

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) March 3, 2006

L.B. Foster Company

(Exact name of registrant as specified in its charter)

Pennsylvania 000-10436 25-1324733
(State or other jurisdiction (Commission (I.R.S. Employer
of incorporation) File Number) 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

None

(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 1.01

2006 Management Incentive Plan

On March 3, 2006, Registrant's board of directors, upon the recommendation of its Compensation Committee (the "Committee"), approved the 2006 Management Incentive Plan (the "Plan").

Participants in the Plan are assigned initial target percentages ranging from 5% to 45%. For example, the Registrant's President and Chief Executive Officer's initial target percentage is 45% and the remainder of the Registrant's five most highly compensated employees' target percentages range from 30% to 35%.

Target awards will be calculated by multiplying the participant's target percentage by the participant's base compensation in 2006. Target awards are then allocated between "corporate" and/or applicable operating units and/or departmental/individual goals. For example, the President and Chief Executive Officer's target award is 100% allocated to corporate; the Sr. Vice President and Chief Financial Officer's target award is 80% allocated to corporate and is 20% allocated to departmental/individual goals; and the Sr. Vice President - Rail Products' target award is 20% allocated to corporate, 60% allocated to his operating unit and 20% allocated to departmental/individual goals.

Participants' actual incentive awards are then calculated by multiplying the target award by a percentage (the "Performance Percentage") based upon the Registrant's consolidated results (with respect to "corporate") and/or the applicable operating units' pre-tax income (in both cases subject to certain adjustments and herein "incentive income") compared to their respective planned pre-tax income (herein "planned incentive income").

For example, if an operating unit's incentive income was 125% of its planned incentive income, the participant's portion of target award allocated to the operating unit's performance would be 130% of the allocated target award. Target awards are, however, subject to adjustment under the circumstances described below.

The sum of all awards attributable to an operating unit or corporate may not exceed 16% of corporate's or the applicable operating unit's incentive income when corporate's or the applicable operating unit's incentive income is 100% or less of corporate's or the operating unit's respective planned incentive income. In addition, if corporate's or an operating unit's incentive income exceeds 100% of applicable planned incentive income, target awards are, if necessary, adjusted so that the sum of the resulting target awards allocated to the operating unit or to corporate does not exceed 16% of the Registrant's or the applicable operating unit's planned incentive income; this adjusted target award is then multiplied by the Performance Percentage.

The Chief Executive Officer may reduce any incentive award by 25%.

The Plan also provides for discretionary awards equal to the sum of: (i) \$100,000; (ii) amounts not paid because the individual was terminated for cause or resigned prior to the date incentive awards were paid under the Plan; (iii) the amount of any reduction in incentive awards made by the Chief Executive Officer and (iv) any amount which was not paid due to a failure to achieve a department/individual goals.

Any discretionary awards to executive officers must be approved by the Committee. Payment of awards under the Plan shall be made on or before March 15, 2007 and the completion of the Registrant's 2006 financial statement audit.

Awards Under 2005 Management Incentive Plan

On March 3, 2006, the Board of Directors, upon the recommendation of the Committee, approved final awards under the Company's 2005 Management Incentive Plan (the "2005 Plan") with respect to the Registrant's 2005 fiscal year. The awards were based upon criteria set forth in the 2005 Plan which included overall corporate performance, operating unit performance, achievement of departmental/individual goals and a discretionary component. With respect to the Registrant's named executive officers for 2005, Stan L. Hasselbusch, Chief Executive Officer and President received \$225,779, David J. Russo, Sr. Vice President, Chief Financial Officer and Treasurer received \$116,218, Mr. Samuel K. Fisher, Sr. Vice President - Rail received \$112,069, Donald L. Foster, Sr. Vice President - Construction Products received \$109,790 and David L. Voltz, Vice President, General Counsel and Secretary received \$77,397. Mr. Hasselbusch's bonus was based entirely on Registrant's overall corporate performance compared to plan.

Item 9.01 Exhibits

10.55 2006 Management Incentive Compensation Plan

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: March 8, 2006

/s/David J. Russo

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

Exhibit Index

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Exhibit Number

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Description

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10.55	2006 Management Incentive Compensation Plan
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L. B. FOSTER COMPANY 2006
MANAGEMENT INCENTIVE COMPENSATION PLAN

I. PURPOSE

This Plan is designed to motivate employees to achieve goals, to reward employees who achieve such goals and to improve corporate performance.

II. CERTAIN DEFINITIONS

The terms below shall be defined as follows for the purposes of this Plan. The definitions shall be subject to such adjustments as, from time to time, may be made, by the Committee.

