very efficient way.

1.2 Side cover each line

The distance between the foundation and the tie forms will be covered with skirts.

The skirt has 2 functions, namely:

- noise reduction during vibrating

- thermal insulation during curing

1.3 Curing facilities

The curing system consists of a system to be decided by CXT.

The design of the mouldlines will include the necessary provisions for the curing system.

1.4 Frequency controlled vibrating system

The form lines are provided with built-on frequency controlled vibrators. Operation of the vibrators will be executed from the operation panel of the concrete distributor. The vibrating operation is programmed to operate a maximum 4 vibrators simultaneously (when the next vibrator receive the signal to operate, the previous vibrator will be stopped automatically).

1.5 Hydraulics/Electrification

All hydraulics cylinders and piping/tubing for form and pin movement including piping to the hydraulic units. All necessary electric cables, components, end switches, etc. from feeding points (close to the operating box) of the machines to the separate electrical points.

2. PRESTRESSING SYSTEM

The design is based on an optimal and efficient way for strand pulling, prestressing and to release the prestressing force.

2.1 Strand Pulling Facilities

The facilities are based on pulling the wire or strand by machine in one or two operations.

2.1.1 Strand (Wire) Pulling Buggy.

The strand (wire) pulling buggy will be placed on the form line and provided with the necessary wire or stand from the container system. The wagon will pull the necessary wire or strand for one line in one/two operations over the entire form line length. At the end of the line the wire or strand will be fixed to the dead and live end of the prestressing system.

The buggy is electrically driven. Handling of the buggy from one form line to the next form line must be executed by the overhead bridge crane. Power supply to be provided at the front end of each form line.

2.2 Prestressing System

The equipment consists of a "live end" and a "dead end" positioned at the front and the back of each form line. The hydraulic units are equipped with selection switches to select the form line to be operated.

2.2.1 Prestressing (Live End)

The live end is actuated with 2 cylinders for tensioning and release movements. The tensioning position of the live end during casting is fixed by lock pins, so the cylinders are unloaded during non-operation. The operation of the prestress and release activities are simple by push buttons from the operation panel close to the live end of each bed. The steel tensioning beams are fixed into the foundations.

2.3.2 Prestressing (Dead End)

The dead end of the system is provided with a hydraulic cylinder to skip movement of the upper part of the tensioning beam to recognize the possibility of movement of the completed tie line during sawing activities. The steel tensioning beams are fixed into the foundations.

2.3 Hydraulics and Electrification

Two hydraulic units placed at the front and the back of the form lines provided with facilities for the form movement and the prestressing/release activities.

Unit A

Hydraulic unit with operation facilities for prestressing and releasing including form line movements.

Unit B

Hydraulic unit with operation facilities for skip movement capability for upper part dead end including form line movements.

Communication between Unit A/B is integrated.

3. CONCRETE SUPPLY AND DISTRIBUTION

The system is divided into:

3.1 Concrete Supply

The concrete will be transported from the batch plant to the distribution unit of the distributor by the bucket conveyor (3.1.1) and the intermediate bucket, which is driven on the distributor bridge construction (3.2.1)

3.1.1 Bucket Conveyor 1.5 m(3) Concrete

- The bucket is designed for track with 2 rails.
- Contents 1.5 m(3) concrete.
- Gear motor with brakes as driving motor.
- Travel speed 4-160 m/min.
- The emptying of the bucket by rotating with electric motor

3.2 Concrete Distribution

3.2.1 Concrete distributor span approx. 20m

The concrete distributor is built as an overhead 2 girder construction on which the distribution bucket and an intermediate bucket are driven.

The concrete will be supplied by the monorail bucket system, which will be positioned above the distributor.

The concrete will be transmitted from the monorail bucket to the intermediate concrete supply bucket of the distributor. This bucket transfers the concrete into the distribution bucket.

The distribution unit to be equipped with 4 separate hydraulic driven distribution screws to ensure an optimum distribution operation.

Technical Information of the Distributor:

Speed bridge construction	10/50 m/min.
Cross speed supply bucket	5/20 m/min.
Cross speed distribution bucket	6 m/min. contents 2.250 litre water content

Operation position with control panel included Vibrator operating system is integrated into the distributor operation panel.

3.2.2 Distributor track including current/communication rail. The distributor track will be part of the hall structure. Current supply by current cable fixed into cable buggies.

