UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

For Quarter Ended September 30, 1999

Commission File Number 0-10436

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

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

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

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

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

Yes X No

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

Class	Outstanding at November 1, 1999
Common Stock, Par Value $.01	9,580,640 Shares

L.B. FOSTER COMPANY AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 1999	December 31, 1998
ASSETS	(unaudited)	
Current Assets:		
Cash and cash equivalents	$ 973	$ 874
Accounts and notes receivable:		
Trade	53,718	46,510
Other	1,218	801
	54,936	47,311
Inventories	47,019	36,418
Current deferred tax assets	115	
Other current assets	1,781	614
Property held for resale	9,148	
Total Current Assets	113,972	85,217
Property, Plant & Equipment - at cost	54,792	43,573
Less Accumulated Depreciation	(21,433)	(23,128)
	33,359	20,445
Property Held for Resale	615	615
Other Assets:		
Goodwill and intangibles	3,496	5,666
Investments	7,693	1,693
Other assets	6,051	5,798
Total Other Assets	17,240	13,157
TOTAL ASSETS	$ 165,186	$ 119,434
LIABILITIES AND STOCKHOLDERS' EQUITY Current Liabilities:		
Current maturities of long-term debt	$ 1,080	$ 1,098
Short-term borrowings	11,120	2,275
Accounts payable	25,850	19,667
Accrued payroll and employee benefits	3,807	4,498
Current deferred tax liabilities	704	334
Other accrued liabilities	1,669	2,454
Total Current Liabilities	44,230	30,326
Long-Term Borrowings	40,000	10,000
Other Long-Term Debt	4,038	3,829
Deferred Tax Liabilities	678	678
Other Long-Term Liabilities	1,550	1,107
Stockholders' Equity:		
Common stock	102	102
Paid-in capital	35,377	35,431
Retained earnings	42,552	40,002
Treasury stock	(3,364)	(2,046)
Accumulated other comprehensive income	23	5
Total Stockholders' Equity	74,690	73,494
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$165,186	$119,434

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
	(unaudited)			
Net Sales	$ 63,073	$ 50,368	$ 175,599	$ 158,585
Costs and Expenses:				
Cost of Goods Sold	53,359	43,155	150,452	135,355
Selling and Administrative Expenses	7,359	5,849	19,909	17,783
Interest Expense	1,237	308	2,158	1,377
Other Income	(234)	(130)	(891)	(1,533)
	61,721	49,182	171,628	152,982
Income Before Income Taxes	1,352	1,186	3,971	5,603
Income Tax Expense	500	473	1,421	2,243
Net Income	$ 852	$ 713	$ 2,550	$ 3,360
Basic Earnings Per Common Share	$ 0.09	$ 0.07	$ 0.26	$ 0.33
Diluted Earnings Per Common Share	$ 0.09	$ 0.07	$ 0.26	$ 0.33
Cash Dividend per Common Share	$	$	$	$

See Notes to Condensed Consolidated Financial Statements.

L.B. Foster Company and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In Thousands)

	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
	(unaudited)	
Cash Flows from Operating Activities:		
Net income	$ 2,550	$ 3,360
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Deferred income taxes	(288)	520
Depreciation and amortization	2,730	2,197
Loss (gain) on sale of property, plant & equipment	72	(1,271)
Change in operating assets and liabilities:		
Accounts receivable	2,364	10,499
Inventories	(8,675)	(1,196)
Property held for resale	(18)	200
Other current assets	(1,008)	(128)
Other non-current assets	1,133	(494)
Accounts payable	1,988	7,492
Accrued payroll and employee benefits	(1,388)	830
Other current liabilities	(785)	(36)
Other liabilities	443	(215)
Net Cash (Used) Provided by Operating Activities	(882)	21,758
Cash Flows from Investing Activities:		
Proceeds from sale of property, plant and equipment	206	687
Proceeds from sale of Fosterweld		7,258
Capital expenditures on property, plant and equipment	(3,727)	(1,953)
Purchase of DM&E stock	(6,000)	
Acquisition of business	(17,389)	(3,774)
Net Cash (Used) Provided by Investing Activities	(26,910)	2,218
Cash Flows from Financing Activities:		
Proceeds (repayments) from issuance of revolving credit agreement borrowings	38,845	(22,111)
CXT debt repayment	(8,845)	
Proceeds from Industrial Revenue Bond		2,045
Exercise of stock options and stock awards	329	308
Treasury share transactions	(1,702)	(909)
Repayments of other long-term debt	(749)	(972)
Net Cash Provided (Used) by Financing Activities	27,878	(21,639)
Effect of exchange rate changes on cash	13	
Net Increase in Cash and Cash Equivalents	99	2,337
Cash and Cash Equivalents at Beginning of Period	874	1,156
Cash and Cash Equivalents at End of Period	$ 973	$ 3,493
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	$ 1,274	$ 1,488
Income Taxes Paid	$ 2,261	$ 1,578

