

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549
FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the quarterly period ended March 31, 2015

Or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the transition period from _____ to _____

Commission File Number: 0-10436

L.B. Foster Company

(Exact name of Registrant as specified in its charter)

Pennsylvania
(State of Incorporation)

25-1324733
(I. R. S. Employer
Identification No.)

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

15220
(Zip Code)

(412) 928-3400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, Par Value \$.01

Outstanding at May 1, 2015
10,390,155 Shares

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L.B. FOSTER COMPANY AND SUBSIDIARIES

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L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	March 31, 2015 (Unaudited)	December 31, 2014		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 37,550	\$ 52,024		
Accounts receivable - net	93,468	90,178		
Inventories - net	105,686	95,089		
Current deferred tax assets	4,440	3,497		
Prepaid income tax	3,190	2,790		
Other current assets	8,334	4,101		
Total current assets	252,668	247,679		
Property, plant, and equipment - net			125,141	74,802
Other assets:				
Goodwill	215,130	82,949		
Other intangibles - net	93,646	82,134		
Investments	5,907	5,824		
Other assets	3,234	1,733		
Total assets	\$695,726	\$ 495,121		
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 56,764	\$ 67,166		
Deferred revenue	8,010	8,034		
Accrued payroll and employee benefits	9,984	13,419		
Accrued warranty	10,344	11,500		
Current maturities of long-term debt	675	676		
Current deferred tax liabilities	77	77		
Other accrued liabilities	11,892	7,899		
Total current liabilities	97,746	108,771		
Long-term debt	217,560	25,752		
Deferred tax liabilities	27,990	10,945		
Other long-term liabilities	16,934	13,765		
Stockholders' equity:				
Common stock, par value \$.01, authorized 20,000,000 shares; shares issued at March 31, 2015 and December 31, 2014, 11,115,779; shares outstanding at March 31, 2015 and December 31, 2014, 10,278,801 and 10,242,405, respectively	111	111		
Paid-in capital	46,966	48,115		
Retained earnings	326,541	322,672		
Treasury stock - at cost, common stock, shares at March 31, 2015 and December 31, 2014, 836,978 and 873,374, respectively	(21,932)	(23,118)		
Accumulated other comprehensive loss	(16,190)	(11,892)		
Total stockholders' equity	335,496	335,888		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$695,726	\$ 495,121		

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share data)

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
Net sales	\$ 137,907	\$ 111,414
Cost of goods sold	107,254	87,287
Gross profit	30,653	24,127
Selling and administrative expenses	22,251	18,025
Amortization expense	2,157	1,141
Interest expense	613	123
Interest income	(57)	(144)
Equity in income of nonconsolidated investments	(173)	(204)
Other income	(803)	(135)
	<u>23,988</u>	<u>18,806</u>
Income before income taxes	6,665	5,321
Income tax expense	2,380	1,672
Net income	<u>\$ 4,285</u>	<u>\$ 3,649</u>
Basic earnings per common share	<u>\$ 0.42</u>	<u>\$ 0.36</u>
Diluted earnings per common share	<u>\$ 0.41</u>	<u>\$ 0.35</u>
Dividends paid per common share	<u>\$ 0.04</u>	<u>\$ 0.03</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Three Months Ended	
	March 31,	
	2015	2014
	(Unaudited)	
Net income	\$ 4,285	\$ 3,649
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustment	(4,387)	(1,750)
Reclassification of pension liability adjustments to earnings, net of tax expense of \$46 and \$21 *	89	41
Other comprehensive loss, net of tax	(4,298)	(1,709)
Comprehensive (loss) income	<u>\$ (13)</u>	<u>\$ 1,940</u>

* Reclassifications out of accumulated other comprehensive income for pension obligations are charged to selling and administrative expense.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended	
	March 31,	
	2015	2014
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,285	\$ 3,649
Adjustments to reconcile net income to cash provided by operating activities:		
Deferred income taxes	(206)	(195)
Depreciation and amortization	4,776	2,902
Equity in income of nonconsolidated investments	(173)	(204)
Loss on sales and disposals of property, plant, and equipment	—	12
Share-based compensation	620	575
Excess income tax benefit from share-based compensation	(310)	(85)
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	16,044	31,574
Inventories	(8,276)	(833)
Other current assets	(1,059)	(1,755)
Prepaid income tax	(745)	450
Other noncurrent assets	(1,429)	43
Dividends from LB Pipe & Coupling Products, LLC	90	90
Accounts payable	(12,478)	(2,568)
Deferred revenue	(1,083)	1,401
Accrued payroll and employee benefits	(5,540)	(3,135)
Other current liabilities	(1,928)	(330)
Other liabilities	(17)	595
Net cash (used) provided by operating activities	<u>(7,429)</u>	<u>32,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of property, plant, and equipment	4	184
Capital expenditures on property, plant, and equipment	(4,466)	(3,499)
Acquisitions, net of cash acquired	<u>(189,200)</u>	<u>(495)</u>
Net cash used by investing activities	<u>(193,662)</u>	<u>(3,810)</u>

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands)

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(28,084)	(19)
Proceeds from long-term debt	219,891	316
Proceeds from exercise of stock options and stock awards	68	—
Financing fees	(1,670)	—
Treasury stock acquisitions	(962)	(747)
Cash dividends on common stock paid to shareholders	(416)	(309)
Excess income tax benefit from share-based compensation	310	85
Net cash provided (used) by financing activities	<u>189,137</u>	<u>(674)</u>
Effect of exchange rate changes on cash and cash equivalents	(2,520)	(1,194)
Net (decrease) increase in cash and cash equivalents	(14,474)	26,508
Cash and cash equivalents at beginning of period	52,024	64,623
Cash and cash equivalents at end of period	<u>\$ 37,550</u>	<u>\$ 91,131</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 288</u>	<u>\$ 87</u>
Income taxes paid	<u>\$ 3,551</u>	<u>\$ 1,480</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

L.B. FOSTER COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. FINANCIAL STATEMENTS

(Dollars in thousands, except share data)

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all estimates and adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. However, actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. Amounts included in the balance sheet as of December 31, 2014 were derived from our audited balance sheet. This Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. In this Quarterly Report on Form 10-Q, references to "Foster," "we," "us," "our," and the "Company" refer collectively to L.B. Foster and its consolidated subsidiaries.

