

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)      October 23, 2008 (October 23, 2008)  
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L. B. Foster Company

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(Exact name of registrant as specified in its charter)

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

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

Registrant's telephone number, including area code      (412) 928-3417  
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(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 October 23, 2008, L.B. Foster Company (the "Company") issued a press release announcing the Company's results of operations for the third quarter ended September 30, 2008. 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, October 23, 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  
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(Registrant)

Date: October 23, 2008  
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/s/ David J. Russo  
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David J. Russo  
Senior Vice President,  
Chief Financial Officer and Treasurer

EXHIBIT INDEX

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Exhibit Number

Description

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99.1	Press Release dated October 23, 2008, of L. B. Foster Company.
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L.B. Foster Company

415 Holiday Drive, Pittsburgh, PA 15220

Contact: David J. Russo

Phone: (412) 928-3417

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FOR IMMEDIATE RELEASE

L.B. FOSTER REPORTS INCREASED SALES  
AND INCREASED ADJUSTED OPERATING RESULTS

PITTSBURGH, PA, October 23, 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 net sales increased 7.2% to \$145.6 million compared to \$135.8 million in the prior year quarter. Gross profit margin was 15.6%, up 14 basis points from the prior year quarter primarily as a result of increased billing margins and decreased unfavorable manufacturing variances partially offset by increased LIFO expense. Third quarter LIFO expense was approximately \$5.1 million compared to \$0.6 million in the prior year.

2008 Third Quarter Results

In the third quarter of 2008, L.B. Foster had income from continuing operations of \$8.1 million or \$0.76 per diluted share compared to income from continuing operations of \$14.5 million or \$1.32 per diluted share in the third quarter of 2007. The prior year third quarter results included \$8.5 million of incremental dividend income related to the sale of the Company's investment in the DM&E Railroad. Excluding this incremental dividend income, income from continuing operations was \$7.0 million or \$0.64 per diluted share in the third quarter of 2007. Accordingly, the third quarter of 2008 was \$0.12 per share or 19% higher than the 2007 third quarter adjusted earnings per diluted share.

Selling and administrative expenses increased \$0.2 million or 2.0% over last year's quarter due primarily to increased salaries and advertising expenses. Third quarter interest expense was \$0.5 million, a 46% decrease from the prior year quarter due principally to decreased average borrowings as the Company generated strong positive cash flows in the second half of 2007. The Company also generated \$0.6 million of investment income in the third quarter of 2008. The Company's income tax rate from continuing operations was 35.9% in the third quarter compared to 22.8% in the prior year quarter. The low tax rate in the prior year third quarter was due to the fact that only 30% of the incremental \$8.5 million of dividend income was taxable.

"We are pleased to report that sales increased 7.2% in the third quarter as compared to the prior year. This increase was driven by Construction Products and Rail Products. While our Tubular segment was off of last year's brisk sales pace, it continues to have a very strong year. Gross profit margins increased slightly over the prior year quarter, but fell short of first half margins due primarily to increased LIFO expense. Bookings for the quarter totaled \$115.8 million compared to \$119.3 million last year and backlog is \$178.9 million, up 7.9% from last year. Due to efficiencies, our plants and yards continued to perform extremely well even in certain areas where activity levels have declined," commented Stan Hasselbusch, President and Chief Executive Officer. Mr. Hasselbusch also announced, "L.B. Foster purchased 156,547 shares of its stock during the third quarter for approximately \$6.0 million and an additional 224,400 shares in early October for approximately \$4.9 million pursuant to a share repurchase program authorized by our Board of Directors in May 2008. Our 2008 Foster share purchases now total \$24.8 million of the \$25.0 million authorized."

2008 Nine Month Results

For the nine months ended September 30, 2008, L.B. Foster reported income from

continuing operations of \$22.1 million or \$2.01 per diluted share. These results include a \$2.0 million first quarter pretax gain related to a favorable working capital adjustment pursuant to the prior year sale of the Company's investment in the DM&E Railroad, as well as a \$1.5 million pretax gain on the sale and lease-back of our threaded products facility in Houston, Texas. Excluding these gains and the aforementioned 2007 incremental dividend income, earnings per diluted share from continuing operations were \$1.82 compared to \$1.55 in 2007, an increase of 17%.

Net sales for the nine months of 2008 decreased 6.6% to \$368.8 million compared to \$395.0 million in 2007. Gross profit margin was 16.3%, up 200 basis points from 2007, primarily as a result of increased billing margins and improved manufacturing variances, partially offset by increased LIFO expense.

Selling and administrative expenses increased \$1.3 million or 4.8% over the prior year due primarily to salaries, benefits and advertising. Interest expense decreased \$1.8 million from the prior year due principally to decreased average borrowings. The Company's income tax rate from continuing operations was 36.4% compared to 28.6% in the prior year.

