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

# FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) January 31, 2008

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

| Pennsylvania | 000-10436 | 25-1324733 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

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

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

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On January 31, 2008, L.B. Foster Company (the "Company") issued a press release announcing the Company's results of operations for the fourth quarter ended December 31, 2007. A copy of that press release is furnished with this report as Exhibit 99.1.

The information contained in this Current Report shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act"), as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities and Exchange Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release issued by L.B. Foster Company, January 31, 2008.

SIGNATURES

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

L.B. Foster Company
(Registrant)

Date: January 31, 2008

/s/ David J. Russo

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

EXHIBIT INDEX

| Exhibit Number | Description |
| --- | --- |
| 99.1 | Press Release dated January 31, 2008, of L. B. Foster Company. |

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PRESS RELEASE


L.B. Foster Company

415 Holiday Drive, Pittsburgh, PA 15220

Contact: Stan L. Hasselbusch

Phone: (412) 928-3417

FAX: (412) 928-7891

Email: investors@LBFosterCo.com


FOR IMMEDIATE RELEASE

L.B. FOSTER CLOSES OUT 2007

WITH ANOTHER RECORD QUARTER

PITTSBURGH, PA, January 31, 2008 - L.B. Foster Company (NASDAQ: FSTR), a leading manufacturer, fabricator, and distributor of products and services for rail, construction, energy and utility markets, today reported that its fourth quarter earnings per diluted share from continuing operations was $7.79. These results include a pre-tax gain related to the sale of the Company's investment in the DM&E Railroad of $122.9 million. Excluding this gain, earnings per diluted share from continuing operations were $0.81 compared to $0.27 in last year's fourth quarter, a 200% increase. This marks the twelfth consecutive quarter the Company has recorded an earnings increase over the prior year quarter.

2007 Fourth Quarter Results

In the fourth quarter of 2007, L.B. Foster had income from continuing operations of $86.2 million or $7.79 per diluted share compared to income from continuing operations of $3.0 million or $0.27 per diluted share in the fourth quarter of 2006.

Net sales increased 3% to $114.0 million compared to $110.5 million in the prior year quarter. Gross profit margin was 17.5%, up 440 basis points from the prior year quarter primarily as a result of increased billing margins, decreased unfavorable manufacturing variances and, to a lesser extent, decreased warranty expense.

Selling and administrative expenses increased $0.3 million or 4% over last year's quarter due primarily to increased employee related costs including salaries and benefits. Fourth quarter interest expense was $0.7 million, a 28% decrease from the prior year quarter due principally to decreased average borrowings as the Company has generated strong positive cash flows in the second, third and fourth quarters of 2007. The Company's income tax rate from continuing operations was 35.8% in the fourth quarter compared to 34.1% in the prior year quarter.

"Tubular and Rail Product sales were strong and operating margins were improved over last year. Construction Product sales were solid but below last year due primarily to decreased Piling sales," commented Stan Hasselbusch, President and Chief Executive Officer. "CXT Concrete Tie sales increased considerably over the prior year quarter due to higher volumes at our Tucson tie facility and increased production at our Grand Island tie facility. Relay Rail and Allegheny Rail Products sales were also strong. Last year a significant amount of Piling sales were deferred from the third quarter of 2006 to the fourth quarter due to customer delays. This resulted in the fourth quarter of 2006 being our strongest quarter for Piling sales which created a difficult comparison for this year's fourth quarter," remarked Mr. Hasselbusch.

2007 Full Year Results

For the twelve months ended December 31, 2007, L.B. Foster reported income from continuing operations of $110.7 million or $10.09 per diluted share compared to $10.7 million or $0.99 per diluted share in 2006. As mentioned above, 2007 results include a pre-tax gain related to the sale of the Company's investment in the DM&E Railroad of $122.9 million. The 2007 annual results also include an incremental $8.5 million of dividend income recorded in the third quarter related to the DM&E Railroad. Excluding these items, income from continuing operations was $25.0 million or $2.28 per diluted share, a 130% increase over 2006.

Income from discontinued operations for the twelve months ended December 31, 2006 was $2.8 million or $0.26 per diluted share and included a gain on the sale of our former Geotechnical Division of $3.0 million, which was recorded in the first quarter of 2006. Excluding the DM&E gain and dividend income referenced above, net income in 2007 was $25.0 million or $2.28 per diluted share compared to $13.5 million or $1.25 per diluted share in 2006.