Recently issued accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," ("ASU 2014-09"), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, "Revenue Recognition." ASU 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. The Company is currently evaluating its implementation approach and assessing the impact of ASU 2014-09 on our financial position and results of operations.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," ("ASU 2015- 03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnote disclosures.

Reclassifications

Certain amounts in previously issued financial statements have been reclassified to conform to the current period presentation.

2. BUSINESS SEGMENTS

The Company is a leading manufacturer, fabricator, and distributor of products and services for rail, construction, energy, and utility markets. The Company is organized and evaluated by product group, which is the basis for identifying reportable segments. Each segment represents a revenue-producing component of the Company for which separate financial information is produced internally and is subject to evaluation by the Company's chief operating decision maker in deciding how to allocate resources. Each segment is evaluated based upon their contribution to the Company's consolidated results based upon segment profit.

As a result of recently completed acquisitions, during the first quarter of 2015, the Company renamed the Rail Products and Tubular Products business segments to Rail Products and Services and Tubular and Energy Services, respectively. The name changes principally relate to adjacent market growth which has created a platform to enhance our product and service offerings within the rail and energy markets. Excluding the addition of current year acquisitions, there were no changes to the divisions that have been aggregated within the segments nor were there changes to the historical reportable segment results.

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The following table illustrates revenues and profits from operations of the Company by segment for the periods indicated:

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
	Net Sales	Segment Profit	Net Sales	Segment Profit
Rail Products and Services	\$ 77,676	\$ 6,072	\$ 73,496	\$ 5,316
Construction Products	34,290	1,228	27,383	1,216
Tubular and Energy Services	25,941	1,958	10,535	586
Total	<u>\$ 137,907</u>	<u>\$ 9,258</u>	<u>\$ 111,414</u>	<u>\$ 7,118</u>

Segment profits from operations, as shown above, include internal cost of capital charges for assets used in the segment at a rate of generally 1% per month. There has been no change in the measurement of segment profit from operations from December 31, 2014. The internal cost of capital charges are eliminated during the consolidation process.

The following table provides a reconciliation of reportable segment net profit from operations to the Company's consolidated total:

	Three Months Ended March 31,	
	2015	2014
Income for reportable segments	\$ 9,258	\$ 7,118
Interest expense	(613)	(123)
Interest income	57	144
Other income	803	135
LIFO expense	(6)	(4)
Equity in income of nonconsolidated investments	173	204
Corporate expense, cost of capital elimination, and other unallocated charges	(3,007)	(2,153)
Income before income taxes	<u>\$ 6,665</u>	<u>\$ 5,321</u>

The following table illustrates assets of the Company by segment:

	March 31, 2015	December 31, 2014
	Rail Products and Services	\$ 248,870
Construction Products	93,617	102,978
Tubular and Energy Services	323,472	130,289
Unallocated corporate assets	38,062	30,192
LIFO	(8,295)	(8,289)
Total	<u>\$ 695,726</u>	<u>\$ 495,121</u>

3. ACQUISITIONS

Inspection Oilfield Services (IOS)

On March 13, 2015, the Company acquired IOS Holdings, Inc. for approximately \$166,933, net of cash acquired and an estimated working capital receivable adjustment of \$2,834. The purchase agreement includes an earn-out provision for the seller to generate an additional \$60,000 of proceeds upon achieving certain levels of EBITDA during the three year period beginning on January 1, 2015. As of March 31, 2015, the Company has not been able to estimate the earn-out

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proceeds that are expected to be earned. Approximately \$7,600 of the purchase price is held in escrow to satisfy potential indemnity claims made under the purchase agreement. IOS is a leading independent provider of tubular management services with operations in every significant oil and gas producing region in the continental United States. The acquisition has been included within our Tubular and Energy Services segment from the date of acquisition through March 31, 2015.

Tew Holdings, LTD

On January 13, 2015, the Company acquired Tew Holdings, LTD (Tew) for \$26,424, net of cash acquired. The purchase price includes an estimated \$4,156 related to working capital and net debt adjustments. The non-domestic cash payment includes approximately \$600 which is held in escrow to satisfy potential indemnity claims made under the purchase agreement. Headquartered in Nottingham, UK, Tew provides application engineering solutions primarily to the rail market and other major industries. The results of Tew's operations have been included within the Rail Products and Services segment from the date of acquisition through March 31, 2015.

Chemtec Energy Services, L.L.C.

On December 30, 2014, the Company acquired Chemtec Energy Services, L.L.C. (Chemtec) for \$66,719, net of cash received, which is inclusive of \$1,867 related to working capital adjustments. The cash payment included \$5,000 which is held in escrow to satisfy potential indemnity claims made under the purchase agreement. Chemtec is a domestic manufacturer and turnkey provider of blending, injection, and metering equipment for the oil and gas industry. The acquired business is included within our Tubular and Energy Services segment.

FWO

On October 29, 2014, the Company acquired FWO, a business of Balfour Beatty Rail GmbH for \$1,103, inclusive of a \$161 post-closing working capital receivable adjustment. FWO is engaged in the electronic track lubrication and maintenance business and has been included in our Rail Products and Services segment.

Carr Concrete

On July 7, 2014, the Company acquired Carr Concrete Corporation (Carr) for \$12,480, inclusive of a \$189 post-closing purchase price adjustment. Carr is a provider of pre-stressed and precast concrete products located in Waverly, WV and the transaction was funded with cash on hand. Included within the purchase price is \$1,000 which is held in escrow to satisfy potential indemnity claims made under the purchase agreement. The results of Carr's operations are included in our Construction Products segment.