During 1999 and 1998, the Company financed the purchase of certain capital expenditures and maintenance agreements totaling $1,056,000 and 336,000, respectively, through the issuance of capital leases.

See Notes to Condensed Consolidated Financial Statements.

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

1. FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all estimates and adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included; however, actual results could differ from those estimates. The results of operations for these interim periods are not necessarily indicative of the results that may be expected for the year ended December 31, 1999. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1998.

2. ACCOUNTING PRINCIPLES

Financial Accounting Standards Board Statement (FASB) No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued in June 1998. This statement establishes accounting and reporting standards for derivative financial instruments and hedging activities. In June 1999, FASB Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities: Deferral of the Effective Date of FASB Statement No. 133" was issued. This statement delays the effective date to all fiscal quarters of all fiscal years beginning after June 15, 2000. This statement will be adopted by the Company in 2001 and is not expected to have a material effect on the consolidated financial statements.

3. ACCOUNTS RECEIVABLE

Credit is extended on an evaluation of the customer's financial condition and, generally, collateral is not required. Credit terms are consistent with industry standards and practices. Trade accounts receivable at September 30, 1999 and December 31, 1998 have been reduced by an allowance for doubtful accounts of $(1,528,000) and $(1,438,000), respectively. Bad debt expense was $100,000 and $34,000 for the nine month periods ended September 30, 1999 and 1998, respectively.

4. INVENTORIES

Inventories of the Company at September 30, 1999 and December 31, 1998 are summarized as follows in thousands:

	September 30, 1999	December 31, 1998
Finished goods	$ 34,014	$ 26,877
Work-in-process	11,039	7,779
Raw materials	4,840	4,546
Total inventories at current costs:	49,893	39,202
(Less):		
Current costs over LIFO stated values	(2,274)	(2,184)
Reserve for decline in market value of inventories	(600)	(600)
	$ 47,019	$ 36,418

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

5. PROPERTY HELD FOR RESALE

Property held for resale at September 30, 1999 and December 31, 1998 consists of the following:

(in thousands)	September 30, 1999	December 31, 1998
Location:		
Real Estate, Doraville, GA	$3,055	
Monitor Group, Cheswick, PA	1,773	
Coated Pipe Assets, Newport, KY	1,528	
Real Estate, Langfield, TX	1,500	
Mining Division Assets, Pomeroy, OH	744	
Real Estate, Marrero, LA	615	$ 615
Mining Division Assets, St. Marys, WV	548	
Property held for resale	$9,763	$ 615
Less current portion	9,148	
	$ 615	$ 615

The Company's mass spectrometer unit, the Monitor Group, is located in Cheswick, Pennsylvania. Results to date have been well below management expectations. After a comprehensive review of Monitor Group's progress, management has decided to divest and reclassify the $1,800,000 of Monitor Group's intangible assets as held for resale. Management believes that ultimately, the disposition of Monitor Group will not materially affect the financial position or cash flows of the Company, although the outcome could be material to the reported results of operations for the period in which it occurs.

In September of 1998, the Company suspended production at its Newport, Kentucky pipe coating facility due to unfavorable market conditions. Management intends to dispose of the assets and has reclassified the machinery and equipment as assets held for resale.

The Company continues to explore the divestiture of its Mining Division which is comprised principally of the Company's facilities and inventory located at Pomeroy, Ohio and St. Marys, West Virginia.

In August 1999, the Company executed an agreement to sell, subject to certain contingencies, an undeveloped 62 acre portion of a 127 acre Houston, Texas property for approximately $2.0 million. The sale, if consummated, is expected to be completed by year end and will not have a material impact on the Company's earnings.

In August 1999, the Company executed a letter of intent for the sale of real estate located in Doraville, Georgia for approximately $3.2 million. This real estate includes one building and approximately 28 acres of land.

The Marrero, Louisiana location was formerly used for yard storage. Assets of the location consist of land no longer used in the Company's business.