- 2.1 "Base Compensation" shall mean the total base salary, rounded to the nearest whole dollar, actually paid to a Participant during the Fiscal Year, excluding payment of overtime, incentive compensation, commissions, reimbursement of expenses, severance, car allowances or any other payments not deemed part of a Participant's base salary; provided, however, that the Participant's contributions to the Corporation's Voluntary Investment Plan shall be included in Base Compensation. Base Compensation for Participants who die, retire or are terminated shall include only such compensation paid to such during the fiscal year with respect to the period prior to death, retirement or termination.
- 2.2 "Committee" shall mean the Compensation Committee of the Board of Directors and any successors thereto.
- 2.3 "Corporation" shall mean L. B. Foster Company and those subsidiaries thereof in which L.B. Foster Company owns 100% of the outstanding common stock.
- 2.4 "Department/Individual Goals" are those goals approved by the Chief Executive Officer and utilized to establish incentive awards pursuant to Section 4.3
- 2.5 "Fiscal Year" means the 2006 calendar year.
- 2.6 "Incentive Award" shall mean the payment made to a Participant under this Plan, after and/or subject to adjustments under this Plan.
- 2.7 "Incentive Income" shall mean the pre-tax income (after, inter alia, deductions for benefits payable under the annual sales incentive and profit sharing plans) for the Corporation or, as applicable, for an Operating Unit for the Fiscal Year, but determined in accordance with generally-accepted accounting principles, excluding (i) benefits payable under this Plan; (ii) dividends and related interest with respect to Dakota Minnesota & Eastern Railroad Corporation preferred stock to the extent not included in the Corporation's Planned Incentive Income; and (iii) any portion of gains or losses arising from transactions not in the ordinary course of business which the Committee, in its sole discretion, determines to exclude.
- 2.8 "Operating Unit" shall mean the following units or divisions which are reported in the Company's internal financial statements: CXT Rail, CXT Buildings, Foster Coated Pipe, Threaded Products, Rail Products (excluding CXT Rail), Piling and Fabricated Products, subject to such adjustments as may be made by the Chief Executive Officer.
- 2.9 "Participant" shall mean a salaried employee of the Corporation who satisfies all of the eligibility requirements set forth in Article III hereof.
- 2.10 "Plan" shall mean the L. B. Foster Company Management Incentive Compensation Plan, which Plan shall be in effect with respect to the Fiscal Year.
- 2.11 "Planned Incentive Income" shall mean, as applicable, Incentive Income for the Corporation and each Operating Unit as approved by the Corporation's Board of Directors.
- 2.12 "Target Award" shall mean the product of a Participant's Base Compensation multiplied by said Participant's Target Percentage.
- 2.13 "Target Percentage" shall mean those percentages assigned to Participants pursuant to Section 4.1 hereof.

III. ELIGIBILITY

Unless changed or amended by the Committee, an employee shall be deemed a Participant in the Plan only if all of the following requirements are satisfied:

- 3.1 A Participant must be a salaried employee (but excluding an employee whose sole title is Chairman of the Board) of the Corporation, at a grade level set forth in Section 4.1 or as otherwise approved both by the Corporation's Chairman of the Board and Chief Executive Officer, for at least six (6) months of the entire fiscal year, unless deceased or retired.
- 3.2 A Participant may not have: (i) been terminated for cause; (ii) voluntarily have resigned (other than due to retirement with the Company's consent) prior to the date Individual Incentive Awards are paid; (iii), unless the Corporation agrees in writing that the employee shall remain a Participant in this Plan, been terminated for any reason whatsoever and have received money from the Corporation in connection with said termination, or (iv) have been primarily employed by Natmaya or Fosmart during the Fiscal Year.
- 3.3 A Participant's Target Percentage shall be based on the Participant's Grade Level on July 1, 2006. Those Participants who have retired or died prior to July 1, 2006 shall have a Target Percentage based upon their grade level at death or retirement.
- 3.4 A Participant may not, unless agreed to in writing by the Chief Executive Officer, be a participant in any other incentive plan maintained by the Corporation, other than the Corporation's stock option plans.
- 3.5 As used herein, "cause" to terminate employment shall exist upon (i) the failure of an employee to substantially perform his duties with the Corporation; (ii) the engaging by an employee in any criminal act or in other conduct injurious to the Corporation; or (iii) the failure of an employee to follow the reasonable directives of the employee's superior(s).