Cash provided from operations was approximately \$12.3 million for the third quarter of 2008 compared to a \$24.4 million in the third quarter of 2007. Third quarter capital expenditures were \$0.9 million compared to \$1.1 million during the prior year quarter. Year-to-date capital expenditures were \$4.0 million, \$0.2 million higher than 2007. "We continue to expect to generate positive cash flows from operations well in excess of our capital expenditures in 2008," noted Mr. Hasselbusch as he concluded, "We have strong liquidity, access to credit and we continue to exercise prudence and look for value as we target synergistic and accretive acquisitions."

L.B. Foster Company will conduct a conference call and webcast to discuss its third quarter 2008 operating results and general market activity and business conditions on Thursday, October 23, 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](http://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, sudden and/or sharp declines in steel prices, 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 related to the Company's sale of its investment in the DM&E. 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 September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
NET SALES	\$145,550	\$135,753	\$368,824	\$394,966
COSTS AND EXPENSES:				
Cost of goods sold	122,843	114,759	308,611	338,544
Selling and administrative expenses	10,092	9,890	29,417	28,081
Interest expense	500	926	1,543	3,331
Dividend income	-	(8,719)	-	(9,214)
Gain on sale of DM&E investment	-	-	(2,022)	-
Gain on sale of property	-	-	(1,486)	-
Interest income	(617)	(15)	(2,018)	(21)
Other expense (income)	48	62	64	(41)
	-----	-----	-----	-----
	132,866	116,903	334,109	360,680
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	12,684	18,850	34,715	34,286
INCOME TAXES	4,558	4,301	12,626	9,796
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS, NET OF TAX	8,126	14,549	22,089	24,490
DISCONTINUED OPERATIONS:				
LOSS FROM DISCONTINUED OPERATIONS	-	(26)	-	(45)
INCOME TAX BENEFIT	-	(8)	-	(16)
	-----	-----	-----	-----
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	-	(18)	-	(29)
NET INCOME	\$8,126	\$14,531	\$22,089	\$24,461
	=====	=====	=====	=====
BASIC EARNINGS PER COMMON SHARE:				
FROM CONTINUING OPERATIONS	\$0.77	\$1.37	\$2.04	\$2.31
FROM DISCONTINUED OPERATIONS	0.00	(0.00)	0.00	(0.00)
	-----	-----	-----	-----
BASIC EARNINGS PER COMMON SHARE	\$0.77	\$1.36	\$2.04	\$2.31
	=====	=====	=====	=====
DILUTED EARNINGS PER COMMON SHARE:				
FROM CONTINUING OPERATIONS	\$0.76	\$1.32	\$2.01	\$2.24
FROM DISCONTINUED OPERATIONS	0.00	(0.00)	0.00	(0.00)
	-----	-----	-----	-----
DILUTED EARNINGS PER COMMON SHARE	\$0.76	\$1.32	\$2.01	\$2.24
	=====	=====	=====	=====
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	10,561	10,654	10,812	10,601
	=====	=====	=====	=====
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	10,695	10,990	10,963	10,941
	=====	=====	=====	=====

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

	September 30, 2008	December 31, 2007
	----- (Unaudited)	-----
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
-----		
Cash and cash items	\$111,755	\$121,097
Accounts and notes receivable:		
Trade	68,865	52,856
Other	567	754
Inventories	120,336	102,447
Current deferred tax assets	3,553	3,615
Other current assets	1,304	1,131
Property held for resale	-	2,497
	-----	-----
Total Current Assets	306,380	284,397
	-----	-----
<b>OTHER ASSETS:</b>		
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Property, plant & equipment-net	41,361	44,136
Goodwill	350	350
Other intangibles - net	41	50
Deferred tax assets	1,434	1,411
Other non-current assets	392	428
	-----	-----
Total Other Assets	43,578	46,375
	-----	-----
	\$349,958	\$330,772
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
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Current maturities on long-term debt	\$5,833	\$6,191
Short-term borrowings	238	-
Accounts payable-trade and other	76,664	53,489
Accrued payroll and employee benefits	7,269	11,490
Current deferred tax liabilities	3,541	3,541
Other accrued liabilities	7,321	8,841
Current liabilities of discontinued operations	200	200
	-----	-----
Total Current Liabilities	101,066	83,752
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LONG-TERM DEBT, TERM LOAN	14,048	16,190
	-----	-----
OTHER LONG-TERM DEBT	9,169	11,866
	-----	-----
DEFERRED TAX LIABILITIES	1,638	1,638
	-----	-----
OTHER LONG-TERM LIABILITIES	5,190	3,500
	-----	-----
<b>STOCKHOLDERS' EQUITY:</b>		
-----		
Class A Common stock	110	109
Paid-in capital	47,798	45,147
Retained earnings	191,403	169,314
Treasury stock	(19,830)	-
Accumulated other comprehensive loss	(634)	(744)
	-----	-----
Total Stockholders' Equity	218,847	213,826
	-----	-----
	\$349,958	\$330,772
	=====	=====