6. BORROWINGS

On June 30, 1999, the Company's $45,000,000 revolving credit agreement was amended and increased to $70,000,000. The interest rate is, at the Company's option, based on the prime rate, the domestic certificate of deposit rate (CD rate) or the Euro-bank rate (LIBOR). The interest rates are established quarterly based upon cash flow and the level of outstanding borrowings to debt as defined in the agreement. Interest rates range from prime, to prime plus .25%, the CD rate plus .575% to 1.8% and the LIBOR rate plus .575% to 1.8%. Borrowings under the agreement, which expires on July 1, 2003, are secured by eligible accounts receivable, inventory and the pledge of the Company held Dakota Minnesota & Eastern Railroad Corporation Preferred stock.

The agreement includes financial covenants requiring a minimum net worth, a minimum level for the fixed charge coverage ratio and a maximum level for the consolidated total indebtedness to EBITDA ratio. The agreement restricts investments, indebtedness and the sale of certain assets.

7. EARNINGS PER COMMON SHARE

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

(in thousands, except earnings per share)	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
Numerator:				
Numerator for basic and diluted earnings per common share - net income available to common stockholders	$ 852	$ 713	$2,550	$3,360
Denominator:				
Weighted average shares	9,581	10,003	9,692	10,003
Denominator for basic earnings per common share	9,581	10,003	9,692	10,003
Effect of dilutive securities:				
Contingent issuable shares pursuant to the Company's 1997 and 1998 Incentive Compensation Plans	53	18	45	14
Employee stock options	272	195	252	210
Dilutive potential common shares	325	213	297	224
Denominator for diluted earnings per common share - adjusted weighted average shares and assumed conversions	9,906	10,216	9,989	10,227
Basic earnings per common share	$0.09	$0.07	$0.26	$0.33
Diluted earnings per common share	$0.09	$0.07	$0.26	$0.33

8. COMMITMENTS AND CONTINGENT LIABILITIES

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

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amounts of ultimate liability with respect to these actions will not materially effect the financial position of the Company.

At September 30, 1999, the Company had outstanding letters of credit of approximately $2,635,000.

9. BUSINESS SEGMENTS

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

(in thousands)	Three Months Ended September 30, 1999 Net Sales	Three Months Ended September 30, 1999 Segment Profit/(Loss)	Nine Months Ended September 30, 1999 Net Sales	Nine Months Ended September 30, 1999 Segment Profit/(Loss)
Rail products	$39,636	$1,118	$106,121	$2,273
Construction products	17,304	419	48,196	1,375
Tubular products	5,988	503	20,976	1,822
Monitor Group	48	(337)	48	(1,236)
Total	$62,976	$1,703	$175,341	$4,234

(in thousands)	Three Months Ended September 30, 1998 Net Sales	Three Months Ended September 30, 1998 Segment Profit/(Loss)	Nine Months Ended September 30, 1998 Net Sales	Nine Months Ended September 30, 1998 Segment Profit/(Loss)
Rail products	$26,113	$1,464	$82,949	$3,710
Construction products	13,063	(701)	38,173	847
Tubular products	11,243	731	37,194	1,507
Monitor Group		(343)	26	(1,030)
Total	$50,419	$1,151	$158,342	$5,034

Segment profits, as shown above, include internal cost of capital charges for assets used in the segment at a rate of, generally, 1% per month. The following table provides a reconciliation of reportable net profit/(loss) to the Company's consolidated total:

(in thousands)	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
Net Profit/(Loss)				
Total for reportable segments	$1,703	$1,151	$4,234	$5,034
Cost of capital for reportable segments	3,062	2,340	8,113	7,582
Interest expense	(1,237)	(308)	(2,158)	(1,377)
Other income	234	130	891	1,533
Corporate expense and other unallocated charges	(2,410)	(2,127)	(7,109)	(7,169)
Income before income taxes	$1,352	$1,186	$3,971	$5,603

There has been no change in the measurement of segment profit/(loss) from December 31, 1998. There has been no significant change in the Construction or Monitor segment assets from December 31, 1998. The Rail segment's assets have increased primarily due to the addition of CXT Incorporated (See Note 10). Increases in relay rail's inventory and transit products' accounts receivable also contributed to the asset increase. The Tubular segment's inventory and accounts receivable have decreased due to the closing of the Newport facility.