3.2.3 Communication between bucket conveyor and concrete distributor. Within the production control system and the electrification of the bucket conveyor some communication items are built in to recognize an automatic operating system for the supply of concrete to the distributor bridge.

The following movement flow is applicable:

- Conveyor stops at concrete-loading (batch plant) position.
- Loading activity is started by the batch plant operator.
- Automatic movement of conveyor to location of distributor bridge.
- Request by distributor operator for concrete (bridge traveling will stop)
- Conveyor will unload the concrete into the intermediate bucket (bridge traveling can start again after unloading is completed).
- Conveyor will automatically return to its loading position.
- Intermediate bucket transfers the concrete to the distribution bucket automatically.

4. HANDLING OF COMPLETED CONTINUOUS TIE LINE.

The demoulded continuous tie line must be supported by the transport buggies to ensure smooth movement during sawing.

4.1 Continuous tie line Pulling/Sawing/Turning. The demoulded continuous tie lines (4 lines side-by-side) will be automatically divided into separate ties by the sawing machine located at the end of the form line.

4.1.1 Sawing Machine.
This machine pulls 4 rows of ties simultaneously into the sawing position. Then 4 ties will be disconnected from the Tie line, turned over 180 degrees and placed on a transverse conveyor chain track. The sawing operation shall not exceed 160 seconds. The saw shall perform with a 100% duty cycle.

The sawing machine can be moved between tie lines on track, and positioned at the front of each form line.

5. DISCHARGE LINE.

5.1 Chain track with automatic running facilities
The chain track moves the sawed ties automatically from the sawing machine to the convey turning buggy.

5.2 Convey turning buggy.
This buggy transports the Ties from the chain track (5.1) to the clipping area. During the transport the Ties will be rotated over 90 degrees.

5.3 Tie convey "Clipping".
Within the clipping area the Ties will be supported on a roller track. Movements to the discharge buggy will be realised by a pushing system.

5.4 Discharge Buggy.

The ties from the convey track "clipping" will be collected in units of 21 ties.

5.4.1 Discharge Buggy for 21 ties. The discharge buggy will lift a unit of 21 Ties and moves them to the loading position of the robot crane

6. CLEANING, OILING, FORM PREPARATION.

Cleaning and rail fastening items will be executed manually. Cleaning tools and build-in consumables are stored on a special wagon, which runs on the form line rail.

6.1 Wagon for Cleaning, Oiling and Preparation. This wagon consists of a buggy driven on the edges of the form line. The wagon is equipped with devices to clean and oil the forms and also to prepare the forms for casting (manually set rail fastening items). All activities will be executed by hand from working platforms on both sides of the wagon.

Maximum weight of this wagon included build-in consumables for 1 mouldline is limited to 10 metric tons

7 STORAGE EQUIPMENT

10.1 Robot Crane for Units of 21 Ties.
The storage crane is designed to stack the unit of 21 ties on the storage position. The crane is executed as a 2 girder portal construction.

The trolley is running between the girders and is provided with a telescopic lifting unit.

The whole crane cycle occurs automatically.

Crane Characteristics:

Load	:ca. 7,500 kg.
Hoisting Speed	:0-8 m/min.
Travel Speed	:5-100 m/min.
Travel Speed - Lifting Trolley	:2-20 m/min.
Lifting Height	:ca. 5 m (Stackingheight 15 Ties)

8 ERECTION, TEST-RUN AND PERFORMANCE TESTING

8.1 Introduction

Hollandia's technical personnel shall supervise the erection of the equipment. The actual work is done by CXT's personnel in order to become familiar them with the installation, operation, and maintenance (preventive and corrective) of the equipment. The erection schedule will be controlled and performed by the CXT.

Hollandia's technical supervisors shall have sufficient skills to satisfactorily complete the project; otherwise the Client has the right to change personnel. Conditions for Hollandia's supervisors to work on sites in the USA are attached into chapter 9

8.2 Erection of the equipment

Erection of equipment is deemed to be completed when all the machines forming the said department has been brought to such a state that all its mechanical functions and movements can be checked with a test-run.

The applicable departments for each factory location (Tucson and Grand Island) are:

Department 1	Tie forms
Department 2	Prestressing system
Department 3	Concrete supply and distribution
Department 4	Tie handling

Department 5 Discharge line
Department 6 Cleaning, oiling and built-in facilities
Department 7 Storage crane (Robot crane)

8.3 Test-run

Test-runs are conducted separately for each department immediately after completion of erection. All the functions, connections and movements of the equipment included in the department, shall be checked in the presence of representatives of both parties.