Acquisition Summary

Each transaction was accounted for under the acquisition method of accounting under U.S. generally accepted accounting principles which requires an acquiring entity to recognize, with limited exceptions, all of the assets acquired and liabilities assumed in a transaction at fair value as of the acquisition date. Goodwill primarily represents the value paid for each acquisition's enhancement to the Company's product and service offerings and capabilities, as well as a premium payment related to the ability to control the acquired assets. The Company has concluded that intangible assets and goodwill values resulting from the Chemtec, FWO, and Carr transactions will be deductible for tax purposes. Acquisition related costs for the three-month period ended March 31, 2015 were \$370.

The following unaudited pro forma consolidated income statement presents the Company's results as if the acquisitions of IOS, Tew, and Chemtec had occurred on January 1, 2014 exclusive of the incremental amortization, depreciation, and other fair value adjustments for IOS, as the Company has not yet completed the necessary fair value appraisals to quantify those adjustments:

	Three months ended	
	March 31, 2015	March 31, 2014
Net sales	\$ 153,981	\$ 160,118
Gross profit	35,125	39,526
Net income	4,331	7,534
Diluted earnings per share		
As Reported	\$ 0.41	\$ 0.35
Pro forma	\$ 0.42	\$ 0.73

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The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition:

<u>Allocation of Purchase Price</u>	March 13, 2015 - IOS	January 13, 2015 - Tew	December 30, 2014 - Chemtec	October 29, 2014 - FWO	July 7, 2014 - Carr
Current assets	\$ 19,104	\$ 11,957	\$ 15,528	\$ 131	\$ 3,180
Other assets	90	—	—	—	45
Property, plant, and equipment	47,968	2,398	4,705	—	7,648
Goodwill	123,412	9,079	22,302	971	1,936
Other intangibles	—	14,048	33,130	419	1,348
Liabilities assumed	(22,341)	(6,647)	(6,756)	(418)	(1,677)
Total	\$ 168,233	\$ 30,835	\$ 68,909	\$ 1,103	\$ 12,480

The purchase price allocations for Tew, Chemtec, and FWO are based on preliminary valuations. If new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement recognized for assets or liabilities assumed, the Company will retrospectively adjust the amounts recognized as of the acquisition date.

The fair values of the assets acquired and liabilities assumed for the IOS acquisition have been preliminarily estimated based upon their carrying value as the Company has not had sufficient time to properly determine the fair values. The Company is currently working with third party valuation firms to determine fair values of acquired inventory, property, plant, and equipment, identified intangible assets, and lease obligations. Upon completion of the valuation procedures, the Company will adjust the fair values and the related impact on deferred taxes. Revisions to the estimates, including the estimated earn-out consideration, will be made as fair values are determined within the measurement period. As a result, the Company has not recorded amortization expense related to intangible assets and will adjust amortization during the second quarter 2015. The excess consideration has been preliminarily allocated to goodwill and will be adjusted as the Company finalizes its valuation process and allocates the purchase price to the various acquired assets.

Intangible asset values for the 2014 acquisition of Carr were finalized during 2015.

The following table summarizes the estimates of the fair values and amortizable lives of the identifiable intangible assets acquired:

<u>Intangible Asset</u>	January 13, 2015 - Tew	December 30, 2014 - Chemtec	October 29, 2014 - FWO	July 7, 2014 - Carr
Trade name	\$ 870	\$ 3,149	\$ —	\$ 613
Customer relationships	10,035	23,934	34	524
Technology	2,480	4,930	341	87
Non-competition agreements	663	1,117	44	124
Total identified intangible assets	\$ 14,048	\$ 33,130	\$ 419	\$ 1,348

4. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table represents the goodwill balance by reportable segment:

	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Balance at December 31, 2014	\$ 38,956	\$ 5,147	\$ 38,846	\$ 82,949
Acquisitions	9,079	—	123,412	132,491
Foreign currency translation impact	(310)	—	—	(310)
Balance at March 31, 2015	\$ 47,725	\$ 5,147	\$ 162,258	\$ 215,130

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The Company performs goodwill impairment tests annually unless it is determined that it is more likely than not that the fair value of a reporting unit is less than the carrying amount. Qualitative factors are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount as a basis for determining whether it is necessary to perform interim goodwill impairment test. No goodwill impairment test was required in connection with these evaluations for the three months ended March 31, 2015. The Company performs its annual evaluation of the carrying value of its goodwill during the fourth quarter.

The following table represents the gross intangible assets balance by reportable segment:

	2015	2014
Rail Products and Services	\$ 58,417	\$44,781
Construction Products	3,178	3,178
Tubular and Energy Services	47,812	47,812
	<u>\$109,407</u>	<u>\$95,771</u>

The components of the Company's intangible assets are as follows:

	March 31, 2015			
	Weighted Average Amortization In Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Non-compete agreements	5	\$ 4,786	\$ (941)	\$ 3,845
Patents	10	523	(163)	360
Customer relationships	17	54,247	(5,579)	48,668
Supplier relationships	5	350	(285)	65
Trademarks and trade names	14	11,616	(2,093)	9,523
Technology	14	37,885	(6,700)	31,185
		<u>\$109,407</u>	<u>\$ (15,761)</u>	<u>\$93,646</u>

	December 31, 2014			
	Weighted Average Amortization In Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Non-compete agreements	5	\$ 4,143	\$ (705)	\$ 3,438
Patents	10	564	(189)	375
Customer relationships	19	44,450	(4,679)	39,771
Supplier relationships	5	350	(268)	82
Trademarks and trade names	14	10,765	(1,855)	8,910
Technology	14	35,499	(5,941)	29,558
		<u>\$95,771</u>	<u>\$ (13,637)</u>	<u>\$82,134</u>

Intangible assets are amortized over their useful lives ranging from 5 to 25 years, with a total weighted average amortization period of approximately 15 years. Amortization expense from operations for the three-month periods ended March 31, 2015 and 2014 was \$2,157 and \$1,141, respectively.