10. ACQUISITIONS

On June 30, 1999, the Company acquired all of the outstanding stock of CXT Incorporated (CXT) for $17,389,000. After post closing adjustments, the purchase price should increase by approximately $125,000. The acquisition was accounted for as a purchase and, accordingly, the operations of CXT are included in the Consolidated Financial Statements from the date of acquisition.

The preliminary fair value of the assets acquired and liabilities assumed is as follows (in thousands):

Current assets	$ 12,190
Property, plant & equipment	18,197
Other assets	967
Bank debt - current portion	(5,765)
Other current liabilities	(5,120)
Bank debt - long-term	(3,080)
Purchase price	$ 17,389

The Company expects to finalize all purchase accounting adjustments within one year of the acquisition.

The unaudited pro forma combined historical results as if CXT had been acquired at the beginning of 1999 and 1998, respectively, are estimated to be:

(Dollars in thousands, except per share data)	Nine Months Ended September 30, 1999	1998
Net Sales	$ 195,264	$ 183,254
Net Income	2,755	2,900
Basic Earnings per share:	$ 0.28	$ 0.29

The pro forma results presented above are not necessarily indicative of what actually would have occurred if the acquisition had been completed as of the beginning of each of the periods presented, nor are they necessarily indicative of future results.

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

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
	(Unaudited, dollars in thousands)			
Net Sales:				
Rail Products	$ 39,636	$ 26,113	$ 106,121	$ 82,949
Construction Products	17,304	13,063	48,196	38,173
Tubular Products	5,988	11,243	20,976	37,194
Monitor Group	48		48	26
Other	97	(51)	258	243
Total Net Sales	63,073	50,368	175,599	158,585
Gross Profit:				
Rail Products	6,177	4,324	14,348	12,762
Construction Products	2,993	1,665	8,937	7,110
Tubular Products	969	1,644	3,420	4,666
Monitor Group	(250)	(235)	(918)	(661)
Other	(175)	(185)	(640)	(647)
Total Gross Profit	9,714	7,213	25,147	23,230
Expenses:				
Selling and Administrative Expenses	7,359	5,849	19,909	17,783
Interest Expense	1,237	308	2,158	1,377
Other (Income) Expense	(234)	(130)	(891)	(1,533)
Total Expenses	8,362	6,027	21,176	17,627
Income Before Income Taxes	1,352	1,186	3,971	5,603
Income Tax Expense	500	473	1,421	2,243
Net Income	$ 852	$ 713	$ 2,550	$ 3,360
Gross Profit %:				
Rail Products	15.6%	16.6%	13.5%	15.4%
Construction Products	17.3%	12.7%	18.5%	18.6%
Tubular Products	16.2%	14.6%	16.3%	12.5%
Monitor Group	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A
Total Gross Profit %	15.4%	14.3%	14.3%	14.6%

Note: Prior year segment information has been restated to be consistent with FASB No. 131, "Disclosures about Segments of an Enterprise and Related Information".

THIRD QUARTER 1999 RESULTS OF OPERATIONS

Net income for the third quarter of 1999 was $0.9 million or $0.09 per share on net sales of $63.1 million. This compares to a 1998 third quarter net income of $0.7 million or $0.07 per share on net sales of $50.4 million.

Rail products' 1999 third quarter net sales were $39.6 million or an increase of 51.8% over the same period last year. This increase was due primarily to sales by the recently acquired CXT Incorporated (CXT) and an increase in shipments of transit products. Construction products' net sales increased 32.5% from the year earlier quarter as a result of "H" bearing pile becoming available for sale, a 100% increase in shipments of Precise fabricated products, and sales generated by the Foster Geotechnical Division, acquired in August of 1998. This increase offset the decline in the Company's sheet piling sales and rentals which continue to suffer from lack of supply. Tubular products' sales decreased 46.8% from the same quarter of 1998 due to the closing of the Company's Newport pipe coating facility in September, 1998. Changes in net sales are primarily the result of changes in volume rather than changes in prices.

The gross margin percentage for the total Company was 15.4% in the third quarter of 1999 and 14.3% for the same period of 1998. Rail products' gross margin percentage in the third quarter of 1999 was 15.6% versus 16.6% in the year earlier quarter. This decline is the result of a change in the mix of rail products sold. The gross margin percentage for construction products climbed to 17.3% in the third quarter of 1999 compared to 12.7% in the 1998 third quarter, which was negatively impacted by a $0.9 million provision for losses on certain sign structure contracts. Tubular products' gross margin percentage increased to 16.2% from 14.6% in the year earlier quarter, primarily due to the halting of production of lower margin coated pipe at the Company's Newport facility.

