

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) September 5, 2007 (September 5, 2007)

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 8.01 Other Events

On September 5, 2007, L.B. Foster Company (the "Company") issued a press release to announce that the Canadian Pacific Railway Limited has reached an agreement to acquire the Dakota Minnesota and Eastern Railroad in which the Company holds a minority equity interest. 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

(c) Exhibits

99.1 Press Release issued by L.B. Foster Company, September 5, 2007.

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: September 5, 2007

/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 September 5, 2007, of L. B. Foster Company.

L.B. Foster Company

415 Holiday Drive, Pittsburgh, PA 15220

Contact: Lee B. Foster II

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FOR IMMEDIATE RELEASE

Foster Announces Sale of DM&E Interest

PITTSBURGH, PA, September 5, 2007 - L.B. Foster Company ("Foster") (Nasdaq: FSTR), today announced that the Canadian Pacific Railway Limited ("CP") has reached an agreement to acquire the Dakota Minnesota and Eastern Railroad ("DM&E") in which Foster holds a minority equity interest. The deal consists of a \$1.48 billion cash payment at closing and future contingent payments of up to approximately US \$1 billion. Future contingent payments of US \$350 million become due if construction starts on the Powder River Basin Expansion project prior to December 31, 2025. Further future contingent payments of up to approximately US \$700 million will become due upon the movement of specified volumes of coal from the Powder River Basin over the Powder River Basin extension prior to December 31, 2025.

For Foster, the acquisition will result in a payment of approximately \$151.5 million at closing (\$14.24/share), approximately \$41.6 million (\$3.90/share) upon commencement of construction of the PRB, and up to \$84.2 million (\$7.90/share) upon achieving milestones related to PRB coal tonnage thresholds. The above numbers, which are subject to adjustments both before and after closing, are all pretax except for the payment at closing which will include approximately \$17.4 million of return of investment and accrued dividends.

"This is a wonderful outcome for the L.B. Foster Company", stated Lee B. Foster, the Company's Chairman. "We were privileged to be a part of the formation of the DM&E in 1986 and to witness and participate in its growth from an abandoned property of the Chicago and Northwestern Railroad to the nation's largest regional railroad with a valuable franchise to extend its operation into Wyoming's Powder River Basin. Kevin Schieffer's leadership as well as the determination and imagination of the management team and the Board of Directors of the DM&E have resulted in a success story unparalleled in modern railroading."

"The Canadian Pacific was the DM&E's natural partner" continued Mr. Foster, "and their commitment to the PRB was an important element of the M&A process. This is truly a winning solution for all involved."

Fully committed acquisition financing has been obtained by the Canadian Pacific and the closing is expected within 30 to 60 days. The CP/DM&E transaction is subject to review and approval by U.S. Surface Transportation Board (STB), during which time the shares of DM&E will be placed into an independent voting trust. The review process is expected to take less than a year, at which time the operation is expected to become part of CP's U.S. network. The voting trust is required by US law so that CP does not exercise control over DM&E prior to approval of the transaction by the STB.

"With the impending sale of the DM&E, an interesting and profitable chapter in the history of L.B. Foster comes to an end," commented Stan Hasselbusch, President and CEO. "We are obviously very pleased with the terms of the sale and I am especially enthusiastic about the future of L.B. Foster and the flexibility that the proceeds described above afford us."

"The proceeds generated from this transaction will be used to pay down certain debt and help fuel key long term strategic growth initiatives designed to bring continued profitability and maximize value to our shareholders", Mr. Hasselbusch concluded.

L.B. Foster Company will conduct a conference call and webcast to discuss this transaction on Friday, September 7, 2007 at 10:00 am ET. The call will be hosted by Mr. Lee Foster, Chairman. Listen via audio on the L.B. Foster Website: www.lbfoster.com by accessing the Investor Relations page. If you are unable to

listen to the live webcast, it will be archived on L.B. Foster's website under the Investor Relations page for 7 days. The replay can also be heard via telephone at (888) 286-8010 by entering passcode #78935985.

L.B. Foster Company is a leading manufacturer, fabricator, and distributor of products for the rail, construction and utility and energy markets with approximately 30 locations throughout the United States.

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 this announcement include, but are not limited to, the contingent payments will not be paid unless the Canadian Pacific pursues the Powder River Basin Expansion project, and if the Canadian Pacific undertakes the project, there are no assurances that it will achieve the coal tonnage levels necessary for further payments. 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.