IV. CALCULATION OF INCENTIVE AWARDS

4.1 Eligibility and Target Percentages. Each Participant shall have a Target Percentage based upon the grade level of such Participant, as follows:

2006 MIP ELIGIBILITY AND TARGET PERCENTAGES

MANAGEMENT GRADE LEVEL	TARGET PERCENTAGE
GRADE X28	5%
GRADE X29	10%
GRADE X30	15%
GRADE X31	20%
GRADE X32	20%
GRADE X33	20%
GRADE 040	20%
GRADE 041	20%
GRADE 042	30%
GRADE 043	35%
GRADE 050	45%

Other employees selected, in writing, by the Corporation's Chairman of the Board and Chief Executive Officer may also be made Participants in the Plan on such terms as may be approved by the Chairman of the Board and Chief Executive Officer.

4.2 Thresholds. The following table shows how Incentive Awards are calculated, prior to adjustment and to limitations under this Plan:

Actual Performance, based on Percentage of Planned Incentive Income Achieved	Unadjusted Incentive Award, as Percentage of Lower of Target Award or Target Award at Incentive Planned Income
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Outstanding	Corporate	Operating Unit
160% and over	200%	200%
155%	190%	190%
150%	180%	180%
145%	170%	170%
140%	160%	160%
135%	150%	150%
130%	140%	140%
125%	130%	130%
Exceeding		
120%	120%	120%
115%	115%	115%
110%	110%	110%
105%	105%	105%
Target		
100%	100%	100%
Threshold		
90%	80%	80%
80%	60%	60%
70%	40%	

The calculation of "Unadjusted Incentive Award" in the second and third columns of the above table shall be adjusted proportionately to reflect "Percentage of Income Achieved" between the levels in the table. For example, if Corporate achieved 73% of "Planned Incentive Income", the percentage in the second column would be deemed to be 46%; if Corporate achieved 137% of "Planned Incentive Income" the percentage in the second column would be deemed to be 154%.

4.3 Allocated Target Awards. For purposes of calculating Incentive Awards, a Participant's Target Award shall be allocated as follows, which allocations shall be approved by the Chief Executive Officer.

	Corporate	Operating Unit	Department/Individual Goals
CEO	100%		
Operating Unit Heads	20%	60%	20%
Corporate	80%		20%
General Managers & other Participants with a grade level X30 & above	20%	60%	20%
Other Participants		80%	20%

4.4 Limitations and Adjustments to Awards. The portion of a Participant's Target Award allocated to "Department/Individual Goals" shall be adjusted to the same extent that the Participant's Target Award(s) allocated to Corporate or Operating Units are adjusted under Sections 4.2 and 4.4 based upon the primary allocation of the Participant's Target Award between Corporate and Operating Units(s).

All Incentive Awards attributable to an Operating Unit or to Corporate (including Incentive Awards attributable to Department/Individual Goals) may not exceed 16% of the applicable Operating Unit's or Corporate's actual

Incentive Income when Corporate or the Operating Unit, as applicable, attains 100% or less of its Planned Incentive Income. Such Incentive Awards allocated to an Operating Unit or to Corporate, if necessary, shall be proportionately adjusted downward so that the sum of such resulting Incentive Awards does not exceed 16% of the applicable Corporate's or Operating Unit's actual Incentive Income.

If Incentive Income exceeds 100% of Planned Incentive Income, the Incentive Award shall be adjusted by (i) proportionately adjusting downward, if necessary, the Incentive Awards allocated to the Operating Unit or Corporate so that the sum of the resulting Incentive Awards allocated to the Operating Unit or Corporate does not exceed 16% of the applicable Corporate or Operating Unit's Planned Incentive Income; and then (ii) by multiplying the Incentive Award that would have been paid at Planned Incentive Income by the applicable percentage in the right hand column of the table in Section 4.2.

Incentive awards attributable to an Operating Unit are not adjusted under this Section 4.4 based upon overall Corporate Incentive Income, but instead are adjusted based on such Operating Unit's Incentive Income.

The Chief Executive Officer may, in his discretion, reduce any Incentive Awards payable under this Plan by up to 25% and the total amount of such reduction(s) shall be added to the amount available for discretionary awards under Article V.

- 4.5 Department/Individual Goals. Determinations on the achievement of Department/Individual Goals shall be approved by the Chief Executive Officer.

Example 1:

General Manager Smith works for CXT Buildings and has a Target Award of \$18,000 (i.e. Base Compensation of \$90,000 and a 20% Target Percentage). In 2006, the Corporation earns \$7,000,000 of Incentive Income, which is 100% of its Planned Incentive Income and CXT Buildings earns \$2,000,000 of Incentive Income which is 125% of its Planned Incentive Income (\$1,600,000). The CEO determines that Mr. Smith has achieved 1/2 of his Department/Individual goals. Mr. Smith's Incentive Award (ignoring the 16% limits and the CEO's ability to adjust upward or downward), would be calculated as follows:

- a. \$ 3,600 of Mr. Smith's Target Award (20% X \$18,000) would be allocated to Corporate. Assuming that Corporate total awards do not exceed 16% of the Corporation's Incentive Income and since Corporate achieved 100% of its Planned Incentive Income, Mr. Smith would receive \$ 3,600 from the Corporate allocation. See Sec. 4.2.
- b. \$ 10,800 of the Target Award (or 60% of \$18,000) would be allocated to the Operating Unit. Since CXT Buildings earned 125% of Planned Income, Mr. Smith would receive \$14,040 (\$10,800 X 130%) from the Operating Unit allocation.
- c. \$3,600 (or 20% of \$18,000) was allocated to individual/departamental Goals. Since Mr. Smith's Target Award was primarily allocated to an Operating Unit, Mr. Smith would have been eligible to receive a maximum of \$4,680 (\$3,600 X 130%) from the achievement of individual/departamental goals. Since Mr. Smith achieved 50% of his goals, he would receive \$2,340 from the individual/departamental goals allocation.
- d. Mr. Smith's total Incentive Award would be \$19,980.

Example 2:

Same facts as Example 1, except that: (i) the total of all unadjusted Incentive Awards (without reference to 16% limitations and with CXT Buildings Incentive Income being 125% of its Planned Income of \$1,600,000) based on Target Awards allocated to CXT Buildings would have been \$450,000; and (ii) the total Incentive Awards payable from Corporate, without adjustment, would have been \$600,000. Mr. Smith's Incentive Award would be calculated as follows:

- a. Mr. Smith's Corporate allocation would be unaffected by the 16% caps since the maximum Corporate allocation would be 16% X \$7,000,000, or \$1,120,000, which exceeds the \$600,000 of Incentive Awards payable from Corporate; Mr. Smith would receive \$3,600 from his Corporate allocation.
- b. If CXT Buildings had achieved its Planned Incentive Income of \$1,600,000 its maximum aggregate Incentive Awards could not have exceeded \$256,000 (\$1,600,000 X 16%). Since CXT Buildings achieved 125% of its Planned Incentive Income, the total Incentive Awards would be limited to \$256,000 X 130%, see Sec. 4.2, or \$332,800. Accordingly, Mr. Smith would receive 74% (\$332,800 / \$450,000) of the unadjusted \$16,380 (\$14,040 + \$2,340, see (b)

and (c) of Example 1), or \$12,121 from the Operating Unit allocation.

c. Mr. Smith's total Incentive Award would be \$15,721.

Example 3:

Same facts as Example 2, except that General Manager Smith works for Fabricated Products which has a planned loss for 2006:

- a. Mr. Smith's Corporate allocation would be unaffected and he would receive \$3,600 from the Corporate allocation.
- b. Fabricated Product's maximum aggregate Incentive Awards at Planned Incentive Income are negative and the only award Mr. Smith would be eligible to receive, other than Mr. Smith's corporate allocation, would be a discretionary award under Article V below.
- c. Mr. Smith's total Incentive Award would be \$3,600; plus any discretionary award under Article V.

The examples are for illustrative purposes only and do not contain the Company's or any Operating Unit's actual Planned Incentive Income.

V. DISCRETIONARY AWARDS

An amount shall be available for discretionary awards equal to the sum of (i) \$100,000; (ii) the amount which would have been paid except that an individual was not a Participant due to such individual's failure to satisfy the requirements of Sections 3.2(i) or 3.2(ii); (iii) the amount of any reduction in Incentive Awards made by the Chief Executive Officer under Section 4.4; and (iv) any amount, otherwise available for payment, that was not paid due to a failure to achieve Department/Individual goals pursuant to Sections 4.3 and 4.4. Discretionary awards shall be determined by the Chief Executive Officer, except that any discretionary awards to officers, elected by the Board of Directors, must be approved by the Committee. Amounts available under this Article V, but not paid, shall remain the Corporation's property.

VI. PAYMENT OF AWARDS

Payment of Individual Incentive Awards will be made on or before the later of March 15, 2007 or the completion of the audit for the Corporation's Fiscal Year.

VII. ADMINISTRATION AND INTERPRETATION OF THE PLAN

The Chief Executive Officer, if there is a dispute, shall determine the Operating Unit(s) that will receive credit for any sale and/or how credit for any sale is to be allocated among any Operating Units. The Chief Executive Officer's decisions are subject to final review by the Committee if the Committee requests such review.

A determination by the Committee in carrying out, administering or interpreting this Plan shall be final and binding for all purposes and upon all interested persons and their heirs, successors and personal representatives.

The Committee may, from time to time, amend the Plan;.

The Chief Executive Officer may delegate any of his duties herein.

The Corporation's Internal Audit Department will review and verify the calculation of Incentive Awards.