The Monitor Group had costs and expenses totaling $0.3 million in the third quarters of 1999 and 1998. Revenues for the third quarter of 1999 were negligible and no revenues were recorded in the third quarter of 1998. See Other Matters section of the MD&A for further discussion of the Monitor Group.

Selling and administrative expenses increased 25.8% in the 1999 third quarter in comparison to the same period last year principally due to expenses associated with the operation of CXT, acquired in June 1999. Interest expense increased over the year earlier quarter due primarily to an increase in outstanding borrowings for the acquisition of CXT. Other income included approximately $0.3 million of accrued interest and dividends on the Dakota, Minnesota and Eastern Railroad, (DM&E) notes and stock. The provision for income taxes was recorded at 37.0% in the third quarter of 1999, due to the implementation of tax planning strategies, compared to 39.9% in the 1998 third quarter.

FIRST NINE MONTHS OF 1999 RESULTS OF OPERATIONS

Net income for the first nine months of 1999 was $2.6 million or $0.26 per share on net sales of $175.6 million. This compares to a net income of $3.4 million or $0.33 per share on net sales of $158.6 million for the same period last year.

Rail products' net sales for the first nine months of 1999 were $106.1 million or 27.9% higher than sales in the same period of 1998. This increase is attributable to higher volume sales of new rail and transit products, as well as

additional sales from the recently acquired CXT subsidiary. Construction products' year to date net sales increased 26.3% from the same period of 1998, primarily as a result of sales generated by the Foster Geotechnical Division acquired in August of 1998. Net sales of tubular products declined 43.6% in 1999 compared to the first nine months of 1998 due primarily to the sale of the Company's Fosterweld Division and the closing of the Newport pipe coating facility.

The gross margin percentage for the Company in the first nine months of 1999 is 14.3% compared to 14.6% in the prior year. Rail products' gross margin percentage declined to 13.5% from 15.4% primarily due to a change in the mix of rail products sold. The gross margin percentage for construction products remained near 18.5% during the first nine months of both 1999 and 1998. Tubular products' gross margin percentage improved to 16.3% from 12.5% as a result of more efficient operations at the Langfield threading facility and the closing of the Newport pipe coating facility.

Selling and administrative expenses for 1999 increased 12.0% from the first nine months of 1998, primarily due to the operating expenses associated with CXT and the Company's Geotechnical Division, acquired in June 1999 and August 1998, respectively. Interest expense increased 56.7% due to an increase in outstanding borrowings for the acquisition of CXT. The provision for income taxes is recorded at 35.8% for the first nine months of 1999, due to the implementation of tax planning strategies, versus 40.0% in the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates internal cash flow from the sale of inventory and the collection of accounts receivable. During the first nine months of 1999 the average turnover rate for accounts receivable was lower than during the same period last year due to slower collections of certain rail and construction and tubular products' sales. The average turnover rate for inventory was higher in 1999 than in 1998, primarily for coated pipe products. Working capital at September 30, 1999 was $69.7 million compared to $54.9 million at December 31, 1998.

The Company completed the 500,000 share buy-back of its' common stock in January 1999. The cost of this program which commenced in 1997, was $2.8 million. During the first quarter of 1999, the Company announced another program to purchase up to an additional 1,000,000 shares. As of September 30, 1999, 225,298 shares had been purchased under this program at a cost of $1.3 million.

Year to date, the Company had total non-acquisition capital expenditures, including capital leases, of $4.7 million. Capital expenditures in 1999, excluding acquisitions, are expected to be approximately $6.9 million. This includes the creation of a $2.8 million piling storage yard near the Chaparral plant in Richmond, Virginia and the $1.0 million purchase of a welded rail delivery train. The acquisition of CXT included a $17.4 million purchase of stock and the assumption of $8.2 million of bank debt. Capital expenditures in 1999, excluding acquisitions, are anticipated to be funded by cash flows from operations.

Total revolving credit agreement borrowings at September 30, 1999 were $51.1 million, or an increase of $38.8 million from the end of the prior year. At September 30, 1999 the Company had $16.2 million in unused borrowing commitment. Outstanding letters of credit at September 30, 1999 were $2.6 million.

Management believes its internal and external sources of funds are adequate to meet anticipated needs.