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Estimated amortization expense for the remainder of 2015 and the years 2016 and thereafter is as follows:

	<u>Amortization Expense</u>
2015	\$ 6,325
2016	8,441
2017	8,410
2018	8,305
2019	7,584
2020 and thereafter	54,581
	<u>\$ 93,646</u>

5. ACCOUNTS RECEIVABLE

Credit is extended based upon an evaluation of the customer's financial condition and while collateral is not required, the Company often receives surety bonds that guarantee payment. Credit terms are consistent with industry standards and practices. Trade accounts receivable at March 31, 2015 and December 31, 2014 have been reduced by an allowance for doubtful accounts of \$1,215 and \$1,036, respectively.

6. INVENTORIES

Inventories of the Company at March 31, 2015 and December 31, 2014 are summarized in the following table:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Finished goods	\$ 75,165	\$ 65,335
Work-in-process	13,713	16,188
Raw materials	25,103	21,855
Total inventories at current costs	113,981	103,378
Less: LIFO reserve	(8,295)	(8,289)
	<u>\$105,686</u>	<u>\$ 95,089</u>

Inventory is generally valued at the lower of last-in, first-out (LIFO) cost or market. Other inventories of the Company are valued at average cost or market, whichever is lower. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels and costs at that time. Interim LIFO calculations are based on management's estimates of expected year-end levels and costs.

7. INVESTMENTS

The Company is a member of a joint venture, LB Pipe & Coupling Products, LLC (LB Pipe JV), in which it maintains a 45% ownership interest. The LB Pipe JV manufactures, markets, and sells various precision coupling products for the energy, utility, and construction markets and is scheduled to terminate on June 30, 2019.

Under applicable guidance for variable interest entities in ASC 810, "Consolidation," the Company determined that the LB Pipe JV is a variable interest entity. The Company concluded that it is not the primary beneficiary of the variable interest entity, as the Company does not have a controlling financial interest and does not have the power to direct the activities that most significantly impact the economic performance of the LB Pipe JV. Accordingly, the Company concluded that the equity method of accounting remains appropriate.

As of March 31, 2015 and December 31, 2014, the Company had a nonconsolidated equity method investment of \$5,845 and \$5,746, respectively, in the LB Pipe JV and other investments totaling \$62 and \$78, respectively.

The Company recorded equity in the income of the LB Pipe JV of approximately \$189 and \$204 for the three months ended March 31, 2015 and 2014, respectively. During the periods ending March 31, 2015 and 2014 the Company received cash distributions of \$90. There were no changes to the Company's 45% ownership interest as a result of the proportional distribution.

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The Company's exposure to loss results from its capital contributions, net of the Company's share of the LB Pipe JV's income or loss, and its net investment in the direct financing lease covering the facility used by the LB Pipe JV for its operations. The carrying amounts with the maximum exposure to loss of the Company at March 31, 2015 and December 31, 2014, respectively, are as follows:

	March 31, 2015	December 31, 2014
LB Pipe JV equity method investment	\$ 5,845	\$ 5,746
Net investment in direct financing lease	1,087	1,117
	<u>\$ 6,932</u>	<u>\$ 6,863</u>

The Company is leasing five acres of land and two facilities to the LB Pipe JV through June 30, 2019, with a 5.5 year renewal period. The current monthly lease payments approximate \$17, with a balloon payment of approximately \$488, which is required to be paid either at the termination of the lease, allocated over the renewal period, or during the initial term of the lease. This lease qualifies as a direct financing lease under the applicable guidance in ASC 840-30, "Leases."

The following is a schedule of the direct financing minimum lease payments for the remainder of 2015 and the years 2016 and thereafter:

	Minimum Lease Payments
2015	\$ 92
2016	131
2017	140
2018	150
2019	574
2020 and thereafter	—
	<u>\$ 1,087</u>

8. DEFERRED REVENUE

Deferred revenue of \$8,010 and \$8,034 as of March 31, 2015 and December 31, 2014, respectively, consists of customer payments received for which the revenue recognition criteria have not yet been met. The Company has significantly fulfilled its obligations under the contracts and the customers have paid, but due to the Company's continuing involvement with the material, revenue is precluded from being recognized until title passes to the customer.

9. LONG-TERM DEBT

United States

Long-term debt consists of the following:

	March 31, 2015	December 31, 2014
Revolving credit facility	\$216,261	\$ 24,200
Capital leases and financing agreements	1,974	2,228
Total	218,235	26,428
Less current maturities	675	676
Long-term portion	<u>\$217,560</u>	<u>\$ 25,752</u>

On March 13, 2015, L.B. Foster ("the Company"), its domestic subsidiaries, and certain of its Canadian subsidiaries entered into an amended and restated \$335,000 Revolving Credit Facility Credit Agreement ("Amended Credit Agreement") with PNC Bank, N.A., Bank of America, N.A., Wells Fargo Bank, N.A., Citizens Bank of Pennsylvania, and

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Branch Banking and Trust Company. This Amended Credit Agreement modifies the prior revolving credit facility which had a maximum credit line of \$200,000. The Amended Credit Agreement provides for a five-year, unsecured revolving credit facility that permits borrowings of up to \$335,000 for the U.S. borrowers and a sublimit of the equivalent of \$25,000 U.S. dollars that is available to the Canadian borrowers. The Amended Credit Agreement's accordion feature permits the Company to increase the available revolving borrowings under the facility by up to an additional \$100,000 subject to the Company's receipt of increased commitments from existing or new lenders and to certain conditions being satisfied.