Acceptance criteria will be the approved lay-out drawings and the technical specifications.

Results of the test-run shall be recorded.

Minor defects such as imperfections in the paint work, temporary wiring and incomplete adjustments, which can be fixed later on without substantial delay or disturbance to the use of the equipment, shall not be constructed as a reason for non-acceptance of the test-run.

In case test-run of a department is not possible, or its completion is delayed for more than one month after erection, for any reason beyond Hollandia's control, the test-run is deemed to be completed and accepted without the actual test.

8.4 Performance test

Performance test of the equipment shall be conducted under Hollandia's technical personnel supervision department by department upon notification of readiness from the CXT, but in any event within 14 days after the completion of the test-run of the department.

The performance test is to verify that the equipment is capable of meeting the specified quality/capacity requirements as stated below (8.5).

The tests are deemed to be successful and shall be accepted by the CXT if:

- The equipment meets the stated requirements (8.5).

- Either cannot meet the requirements as a result of shortcoming out of control of Hollandia, such as; poor quality of raw materials, shortage of skilled labor, etc.

In case the performance test cannot be conducted or delayed by more than one month after completion of the test-run, for any reason out of Hollandia's control, the performance test shall be deemed to be completed.

8.5 Quality requirements

Department 1 Tie forms

- Correct demoulding movement.

- Produced tie according agreed tolerances.

- Correct form movement to casting position.

Department 2 Prestressing system.

- Wire or strand pulling according to specifications described in the technical specifications

- Prestressing and release could be executed within 20 minutes for each operation.

- Skip movement dead end is functional.

Department 3 Concrete supply and distribution.

- Equipment is operating according to the technical specifications

Department 4 Tie handling.

- Pulling / sawing / rotating according to the technical specifications

Department 5 Discharge line

- Equipment is operating according to the technical specifications

Department 6 Cleaning, oiling and built-in facilities

- Equipment is operating according to the technical specifications.

Department 7 Storage crane (Robot crane)

- Equipment is operating according to the technical specifications.

8.6 Commisioning

Commissioning of the system is deemed to be complete after each department

has successfully performed its intended function

9 Conditions for Sending Hollandia's supervisors to work on site in the USA

In this connection term 'Hollandia's personnel' means both Hollandia's own employees and Hollandia's suppliers personnel to be sent to execute the activities in the USA

- - CXT shall arrange / guarantee and bear all the costs for safe and healthy working conditions and modern furnished accommodations with separate bedrooms for all individuals, not more than four sharing one bath or shower or one kitchen. Appropriate first aid and medical services have to be available to Hollandia's personnel.

- - CXT shall arrange and bear costs for daily meals based on European normal standard.

- - CXT shall arrange and pay for the daily transportation from the accommodations to the site and back, and will use best efforts to assure transportation time is less than 90 minutes one-way.

- - Hollandia's personnel will work 60 hours a week and follow local holidays.

- - Hollandia's personnel shall be entitled one day off per week, to be determined by CXT's representatives.

- - CXT shall provide and bear expense of round trip air transportation for Hollandia's personnel from and to the Netherlands. The length of stay of each one of the Hollandia's personnel must be agreed from case to case.

- - There shall be an adequate furnished office available to Hollandia's personnel and access to facsimile and telephone without cost. CXT shall use their best efforts to assist Hollandia's personnel in all problems, which may arise in their dealings with the local authorities, banks, systems for international communications, medical services and travel agencies.

- - Hollandia's personnel shall at all times adhere to CXT's existing safety and general facility rules.

- - In the event Hollandia's personnel are required to exceed length of stay over the specified time, CXT will make payment for such time, as advanced payment. Any such increase in supervision time must be mutually agreed upon between parties.

The rate for one mechanical supervisor for 1 week is E 4.000,=/week.
The rate for one electrical/software supervisor is E 4.800,=/week.