In connection with the plant investment and anticipated working capital associated with the Chaparral piling sales program, and the acquisition of CXT, the Company increased its revolving credit agreement to $70.0 million. The interest rate is, at the Company's option, based on the prime rate, the domestic certificate of deposit rate (CD rate) or the Euro-bank rate (LIBOR). The interest rates are established quarterly based upon cash flow and the level of outstanding borrowings to debt as defined in the agreement. Interest rates range from prime, to prime plus .25%, the CD rate plus .575% to 1.8% and the LIBOR rate plus .575% to 1.8%. Borrowings under the agreement, which expires on July 1, 2003, are secured by eligible accounts, inventory and the pledge of the Company's DM&E Preferred stock.

The agreement includes financial covenants requiring a minimum net worth, a minimum level for the fixed charge coverage ratio and a maximum level for the consolidated total indebtedness to EBITDA ratio. The agreement restricts investments, indebtedness and the sale of certain assets.

DAKOTA, MINNESOTA & EASTERN RAILROAD

The Company maintains a significant investment in the DM&E, a privately held, regional railroad which operates over 1,100 miles of track in five states.

At December 31, 1998, the Company's investment in the stock was recorded in the Company's accounts at its historical cost of $1.7 million, comprised of $0.2 million of common stock and $1.5 million of the DM&E's Series B Preferred Stock and warrants. On January 13, 1999, the Company increased its investment in the DM&E by acquiring $6.0 million of DM&E Series C Preferred Stock and warrants. On a fully diluted basis, the Company owns approximately 16% of the DM&E's common stock. Although the market value of the DM&E stock is not readily determinable, management believes that this investment, regardless of the DM&E's Powder River Basin project, is worth significantly more than its historical cost.

The DM&E announced in June 1997 that it plans to build an extension from the DM&E's existing line into the low sulfur coal market of the Powder River Basin in Wyoming and to rebuild approximately 600 miles of existing track (the "Project"). The DM&E has also announced that the estimated cost of this project is $1.4 billion. Morgan Stanley & Co., Inc., was retained by the DM&E to assist in identifying strategic partners or potential acquirers of all or a portion of the equity of the DM&E.

The Project is subject to approval by the Surface Transportation Board (STB). In December 1998, the STB made a finding that the DM&E had satisfied the transportation aspects of applicable regulations. The STB still must address the extent and nature of the project's environmental impact and whether such impact can be adequately mitigated.
New construction on this project may not begin until the STB reaches a final decision.

The DM&E has stated that it could repay project debt and cover its operating costs if it captures a 5% market share in the Powder River Basin. If the Project proves to be viable, management believes that the value of the Company's investment in the DM&E could increase dramatically.

OTHER MATTERS

In May 1998, the Company acquired the assets of the Monitor Group for $2.5 million, of which $2.2 million was allocated to intangible assets. In addition, the Company has cumulatively funded operating and development expenses totaling $3.0 million at September 30, 1999, including $0.5 million for amortization of intangibles. Results to date have been well below management expectations. After a comprehensive review of Monitor Group's progress, management has decided to divest and reclassify the $1.8 million of Monitor Group's assets as held for resale. Management believes that ultimately, the disposition of Monitor Group will not materially affect the financial position or cash flows of the Company, although the outcome could be material to the reported results of operations for the period in which it occurs.

In September of 1998, the Company suspended production at its Newport, Kentucky pipe coating facility due to unfavorable market conditions. Management intends to dispose of the assets and has reclassified the machinery and equipment as assets held for resale.

The Company continues to explore the divestiture of its Mining Division which is comprised principally of the Company's facilities and inventory located at Pomeroy, Ohio and St. Marys, West Virginia.

On June 30, 1999, the Company acquired CXT. Based in Spokane, Washington, CXT is a manufacturer of engineered prestressed and precast concrete products primarily used in the railroad and transit industries. The addition of CXT is viewed by management as an opportunity to vertically integrate the Company's transit products segment and to increase the Company's product offerings to Class I railroads.

In August 1999, the Company executed an agreement to sell, subject to certain contingencies, an undeveloped 62 acre portion of a 127 acre Houston, Texas property for approximately $2.0 million. The sale, if consummated, is expected to be completed by year end and will not have a material impact on the Company's earnings.

In August 1999, the Company signed a letter of intent for the sale of real estate located in Doraville, Georgia for approximately $3.2 million. This real estate includes one building and approximately 28 acres of land.