Net sales for the twelve months of 2007 increased 31% to $509.0 million compared to $389.8 million in 2006. Gross profit margin was 15.0%, up 180 basis points from 2006, primarily as a result of increased billing margins.

Selling and administrative expenses increased $3.7 million or 11% over the prior year due primarily to employee related costs including salaries and incentive compensation. As a percentage of sales, selling and administrative expenses declined to 7.3% in 2007 compared to 8.6% of sales in 2006. Interest expense increased $0.6 million or 19% over the prior year due to increased average borrowings during the first half of the year. The Company's income tax rate from continuing operations was 34.3% compared to 32.1% in the prior year.

Excluding the unusual income items related to the Company's investment in the DM&E Railroad, cash provided from operations was approximately $11.7 million for the fourth quarter of 2007 and $41.4 million on a year-to-date basis, compared to cash used by operations of $15.0 million for the entire year in 2006. Capital expenditures were $5.3 million for 2007 compared to $17.0 million during the prior year.

"We expect to continue to generate positive cash flow from operations well in excess of our capital budget in 2008," commented Mr. Hasselbusch, who concluded by reporting, "Bookings for the year were $501.7 million, 16% higher than last year, although fourth quarter bookings were just 1% ahead of last year's fourth quarter. Our backlog at December 31, 2007 was $138.3 million, 2.1% lower than last year. While we currently anticipate the energy, rail and construction markets we participate in to be favorable, we expect 2008 sales and earnings to be influenced by: (i) expectations that our Coated Pipe volumes will be lower than 2007; (ii) reduced concrete tie production and sales at our Grand Island and Tucson tie facilities due to diminished demand by the Union Pacific Railroad and (iii) a reduction of Rail Distribution sales to the DM&E Railroad now that the DM&E is part of a Class One Railroad that typically buys new rail directly from the rail mills. On a positive note, we are optimistic about the remainder of our product mix including our Construction segment, where activity levels in our Piling, Fabricated Products and concrete buildings units are encouraging," Mr. Hasselbusch concluded by adding, "We continue to pursue initiatives across the organization to improve our core businesses while we actively pursue synergistic and accretive acquisitions."

L.B. Foster Company will conduct a conference call and webcast to discuss its fourth quarter 2007 operating results and general market activity and business conditions on Thursday, January 31, 2008 at 1:00pm ET. The call will be hosted by Mr. Stan Hasselbusch, President and Chief Executive Officer. Listen via audio on the L.B. Foster web site: www.lbfoster.com, by accessing the Investor Relations page.