Borrowings under the Amended Credit Agreement will bear interest at rates based upon either the base rate or Euro-rate plus applicable margins. Applicable margins are dictated by the ratio of the Company's indebtedness less consolidated cash on hand to the Company's consolidated EBITDA, as defined in the underlying Amended Credit Agreement. The base rate is the highest of (a) PNC Bank's prime rate, (b) the Federal Funds Rate plus 0.50% or (c) the daily Euro-rate (as defined in the Amended Credit Agreement) plus 1.00%. The base rate and Euro-rate spreads range from 0.00% to 1.50% and 1.00% to 2.50%, respectively.

The Amended Credit Agreement includes two financial covenants: (a) Leverage Ratio, defined as the Company's Indebtedness less consolidated cash on hand, in excess of \$15,000, divided by the Company's consolidated EBITDA, which must not exceed 3.25 to 1.00 and (b) Minimum Interest Coverage, defined as consolidated EBITDA less Capital Expenditures divided by consolidated interest expense, which must be no less than 3.00 to 1.00.

The Amended Credit Agreement permits the Company to pay dividends, distributions, and make redemptions with respect to its stock provided no event of default or potential default (as defined in the Amended Credit Agreement) has occurred prior to or after giving effect to the dividend, distribution, or redemption. Dividends, distributions, and redemptions are capped at \$25,000 per year when funds are drawn on the facility. If no drawings on the facility exist, dividends, distributions, and redemptions in excess of \$25,000 per year are subjected to a limitation of \$75,000 in the aggregate over the life of the facility. The \$75,000 aggregate limitation also permits certain loans, investments, and acquisitions.

Other restrictions exist at all times including, but not limited to, limitation of the Company's sale of assets, other indebtedness incurred by either the borrowers or the non-borrower subsidiaries of the Company, guarantees, and liens.

As of March 31, 2015, the Company was in compliance with the Credit Agreement's covenants.

At March 31, 2015, the Company had outstanding letters of credit of approximately \$425 and had gross available borrowing capacity of \$118,314. The maturity date of the facility is March 13, 2020.

United Kingdom

A subsidiary of the Company has a working capital facility with NatWest Bank for its United Kingdom operations which includes an overdraft availability of £1,500 pounds sterling (approximately \$2,223 at March 31, 2015). This credit facility supports the subsidiary's working capital requirements and is collateralized by substantially all of the assets of its United Kingdom operations. The interest rate on this facility is the financial institution's base rate plus 1.50%. Outstanding performance bonds reduce availability under this credit facility. The subsidiary of the Company had no outstanding borrowings under this credit facility as of March 31, 2015. There was approximately \$20 in outstanding guarantees (as defined in the underlying agreement) at March 31, 2015. This credit facility was renewed during the third quarter of 2014 with no significant changes to the underlying terms or conditions in the facility. It is the Company's intention to renew this credit facility with NatWest Bank during the annual review of the credit facility in 2015.

The United Kingdom loan agreements contain certain financial covenants that require that subsidiary to maintain senior interest and cash flow coverage ratios. The subsidiary was in compliance with these financial covenants as of March 31, 2015. The subsidiary had available borrowing capacity of \$2,003 at March 31, 2015.

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10. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

	March 31,	
	2015	2014
Numerator for basic and diluted earnings per common share - Income available to common stockholders:		
Net income	\$ 4,285	\$ 3,649
Denominator:		
Weighted average shares	<u>10,259</u>	<u>10,197</u>
Denominator for basic earnings per common share	<u>10,259</u>	<u>10,197</u>
Effect of dilutive securities:		
Employee stock options	2	10
Other stock compensation plans	<u>98</u>	<u>85</u>
Dilutive potential common shares	<u>100</u>	<u>95</u>
Denominator for diluted earnings per common share - adjusted weighted average shares and assumed conversions	<u>10,359</u>	<u>10,292</u>
Basic earnings per common share	<u>\$ 0.42</u>	<u>\$ 0.36</u>
Diluted earnings per common share	<u>\$ 0.41</u>	<u>\$ 0.35</u>
Dividends paid per common share	<u>\$ 0.04</u>	<u>\$ 0.03</u>

11. STOCK-BASED COMPENSATION

The Company applies the provisions of FASB ASC 718, "Compensation – Stock Compensation," to account for the Company's share-based compensation. Share-based compensation cost is measured at the grant date based on the calculated fair value of the award and is recognized over the employees' requisite service period. The Company recorded stock compensation expense of \$620 and \$575 for the three-month period ended March 31, 2015 and 2014, respectively, related to restricted stock awards and performance unit awards. As of March 31, 2015, unrecognized compensation expense for awards the Company expects to vest approximated \$4,867. The Company will recognize this expense over the upcoming three year period through March 2018.

Shares issued as a result of vested stock-based compensation generally will be from previously issued shares which have been reacquired by the Company and held as Treasury shares or authorized but previously unissued common stock.

The excess income tax benefit realized for the tax deduction from stock-based compensation approximated \$310 and \$85 for the three months ended March 31, 2015 and 2014, respectively. This excess income tax benefit is included in cash flows from financing activities in the Condensed Consolidated Statements of Cash Flows.

Stock Option Awards

During the three-month period ended March 31, 2015, 7,500 outstanding and exercisable stock options were exercised at a weighted average exercise price of \$9.08. There were no remaining stock options outstanding or exercisable as of March 31, 2015, and no new grants or cancellations of stock option awards during the three-month periods ended March 31, 2015 and 2014.

Restricted Stock Awards and Performance Unit Awards

Under the amended and restated 2006 Omnibus Stock Incentive Plan, the Company grants eligible employees restricted stock and performance unit awards. The forfeitable Restricted Stock Awards granted prior to March 2015 generally time-vest after a four year holding period, and those granted in March 2015 generally time-vest ratably over a three year period, unless indicated otherwise by the underlying Restricted Stock Agreement. Performance Unit Awards are offered annually under separate three-year long-term incentive plans. Performance units are subject to forfeiture and will be converted into common stock of the Company based upon the Company's performance relative to performance measures and conversion multiples as defined in the underlying plan. If the Company's estimate of the number of performance stock awards expected to vest changes in a subsequent accounting period, cumulative compensation expense could increase or decrease. The change will be recognized in the current period for the vested shares and would change future expense over the remaining vesting period.