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

YEAR 2000 IMPACT ON COMPUTER SYSTEMS

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

The Company installed integrated accounting and distribution software licensed from a national vendor in 1992 and has periodically installed updated releases of the software to take advantage of technological advances and improvements over prior releases in the ordinary course of business. The current releases of this vendor's software are year 2000 compliant. The Company installed the year 2000 compliant release including modifications unrelated to the year 2000 issue to suit the Company's business in May 1998. The Company completed the testing of these modifications and placed these systems in production in January 1999. Management does not anticipate any adverse impact in becoming year 2000 compliant. The costs associated with the installation of the year 2000 compliant release are considered by Management to be in the ordinary course of business and are not material to its financial results.

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

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

The most reasonably likely worse case scenario of failure by the Company or its suppliers or customers to resolve year 2000 problems would be a temporary inability on the part of the Company to timely process orders and to deliver finished products to customers. Delays in meeting customers' orders would affect the timing of billings to and payments received from customers in respect of orders and could result in other liabilities. Customers' year 2000 problems could also delay the timing of payments to the Company for orders.

OUTLOOK

Revenues from piling products declined following the closure of Bethlehem's structural mill, and continue to be at reduced levels as the Company's remaining sheet piling inventory is liquidated. The Company has become Chaparral Steel's exclusive North American distributor of steel sheet piling and "H" bearing pile. Shipments of "H" bearing pile began very late in the third quarter from Chaparral's new Richmond, Virginia facility while steel sheet piling production is not expected until March of next year.

The rail segment of the business depends on one source for fulfilling certain trackwork contracts. As of September 30, the Company has provided $10.9 million of working capital to this supplier in the form of loans and progress payments. If, for any reason, this supplier is unable to perform, the Company could experience a short-term negative effect on earnings.

A substantial portion of the Company's operations is heavily dependent on governmental funding of infrastructure projects. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on the operating results of the Company. Additionally, 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.

Although backlog is not necessarily indicative of future operating results, total Company backlog at September 30, 1999 was approximately $166.3 million. The following table provides the backlog by business segment:

	Backlog		
	September 30,		December 31,
(Dollars in thousands)	1999	1998	1998
(1) Rail Products	$121,367	$ 58,518	$ 62,481
Construction Products	43,351	22,585	42,542
Tubular Products excluding Fosterweld	1,543	6,409	3,541
Fosterweld		19	
Monitor Group			
Total Backlog	$166,261	$ 87,531	$108,564

(1) September 1999 includes $68.4 million associated with the recent acquisition of CXT.

MARKET RISK AND RISK MANAGEMENT POLICIES

The Company is not subject to significant exposure to change in foreign currency exchange rates. The Company does not hedge the cash flows of operations of its Canadian subsidiary. The Company manages its exposures to changes in foreign currency exchange rates on firm sales commitments by entering into foreign currency forward contracts. The Company's risk management objective is to reduce its exposure to the effects of changes in exchange rates on sales revenue over the duration of the transaction.

As of September 30, 1999, the Company had outstanding foreign currency forward contracts to purchase $0.15 million Canadian for $0.10 million US.

The Company is also exposed to changes in interest rates primarily from its long-term debt arrangements. The Company uses interest rate derivative instruments to manage exposure to interest rate changes.

The Company has entered into an interest rate swap agreement as the fixed rate payor to reduce the impact of changes in interest rates on a portion of its revolving borrowings. At September 30, 1999 the swap agreement had a notional value of $8,000,000 at 5.48%, and expires in January 2001. The swap agreement's floating rate is based on LIBOR. Any amounts paid or received under the agreement are recognized as adjustments to interest expense. Neither the fair market value of the agreement nor the interest expense adjustments associated with the agreement has been material.

FORWARD-LOOKING STATEMENTS

Statements relating to the potential value or viability of the DM&E or the Project, or management's belief as to such matters, are forward-looking statements and are subject to numerous contingencies and risk factors. The Company has based its assessment on information provided by the DM&E and has not

independently verified such information. In addition to matters mentioned above, factors which can adversely affect the value of the DM&E, its ability to complete the Project or the viability of the Project include the following: labor disputes, any inability to obtain necessary environmental and government approvals for the Project in a timely fashion, the expense of environmental mitigation measures required by the Surface Transportation Board, an inability to obtain financing for the Project, competitor's response to the Project, market demand for coal or electricity and changes in environmental laws and regulations.