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 in news releases, and other communications, including oral statements, such as references to future profitability, made from time to time by representatives of the Company. Specific risks and uncertainties that could affect the Company's profitability include, but are not limited to, general economic conditions, adequate funding for infrastructure projects, production delays or problems encountered at our manufacturing facilities, and the availability of existing and new piling and rail products. There are also no assurances that the Canadian Pacific Railway will proceed with the Powder River Basin project and trigger any contingent payments to L.B. Foster. Matters discussed in such communications are forward-looking statements that involve risks and uncertainties. Sentences containing words such as "anticipates," "expects," or "will," generally should be considered forward-looking statements. More detailed information on these and additional factors which could affect the Company's operating and financial results are described in the Company's Forms 10-K, 10-Q and other reports, filed or to be filed with the Securities and Exchange Commission. The Company urges all interested parties to read these reports to gain a better understanding of the many business and other risks that the Company faces. The forward-looking statements contained in this press release are made only as of the date hereof, and the Company undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| | (unaudited) | | (unaudited) | |
| NET SALES | $114,015 | $110,452 | $508,981 | $389,788 |
| COSTS AND EXPENSES: | | | | |
| Cost of goods sold | 94,054 | 96,000 | 432,598 | 338,197 |
| Selling and administrative expenses | 9,322 | 8,996 | 37,403 | 33,657 |
| Interest expense | 700 | 975 | 4,031 | 3,390 |
| Dividend income | - | (247) | (9,214) | (990) |
| Gain on sale of DM&E investment | (122,885) | - | (122,885) | - |
| Interest income | (1,175) | (3) | (1,196) | (4) |
| Other income | (226) | 191 | (267) | (251) |
| | (20,210) | 105,912 | 340,470 | 373,999 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 134,225 | 4,540 | 168,511 | 15,789 |
| INCOME TAX EXPENSE | 47,991 | 1,550 | 57,787 | 5,074 |
| INCOME FROM CONTINUING OPERATIONS | 86,234 | 2,990 | 110,724 | 10,715 |
| DISCONTINUED OPERATIONS: | | | | |
| (LOSS) INCOME FROM DISCONTINUED OPERATIONS | (2) | (43) | (47) | 3,153 |
| INCOME TAX (BENEFIT) EXPENSE | - | (19) | (16) | 338 |
| (LOSS) INCOME FROM DISCONTINUED OPERATIONS | (2) | (24) | (31) | 2,815 |
| NET INCOME | $ 86,232 | $ 2,966 | $110,693 | $ 13,530 |
| BASIC EARNINGS PER COMMON SHARE: | | | | |
| FROM CONTINUING OPERATIONS | $7.98 | $0.28 | $10.39 | $1.03 |
| FROM DISCONTINUED OPERATIONS | (0.00) | (0.00) | (0.00) | 0.27 |
| BASIC EARNINGS PER COMMON SHARE | $7.98 | $0.28 | $10.39 | $1.30 |
| DILUTED EARNINGS PER COMMON SHARE: | | | | |
| FROM CONTINUING OPERATIONS | $7.79 | $0.27 | $10.09 | $0.99 |
| FROM DISCONTINUED OPERATIONS | (0.00) | (0.00) | (0.00) | 0.26 |
| DILUTED EARNINGS PER COMMON SHARE | $7.79 | $0.27 | $10.09 | $1.25 |
| AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC | 10,806 | 10,529 | 10,653 | 10,403 |
| AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED | 11,068 | 10,877 | 10,970 | 10,809 |

L. B. Foster Company and Subsidiaries
Consolidated Balance Sheet
(In thousands)

| | December 31, 2007 | December 31, 2006 |
|---|---|---|
| ASSETS | (unaudited) | |
| CURRENT ASSETS: | | |
| Cash and cash items | $121,097 | $ 1,309 |
| Accounts and notes receivable: | | |
| Trade | 52,856 | 60,771 |
| Other | 754 | 779 |
| Inventories | 102,447 | 99,803 |
| Current deferred tax assets | 3,615 | 2,653 |
| Other current assets | 1,131 | 1,133 |
| Property held for resale | 2,497 | - |
| Prepaid income tax | - | 836 |
| Total Current Assets | 284,397 | 167,284 |
| OTHER ASSETS: | | |
| Property, plant & equipment-net | 44,136 | 49,919 |
| Goodwill | 350 | 350 |
| Other intangibles - net | 50 | 62 |
| Investments | - | 16,676 |
| Deferred tax assets | 1,508 | 1,149 |
| Other non-current assets | 331 | 393 |
| Total Other Assets | 46,375 | 68,549 |
| | $330,772 | $235,833 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current maturities on long-term debt | $ 6,191 | $ 3,105 |
| Short-term borrowings | - | 726 |
| Accounts payable-trade and other | 53,489 | 57,446 |
| Accrued payroll and employee benefits | 11,490 | 6,892 |
| Current deferred tax liabilities | 3,541 | 3,203 |
| Other accrued liabilities | 8,841 | 4,215 |
| Current liabilities of discontinued operations | 200 | 235 |
| Total Current Liabilities | 83,752 | 75,822 |
| LONG-TERM BORROWINGS | - | 39,161 |
| LONG-TERM DEBT, TERM LOAN | 16,190 | - |
| OTHER LONG-TERM DEBT | 11,866 | 15,112 |
| DEFERRED TAX LIABILITIES | 1,973 | 1,853 |
| OTHER LONG-TERM LIABILITIES | 3,165 | 5,852 |
| STOCKHOLDERS' EQUITY: | | |
| Class A Common stock | 109 | 105 |
| Paid-in capital | 45,147 | 39,696 |
| Retained earnings | 169,314 | 58,843 |
| Accumulated other comprehensive loss | (744) | (611) |
| Total Stockholders' Equity | 213,826 | 98,033 |
| | $330,772 | $235,833 |