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The following table summarizes the Restricted Stock Award and Performance Unit Award activity for the period ended March 31, 2015:

	Restricted Stock Units	Performance Stock Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2014	108,237	71,990	\$ 36.25
Granted	13,706	41,114	44.64
Vested	(24,839)	(23,877)	30.27
Adjustment for incentive awards expected to vest	—	3,844	47.71
Canceled	(1,000)	—	38.44
Outstanding at March 31, 2015	96,104	93,071	\$ 40.44

12. RETIREMENT PLANS

Retirement Plans

The Company has seven retirement plans which cover its hourly and salaried employees in the United States: three defined benefit plans (one active / two frozen) and four defined contribution plans. Employees are eligible to participate in the appropriate plan based on employment classification. The Company's funding to the defined benefit and defined contribution plans are governed by the Employee Retirement Income Security Act of 1974 (ERISA), applicable plan policy and investment guidelines. The Company's policy is to contribute at least the minimum in accordance with the funding standards of ERISA.

The Company's subsidiary, L.B. Foster Rail Technologies, Inc. (Rail Technologies), maintains two defined contribution plans for its employees in Canada, as well as a post-retirement benefit plan. In the United Kingdom, Rail Technologies maintains both a defined contribution plan and a defined benefit plan.

United States Defined Benefit Plans

Net periodic pension costs for the United States defined benefit pension plans for the three-month periods ended March 31, 2015 and 2014 are as follows:

	Three Months Ended March 31,	
	2015	2014
Service cost	\$ 10	\$ 6
Interest cost	185	193
Expected return on plan assets	(204)	(242)
Recognized net actuarial loss	69	16
Net periodic pension cost (income)	\$ 60	\$ (27)

The Company does not expect to contribute to its United States defined benefit plans in 2015.

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United Kingdom Defined Benefit Plans

Net periodic pension costs for the United Kingdom defined benefit pension plan for the three-month periods ended March 31, 2015 and 2014 are as follows:

	Three Months Ended March 31,	
	2015	2014
Interest cost	\$ 76	\$ 99
Expected return on plan assets	(83)	(94)
Amortization of prior service costs and transition amount	5	(7)
Recognized net actuarial loss	58	50
Net periodic pension cost	<u>\$ 56</u>	<u>\$ 48</u>

United Kingdom regulations require trustees to adopt a prudent approach to funding required contributions to defined benefit pension plans. Employer contributions of \$270 are anticipated to the United Kingdom L.B. Foster Rail Technologies, Inc. pension plan during 2015. For the three months ended March 31, 2015, the Company contributed approximately \$69 to the plan.

Defined Contribution Plans

The Company sponsors seven defined contribution plans for hourly and salaried employees across our domestic and international facilities. The following table summarizes the expense associated with the contributions made to these plans.

	2015	2014
United States	\$682	\$573
Canada	59	64
United Kingdom	83	38
	<u>\$824</u>	<u>\$675</u>

13. COMMITMENTS AND CONTINGENT LIABILITIES

Product Liability Claims

The Company is subject to product warranty claims that arise in the ordinary course of its business. For certain manufactured products, the Company maintains a product warranty accrual which is adjusted on a monthly basis as a percentage of cost of sales. The product warranty accrual is periodically adjusted based on the identification or resolution of known individual product warranty claims. The following table sets forth the Company's product warranty accrual:

	Warranty Liability
Balance at December 31, 2014	\$ 11,500
Additions to warranty liability	252
Warranty liability utilized	(1,461)
Acquisitions	53
Balance at March 31, 2015	<u>\$ 10,344</u>

Included within the above table are concrete tie warranty reserves of approximately \$9,090 and \$10,331 as of March 31, 2015 and December 31, 2014, respectively. The reduction in the concrete tie reserve balance relates to warranty claims satisfied through the replacement of concrete ties during the three month period ended March 31, 2015.

Union Pacific Railroad Matter

On July 12, 2011, Union Pacific Railroad (UPRR) notified (UPRR Notice) the Company and its subsidiary, CXT Incorporated (CXT), of a warranty claim under CXT's 2005 supply contract relating to the sale of pre-stressed concrete railroad ties to the UPRR. The UPRR asserted that a significant percentage of concrete ties manufactured in 2006

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through 2011 at CXT's Grand Island, NE facility failed to meet contract specifications, had workmanship defects, and were cracking and failing prematurely. Of the 3.0 million ties manufactured between 1998 and 2011 from the Grand Island, NE facility, approximately 1.6 million ties were sold during the period the UPRR had claimed nonconformance. The 2005 contract called for each concrete tie which failed to conform to the specifications or had a material defect in workmanship to be replaced with 1.5 new concrete ties, provided, that UPRR within five years of the sale of a concrete tie, notified CXT of such failure to conform or such defect in workmanship. The UPRR Notice did not specify how many ties manufactured during this period were defective nor the exact nature of the alleged workmanship defect.

Following the UPRR Notice, the Company worked with material scientists and pre-stressed concrete experts to test a representative sample of Grand Island, NE concrete ties and assess warranty claims for certain concrete ties made in its Grand Island, NE facility between 1998 and 2011. The Company discontinued manufacturing operations in Grand Island, NE in early 2011.

In late 2012, the Company and CXT agreed to an amendment of the warranty and certain related terms of the 2005 supply contract. Subsequently, in November 2013, the Company received notice from UPRR asserting a material breach of the 2005 supply contract. The Company disputed the notice and continues to replace warranty eligible ties, but the parties have been unable to reach agreement on disputed UPRR claims that the Company contends do not meet the criteria for replacement per the amended 2005 supply agreement.