The Company wishes to caution readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements made from time to time in news releases, reports, proxy statements, registration statements and other written communications (including the preceding sections of this Management's Discussion and Analysis), as well as oral statements made from time to time by representatives of the Company. Additional delays in Chaparral's production of "H" bearing pile or steel sheet piling would, for example have an adverse effect on the Company's performance. Except for historical information, matters discussed in such oral and written communications are forward-looking statements that involve risks and uncertainties, including but not limited to general business conditions, the availability of material from major suppliers, the impact of competition, the seasonality of the Company's business, taxes, inflation and governmental regulations. Sentences containing words such as "anticipates", "expects", or "will" generally should be considered forward-looking statements.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

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

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

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

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

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

4.0 Rights Agreement, dated as of May 15, 1997, between L.B. Foster Company and American Stock Transfer & Trust Company, including the form of Rights Certificate and the Summary of Rights attached thereto, filed as Exhibit 4A to Form 8-A dated May 23, 1997.

4.0.1 Amended Rights Agreement dated as of May 14, 1998, between L. B. Foster Company and American Stock Transfer & Trust Company, filed as Exhibit 4.0.1 to Form 10-Q for the quarter ended June 30, 1998.

4.1	Third Amended and Restated Loan Agreement by and among the Registrant and Mellon Bank, N.A., PNC Bank, National Association, and First Union National Bank dated as of June 30, 1999, filed as Exhibit 4.1 to Form 10-Q for the quarter ended June 30, 1999.
10.16	Lease between Registrant and Greentree Building Associates for Headquarters office, dated as of June 9, 1986, as amended to date, filed as Exhibit 10.16 to Form 10-K for the year ended December 31, 1988.
10.16.1	Amendment dated June 19, 1990 to lease between Registrant and Greentree Building Associates, filed as Exhibit 10.16.1 to Form 10-Q for the quarter ended June 30, 1990.
10.16.2	Amendment dated May 29, 1997 to lease between Registrant and Greentree Building Associates, filed as Exhibit 10.16.2 to Form 10-Q for the quarter ended June 30, 1997.
10.19	Lease between the Registrant and American Cast Iron Pipe Company for Pipe-Coating facility in Birmingham, Alabama dated December 11, 1991, filed as Exhibit 10.19 to Form 10-K for the year ended December 31, 1991.
10.19.1	Amendment to Lease between the Registrant and American Cast Iron Pipe Company for Pipe-Coating facility in Birmingham, Alabama dated April 15, 1997, filed as Exhibit 10.19.1 to Form 10-Q for the quarter ended March 31, 1997.
10.20	Asset Purchase Agreement, dated June 5, 1998, by and among the Registrant and Northwest Pipe Company, filed as Exhibit 10.0 to Form 8-K on June 18, 1998.
10.21	Stock Purchase Agreement dated June 3, 1999, by and among the Registrant and the shareholders of CXT Incorporated, filed as Exhibit 10.0 to Form 8-K on July 14, 1999.
10.33.2	Amended and Restated 1985 Long-Term Incentive Plan, as amended and restated February 26, 1997, filed as Exhibit 10.33.2 to Form 10-Q for the quarter ended June 30, 1997. **
10.34	Amended and Restated 1998 Long-Term Incentive Plan for Officers and Directors, as amended and restated February 24, 1999 and filed as Exhibit 10.34 to Form 10-K for the year ended December 31, 1998. **
10.45	Medical Reimbursement Plan, filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 1992. **
10.46	Leased Vehicle Plan, as amended to date, filed as Exhibit 10.46 to Form 10-K for the year ended December 31, 1997. **

10.50	L.B. Foster Company 1999 Incentive Compensation Plan, filed as Exhibit 10.50 to Form 10-K for the year ended December 31, 1998. **
10.51	Supplemental Executive Retirement Plan, filed as Exhibit 10.51 to Form 10-K for the year ended December 31, 1994. **
19	Exhibits marked with an asterisk are filed herewith.
* 27	Financial Data Schedule
**	Identifies management contract or compensatory plan or arrangement required to be filed as an Exhibit.

b) Reports on Form 8-K

On July 14, 1999 the Registrant filed a Current Report on Form 8-K announcing the June 30, 1999 purchase of all outstanding stock of CXT Incorporated.

SIGNATURE

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

L.B. FOSTER COMPANY
(Registrant)

Date: November 12, 1999

By /s/ Roger F. Nejes

Roger F. Nejes
Sr. Vice President-
Finance and Administration
& Chief Financial Officer
(Principal Financial Officer
and Duly Authorized Officer
of Registrant)

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