

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 26, 2006

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 October 26, 2006, L.B. Foster Company (the "Company") issued a press release announcing the Company's results of operations for the third quarter ended September 30, 2006. 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, October 26, 2006.

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: October 26, 2006

/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 October 26, 2006, of L. B. Foster Company.

L. B. Foster Company

415 Holiday Drive, Pittsburgh, PA 15220

Contact: Stan L. Hasselbusch

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FOR IMMEDIATE RELEASE

L. B. FOSTER COMPANY

REPORTS CONTINUED STRONG EARNINGS IMPROVEMENT IN

THIRD QUARTER

PITTSBURGH, PA, October 26, 2006 - L.B. Foster Company (NASDAQ: FSTR), a leading manufacturer, fabricator, and distributor of rail, construction, and tubular products, today reported that its third quarter earnings per diluted share from continuing operations increased to \$0.32 from \$0.21, a 52% increase, the seventh consecutive quarter the Company has recorded an earnings increase over the prior year quarter.

2006 Third Quarter Results

In the third quarter of 2006, L. B. Foster had earnings per diluted share of 34 cents and net income of \$3.7 million compared to 22 cents per diluted share and net income of \$2.3 million in the third quarter of 2005. The Company reported \$0.3 million of income from discontinued operations, which reflects the winding down of our former Geotechnical Division, that was sold in the first quarter of 2006. Diluted earnings per share from continuing operations were 32 cents on earnings of \$3.4 million compared to 21 cents on earnings of \$2.2 million in 2005.

Net sales increased 5% to \$95.9 million compared to \$90.9 million in the prior year quarter.

Gross profit margin was 14.5%, up 260 basis points from the prior year quarter primarily as a result of increased billing margins.

Selling and administrative expenses increased \$0.9 million or 13% over last year's quarter due primarily to employee related costs and benefit expenses. Third quarter interest expense increased \$0.1 million over the prior year due to increased interest rates and increased borrowings. The increase in borrowings was due primarily to an increase in working capital requirements as well as higher than typical capital investments made during the past three quarters. The Company's income tax rate from continuing operations was 32.2% in the third quarter compared to 31.5% in the prior year quarter.

"Rail Products continued to deliver strong sales and more importantly, improved gross profit margins. Our concrete tie business results improved over last year due to strong activity at our Spokane and Grand Island facilities. Our precast buildings business also contributed significantly improved margins on moderately increased sales and our Fabricated Products Division continued its improvement over last year's third quarter as well as the first two quarters of this year," remarked Stan Hasselbusch, President and Chief Executive Officer. "We are also pleased to report that our Tucson concrete tie facility has recently ramped up production of concrete ties as it nears the completion of its commissioning period." added Mr. Hasselbusch.

2006 Year-to-Date Results

In the first nine months of 2006, L.B. Foster had income from continuing operations of \$7.7 million or 72 cents per diluted share compared to \$4.4 million or 42 cents per diluted share for the first nine months of 2005. Income from discontinued operations for the first nine months of 2006 was \$2.8 million which includes the gain on the sale of our former Geotechnical Division of \$3.0 million, reduced by a \$0.2 million loss from operations and wind down costs. The discontinued operations income tax provision was favorably affected by the release of a valuation allowance recorded in 2003 related to a capital loss carryforward.

Net sales for the first nine months of 2006 increased 12% to \$279.3 million compared to \$249.3 million in 2005. Gross profit margin was 13.3%, up 190 basis points from the first nine months of 2005, primarily as a result of increased billing margins.

Selling and administrative expenses increased \$3.5 million or 16% over the same prior year period due primarily to employee related costs and benefit expenses. Interest expense increased \$0.6 million over the prior year due to increased interest rates and increased borrowings. The Company's income tax rate from continuing operations was 31.3% compared to 32.5% in the prior year.

Cash used by operations was approximately \$7.0 million for the first nine months of 2006, due to an expected ramp up in activity in anticipation of a seasonally strong spring/summer period, however third quarter cash generated from operations was \$7.3 million. Capital expenditures for the first nine months were

\$12.8 million as we have substantially completed the construction of our Tucson concrete tie facility.

Mr. Hasselbusch concluded, "Overall business activity remains strong and is reflected in our third quarter order bookings. Bookings for the first nine months were \$344 million, 24% higher than the same period last year. Backlog at September 30, 2006 was \$171 million, 62% higher than last year, which we expect to translate into a strong fourth quarter."