On January 23, 2015, the UPRR filed a Complaint and Demand for Jury Trial in the District Court for Douglas County, NE against the Company and its subsidiary, CXT Incorporated, asserting among other matters that the Company breached its express warranty, breached an implied covenant of good faith and fair dealing, anticipatorily repudiated its warranty obligations, and that UPRR's exclusive and limited remedy provisions in the supply agreement have failed of their essential purpose which entitles UPRR to recover all incidental and consequential damages. The Complaint seeks to cancel all duties of UPRR under the contract, to adjudge the Company as having no remaining rights under the contracts, and to recover damages in an amount to be determined at trial for the value of unfulfilled warranty replacement ties and ties likely to become warranty eligible, for costs of cover for replacement ties, and for various incidental and consequential damages. The amended 2005 supply agreement provides that UPRR's exclusive remedy is to receive a replacement tie that meets the contract specifications for each tie that failed to meet the contract specifications or otherwise contained a material defect provided that the Company receives written notice of such failure or defect within 15 years after that tie was produced. The amended 2005 supply agreement continues to provide that the Company's warranty does not apply to ties that (a) have been repaired or altered without the Company's written consent in such a way as to affect the stability or reliability thereof, (b) have been subject to misuse, negligence, or accident, or (c) have been improperly maintained or used contrary to the specifications for which such ties were produced. The amended 2005 supply agreement also continues to provide that the Company's warranty is in lieu of all other express or implied warranties and that neither party shall be subject to or liable for any incidental or consequential damages to the other party. The dispute is largely based on (1) claims submitted which the Company believes are for ties inaccurately rated that are not the responsibility of the Company and claims that do not meet the criteria of a warranty replacement and (2) UPRR's assertion, which the Company vigorously disputes, that UPRR in future years will be entitled to warranty replacement ties for virtually all of the Grand Island ties. Many thousands of Grand Island ties have been performing in track for over ten years. In addition, a significant amount of Grand Island ties were rated by both parties in the excellent category of the rating system. The Company believes UPRR's claims are without merit and intends to vigorously defend itself.

The Company continues to engage in discussions in an effort to resolve this matter, however, we cannot predict that such discussions will be successful, the results of the litigation with UPRR, or whether any settlement or judgment amounts will be within the range of our estimated accruals for loss contingencies. Future potential costs pertaining to UPRR's claims and the outcome of the UPRR litigation could result in a material adverse effect on our results of operations, financial condition, and cash flows.

Environmental and Legal Proceedings

The Company is subject to national, state, foreign, provincial, and/or local laws and regulations relating to the protection of the environment. The Company's efforts to comply with environmental regulations may have an adverse effect on its future earnings. In the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial condition, results of operations, cash flows, competitive position, or capital expenditures of the Company.

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As of March 31, 2015 and December 31, 2014, the Company maintained environmental and litigation reserves approximating \$6,773 and \$3,344, respectively. The following table sets forth the Company's environmental obligation:

	<u>Environmental liability</u>
Balance at December 31, 2014	\$ 3,344
Additions to environmental obligations	2
Environmental obligations utilized	(33)
Acquisitions	3,460
Balance at March 31, 2015	<u>\$ 6,773</u>

The Company is also subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial condition or liquidity of the Company. The resolution, in any reporting period, of one or more of these matters could have a material effect on the Company's results of operations for that period.

14. INCOME TAXES

The Company's effective income tax rate for the quarter ended March 31, 2015 was 35.7%, compared to 31.4% for the quarter ended March 31, 2014. The Company's effective tax rate for the quarter ended March 31, 2015 differed from the federal statutory rate of 35% primarily due to state income taxes, nondeductible expenses, U.S. domestic production activities deductions, and operations in foreign jurisdictions with lower statutory tax rates.

15. SUBSEQUENT EVENTS

Management evaluated all activity of the Company and concluded that no subsequent events have occurred that would require recognition in the Condensed Consolidated Financial Statements or disclosure in the Notes to the Condensed Consolidated Financial Statements.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in thousands, except share data)

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Many of the forward-looking statements are located in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Sentences containing words such as “believe,” “intend,” “may,” “expect,” “should,” “could,” “anticipate,” “plan,” “estimate,” “predict,” “project,” or their negatives, or other similar expressions generally should be considered forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q may concern, among other things, the Company’s expectations regarding our strategy, goals, projections and plans regarding our financial position, liquidity and capital resources, the outcome of litigation and product warranty claims, results of operations, decisions regarding our strategic growth initiatives, market position, and product development, all of which are based on current estimates that involve inherent risks and uncertainties. The Company cautions readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Among the factors that could cause the actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties related to: an economic slowdown in the markets we serve, the risk of doing business in international markets, a decrease in freight or passenger rail traffic, sustained declines in energy prices, a lack of state or federal funding for new infrastructure projects, increased regulation including conflict minerals, an increase in manufacturing or material costs, our ability to effectuate our strategy including evaluating potential opportunities such as strategic acquisitions, joint ventures, and other initiatives, and our ability to effectively integrate new businesses and realize anticipated benefits, the timeliness and availability of material from major suppliers, labor disputes, the impact of competition, variances in current accounting estimates and their ultimate outcomes, the seasonality of the Company’s business, the adequacy of internal and external sources of funds to meet financing needs, the Company’s ability to curb its working capital requirements and manage indebtedness, domestic and international income taxes, foreign currency fluctuations, inflation, the ultimate number of concrete ties that will have to be replaced pursuant to product warranty claims, an overall resolution of the related contract claims, the outcome of a lawsuit filed by Union Pacific Railroad as well as a reduction of future business with the UPRR, risk inherent in litigation, and domestic and foreign governmental regulations. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, actual outcomes could vary materially from those indicated. The risks and uncertainties that may affect the operations, performance and results of the Company’s business and forward-looking statements include, but are not limited to, those set forth under Item 1A, “Risk Factors” section of our Annual Report on Form 10-K and our other periodic filings with the Securities and Exchange Commission.