EXHIBIT 2.1

LEASE AGREEMENT

CXT INCORPORATED, a Delaware corporation with its principal place of business at N2420 Pioneer Lane, Spokane, WA 99216, United States of America,

AND

GRIMBERGEN HOLDING B.V., a Dutch limited liability company with its principal place of business at Groenoord 192, 2401 AJ Alphen aan den Rijn, registered with the trade register of the Chamber of Commerce for Rijnland under file no. 28011239,

WHEREAS, CXT, Grimbergen Holding, Grimbergen Engineering & Projects B.V. and Lubbers' Constructiewerkplaats en Machinefabriek "Hollandia" B.V. entered into a manufacturing agreement on ___ December 2004 ('Agreement');

WHEREAS, CXT and Grimbergen Holding wish to lay down in this lease agreement ('Lease') all (other) terms of the lease codified in Section 2.1 (i) of the Agreement;

MUTUALLY AGREE AS FOLLOWS:

ARTICLE 1

This Lease forms an integral part of the Agreement and, for the purpose of this Lease, Section 2.1 (i) of the Agreement forms an integral part of this Lease. All capitalized wording used in this Lease (other than the word 'Lease' and 'Agreement' above defined) shall have the meaning as defined in the Agreement's preamble and Section 1.

ARTICLE 2

As of April 1, 2005, for the purpose and duration of the Project, Grimbergen Holding shall lease to CXT, and CXT shall lease from Grimbergen Holding, the Plant, located at Bedrijfsweg 23 - 25, 2404 CB Alphen aan den Rijn, The Netherlands, the land register details of which are Alpen aan den Rijn A 6783.

ARTICLE 3

In addition to the lease of the Plant Grimbergen Holding will charge to CXT building services and facilities, as well as supply, transport and consumption of water and energy, as may be necessary for the proper functioning of the Manufacturing Equipment and/or the timely and proper completion of the Project, such service charges to be reflected in the Budget.

ARTICLE 4

Grimbergen Holding undertakes to at all times keep the Plant properly insured, protected and keep the Plant in a good and workable condition, as is required for the timely and proper completion of the Project, it being understood that Grimbergen Holding shall not be considered in breach of the obligation to keep the Plant in good and workable condition in case of a whole or partial loss or destruction of the Plant under circumstances which would constitute a "force

majeure" (fire, earthquake, floods and similar acts of God) provided that (a) the Plant is adequately insured against such events and (b) Grimbergen Holding shall render all reasonably required assistance to rebuild the Plant and/or to relocate the production of the Project to an alternative site pending such rebuilding. CXT is under no obligation to bear any costs of maintenance, repair and renewal work to the Plant other than the service charges referred to in Article 3.

ARTICLE 5
Under no circumstances shall CXT be required to pay any fees, charges, levies whatsoever other than the fixed sum and VAT laid down in Section 2.1 (i) of the Agreement.

ARTICLE 6
Grimbergen Holding and CXT agree that Grimbergen Holding will charge CXT VAT on rent for the Plant as laid down in Section 2.1 (i) of the Agreement. With reference to the approval of the State Secretary of Finance (Staatssecretaris van Financien) VB99/571 of 24 March 1999, CXT by signing this lease agreement explicitly declares that CXT shall use the Plant for purposes for which a full or almost full (at least 90%) right for deduction of VAT exists by virtue of article 15 of the Turnover Tax Act of 1968 (Wet op de omzetbelasting 1968).

CXT will inform Grimbergen Holding and its competent tax inspector immediately by means of a registered letter, if the above paragraph does not (or no longer) apply. CXT shall in any event report such change in the right to deduct VAT to Grimbergen Holding and its competent tax inspector in writing within four weeks after the fiscal year of CXT ends. CXT's fiscal (financial) year runs from January 1 through December 31.

The VAT due on account of this article must be paid simultaneously with the rent.

Grimbergen Holding shall not sell the Plant or terminate the Lease without the prior written approval of CXT. If CXT were to approve of such sale, Grimbergen Holding undertakes to see to that the new owner and CXT are bound by a provision similar to this Article 6 of this Lease.

Grimbergen Holding undertakes to file this Lease in conformity with article 34a of the Turnover Tax Act of 1968 (Wet op de Omzetbelasting 1968).

ARTICLE 7
This Lease automatically terminates upon completion of the Project and/or upon termination of the Agreement by CXT, without any further action being required from CXT or Grimbergen Holding.

ARTICLE 8
Dutch law exclusively governs this Lease. Section 8.10 of the Agreement shall equally apply to this Lease.