L. B. Foster Company will conduct a conference call and webcast to discuss its third quarter operating results on Thursday, October 26, 2006 at 11:00am 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, the potential value of the Dakota Minnesota & Eastern Railroad, delays or problems encountered during construction or implementation at our concrete tie facilities, and the continued availability of existing and new piling and rail products. 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,	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
NET SALES	\$95,868	\$90,915	\$279,336	\$249,260
COSTS AND EXPENSES:				
Cost of goods sold	81,978	80,079	242,197	220,952
Selling and administrative expenses	8,245	7,316	24,661	21,194
Interest expense	892	778	2,415	1,775
Other income	(322)	(478)	(1,186)	(1,205)
	90,793	87,695	268,087	242,716
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	5,075	3,220	11,249	6,544
INCOME TAXES	1,635	1,013	3,524	2,125
INCOME FROM CONTINUING OPERATIONS, NET OF TAX	3,440	2,207	7,725	4,419
DISCONTINUED OPERATIONS:				
INCOME FROM DISCONTINUED OPERATIONS	495	206	3,196	232
INCOME TAXES	237	65	357	77
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	258	141	2,839	155
NET INCOME	\$3,698	\$2,348	\$10,564	\$4,574
BASIC EARNINGS PER COMMON SHARE:				
FROM CONTINUING OPERATIONS	\$0.33	\$0.22	\$0.75	\$0.44
FROM DISCONTINUED OPERATIONS	0.02	0.01	0.27	0.02
BASIC EARNINGS PER COMMON SHARE	\$0.35	\$0.23	\$1.02	\$0.45
DILUTED EARNINGS PER COMMON SHARE:				
FROM CONTINUING OPERATIONS	\$0.32	\$0.21	\$0.72	\$0.42
FROM DISCONTINUED OPERATIONS	0.02	0.01	0.26	0.01

DILUTED EARNINGS PER COMMON SHARE	<u>-----</u> \$0.34 <u>=====</u>	<u>-----</u> \$0.22 <u>=====</u>	<u>-----</u> \$0.98 <u>=====</u>	<u>-----</u> \$0.44 <u>=====</u>
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	<u>-----</u> 10,510 <u>=====</u>	<u>-----</u> 10,150 <u>=====</u>	<u>-----</u> 10,360 <u>=====</u>	<u>-----</u> 10,101 <u>=====</u>
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	<u>-----</u> 10,872 <u>=====</u>	<u>-----</u> 10,534 <u>=====</u>	<u>-----</u> 10,780 <u>=====</u>	<u>-----</u> 10,453 <u>=====</u>

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

	September 30, 2006 ----- (Unaudited)	December 31, 2005 -----
ASSETS		
CURRENT ASSETS:		

Cash and cash items	\$3,764	\$1,596
Accounts and notes receivable:		
Trade	50,407	44,087
Other	480	1,354
Inventories	80,410	67,044
Current deferred tax assets	1,779	1,779
Other current assets	1,219	703
Prepaid income tax	2,901	582
Current assets of discontinued operations	-	3,867
	-----	-----
Total Current Assets	140,960	121,012
	-----	-----
OTHER ASSETS:		

Property, plant & equipment-net	49,891	38,761
Goodwill	350	350
Other intangibles - net	83	144
Investments	16,429	15,687
Deferred tax assets	1,228	1,183
Other non-current assets	384	177
Assets of discontinued operations	-	1,554
	-----	-----
Total Other Assets	68,365	57,856
	-----	-----
	\$209,325	\$178,868
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		

Current maturities on long-term debt	\$2,169	\$1,759
Short-term borrowings	8,059	5,881
Accounts payable-trade and other	45,643	41,087
Accrued payroll and employee benefits	5,410	5,875
Current deferred tax liabilities	4,845	4,845
Other accrued liabilities	2,002	3,710
Current liabilities of discontinued operations	285	1,760
	-----	-----
Total Current Liabilities	68,413	64,917
	-----	-----
LONG-TERM BORROWINGS	30,625	20,848
	-----	-----
OTHER LONG-TERM DEBT	9,773	8,428
	-----	-----
DEFERRED TAX LIABILITIES	1,615	1,615
	-----	-----
OTHER LONG-TERM LIABILITIES	4,134	3,071
	-----	-----
STOCKHOLDERS' EQUITY:		

Class A Common stock	105	102
Paid-in Capital	39,698	35,598
Retained Earnings	55,877	45,313
Treasury Stock	-	(126)
Accumulated Other Comprehensive Loss	(915)	(898)
	-----	-----
Total Stockholders' Equity	94,765	79,989
	-----	-----
	\$209,325	\$178,868
	=====	=====