/s/ SL Hasselbusch	/s/ F.A.J. Grimbergen
- ----------	----------
CXT	Grimbergen Holding
By:	By: F.A.J. Grimbergen
Title:	Title: MD

EXHIBIT 3.3

BANK GUARANTEE

We, the undersigned, [name bank], waiving and renouncing all benefits and exceptions, conferred on guarantors, as well as the provisions of art. 7:855 Civil Code, hereby declare to bind ourselves as surety to and in favour of CXT Corporation ("the Creditor") by way of security for the true and proper discharge by Grimbergen Engineering & Projects B.V. and Lubbers' Constructiewerkplaats en Machinefabriek "Hollandia" B.V. (the "Principal Debtors") of whatever the Principal Debtors may be found to be indebted to the Creditor in relation to a certain Manufacturing Agreement dated December ____, 2004 (the "Agreement"), by virtue of a valid arbitration award which is not or no longer subject to appeal or by virtue of an amicable settlement between the parties.

If any of the Principal Debtors is declared bankrupt or granted a suspension of payment or if a debt rescheduling scheme has been implemented regarding such a Principal Debtor, the Creditor is entitled to bring legal proceedings against the undersigned in order to have the indebtedness of the Principal Debtor ascertained by the Netherlands Arbitration Institute. In that event, the undersigned undertakes to pay the Creditor the entire indebtedness of the Principal Debtor as established by an arbitration award (which is not or no longer subject to appeal) rendered in those proceedings.

This guarantee is hereby given without any prejudice whatever to the question of liability or to the amount involved or to any other matter in issue (including any question as to statutory limitation of liability), and for a maximum amount of Euro 700,000.

The guarantee shall be governed by the law of the Netherlands. The undersigned and the Creditor submit to the jurisdiction of the competent Court of Law in Rotterdam for any disputes and claims hereunder.

The maximum amount to be claimed under this guarantee shall be reduced to Euro 350,000 at the moment six months have expired after the completion of the installation and acceptance by CXT of the American Plant at Grand Island, Nebraska (the Creditor and the Principal Debtors to jointly inform the undersigned thereof in writing in accordance with the terms of the Agreement) unless one or more Arbitrators have been notified or requested or proposed under the arbitration clause set forth in Section 8.10 of the Agreement, or an amicable settlement has been concluded between the Creditor and the Principal Debtors (the Creditor and the Principal Debtors to jointly inform the undersigned thereof in writing in accordance with the terms of the Agreement). Any residual liability of the undersigned under this guarantee shall expire by the later of (i) June 30, 2006 or (ii) the moment six months have expired after the completion of the installation and acceptance by CXT of the American Plant at Tucson, Arizona (the Creditor and the Principal Debtors to jointly inform the undersigned thereof in writing

in accordance with the terms of the Agreement) or unless one or more Arbitrators have been notified or requested or proposed under the arbitration clause set forth in Section 8.10 of the Agreement, or an amicable settlement has been concluded between the Creditor and the Principal Debtors (the Creditor and the Principal Debtors to jointly inform the undersigned thereof in writing in accordance with the terms of the Agreement).

Yours faithfully,

For and on behalf of
[bank]

Dated [ ]

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statements Nos. 33-17073, 33-35152, 33-79450, 333-65885, 333-81535, and 333-60488 of L. B. Foster Company and in the related Prospectus of our reports dated March 4, 2005, with respect to the consolidated financial statements and schedule of L. B. Foster Company, L. B. Foster Company management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of L. B. Foster Company, included in this Annual Report (Form 10-K) for the year ended December 31, 2004.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
March 10, 2005

Exhibit 31.1

Certification under Section 302 of the
Sarbanes-Oxley Act of 2002

I, Stan L. Hasselbusch, President and Chief Executive Officer of L. B. Foster Company, certify that:

1. I have reviewed this Report on Form 10-K of L. B. Foster Company;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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 report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this 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

(d) Disclosed in this 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 functions):

(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.

March 14, 2005

/s/ Stan L. Hasselbusch

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

Exhibit 31.2

Certification under Section 302 of the
Sarbanes-Oxley Act of 2002

I, David J. Russo, Senior Vice President, Chief Financial Officer and Treasurer of L. B. Foster Company, certify that:

1. I have reviewed this Report on Form 10-K of L. B. Foster Company;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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 report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this 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

(d) Disclosed in this 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 functions):

(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.

March 14, 2005

/s/ David J. Russo

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

Exhibit 32.0

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of L. B. Foster Company (the "Company") on Form 10-K for the period ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The Report 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2005

By: /s/ Stan L. Hasselbusch

Stan L. Hasselbusch
President and Chief Executive Officer

Date: March 14, 2005

By: /s/ David J. Russo

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