The forward looking statements in this report are made as of the date of this report and we assume no obligation to update or revise any forward looking statement, whether as a result of new information, future developments, or otherwise.

General Overview

L.B. Foster Company (Company) is a leading manufacturer, fabricator, and distributor of products and services for rail, construction, energy, and utility markets. The Company is comprised of three business segments: Rail Products and Services, Construction Products, and Tubular and Energy Services.

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Year-to-date Results

	Three Months Ended March 31,		Percent of Total Net Sales Three Months Ended March 31,		Percent Increase/ (Decrease) 2015 vs. 2014
	2015	2014	2015	2014	
Net Sales:					
Rail Products and Services	\$ 77,676	\$ 73,496	56.3 %	65.9 %	5.7 %
Construction Products	34,290	27,383	24.9	24.6	25.2
Tubular and Energy Services	25,941	10,535	18.8	9.5	146.2
Total net sales	<u>\$137,907</u>	<u>\$111,414</u>	100.0 %	100.0 %	23.8 %

	Three Months Ended March 31,		Gross Profit Percentage Three Months Ended March 31,		Percent Increase/ (Decrease) 2015 vs. 2014
	2015	2014	2015	2014	
Gross Profit:					
Rail Products and Services	\$ 18,143	\$ 16,430	23.4 %	22.4 %	10.4 %
Construction Products	6,562	5,712	19.1	20.9	14.9
Tubular and Energy Services	6,034	2,130	23.3	20.2	183.3
LIFO expense	(6)	(4)	—	—	50.0
Other	(80)	(141)	(0.1)	(0.1)	(43.3)
Total gross profit	<u>\$ 30,653</u>	<u>\$ 24,127</u>	22.2 %	21.7 %	27.0 %

	Three Months Ended March 31,		Percent of Total Net Sales Three Months Ended March 31,		Percent Increase/ (Decrease) 2015 vs. 2014
	2015	2014	2015	2014	
Expenses:					
Selling and administrative expenses	\$ 22,251	\$ 18,025	16.1 %	16.2 %	23.4 %
Amortization expense	2,157	1,141	1.6	1.0	89.0
Interest expense	613	123	0.4	0.1	**
Interest income	(57)	(144)	—	(0.1)	(60.4)
Equity in income of nonconsolidated investments	(173)	(204)	(0.1)	(0.2)	(15.2)
Other income	(803)	(135)	(0.6)	(0.1)	**
Total expenses	<u>\$ 23,988</u>	<u>\$ 18,806</u>	17.4 %	16.9 %	27.6 %
Income before income taxes	\$ 6,665	\$ 5,321	4.8 %	4.8 %	25.3 %
Income tax expense	2,380	1,672	1.7	1.5	42.3
Net income	<u>\$ 4,285</u>	<u>\$ 3,649</u>	3.1 %	3.3 %	17.4 %

** Results of calculation are not considered meaningful for presentation purposes.

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First Quarter 2015 Compared to First Quarter 2014 – Company Analysis

Net sales of \$137,907 for the period ended March 31, 2015 increased by \$26,493, or 23.8%, compared to the prior year quarter. The change was attributable to increases of 146.2%, 25.2%, and 5.7% in Tubular and Energy Services, Construction Products, and Rail Products and Services segment sales, respectively. During the 2015 period, sales related to acquisitions were \$19,996 which generated 22.9% margins.

Gross profit margin for the quarter ended March 31, 2015 was 22.2% or 56 basis points higher than the prior year. The increase was due to improved margins within the Tubular and Energy Services segment.

Selling and administrative expenses increased by \$4,226 or 23.4% from the prior year, due principally to personnel costs of acquired businesses and to a lesser extent acquisition costs.

The Company's effective income tax rate in the 2015 first quarter was 35.7%, compared to 31.4% in the prior year quarter. The rate for the quarter ended March 31, 2015 differed from the federal statutory rate of 35% due to state income taxes, nondeductible expenses, U.S. domestic production activities deductions, and operations in foreign jurisdictions with lower statutory tax rates. The increase in effective tax rate compared to the prior year quarter was primarily due to the recognition of previously unrecognized uncertain state tax positions during the prior year quarter.

Net income for the first quarter of 2015 was \$4,285, or \$0.41 per diluted share, compared to net income of \$3,649, or \$0.35 per diluted share, in the prior year quarter.

Throughout the remainder of 2015, the Company anticipates potential headwinds related to a continued short-term uncertainty in certain areas of the energy markets as well as reductions in sales to the Union Pacific Railroad as our concrete tie warranty dispute continues unresolved.

Results of Operations – Segment Analysis

Rail Products and Services

	Three Months Ended		Increase 2015 vs. 2014	Percent Increase 2015 vs. 2014
	2015	2014		
Net Sales	\$77,676	\$73,496	\$ 4,180	5.7%
Gross Profit	\$18,143	\$16,430	\$ 1,713	10.4%
Gross Profit Percentage	23.4%	22.4%	1.0%	4.5%

First Quarter 2015 Compared to First Quarter 2014

Rail Products and Services segment sales increased \$4,180 or 5.7% compared to the prior year period. The sales increase within the Rail Products and Services segment was primarily attributable to a combined increase of approximately \$6,629 from the Rail Distribution, Allegheny Rail Products, and Concrete Tie business. Partially offsetting these increases was a \$2,198 decline in Transit Products sales.

The Rail Products and Services segment increased its gross profit margin by 100 basis points. The increase was principally due to maintaining strong margins within the Rail Technologies and Concrete Tie businesses as well as improvements within the Rail Distribution, Transit, and Allegheny Rail Products businesses.

During the quarter, the Rail Products and Services segment had a reduction in new orders of 6.1% compared to the prior year period. During March and April of 2015, Union Pacific Railroad (UPRR) has canceled certain purchase orders and new orders from the UPRR have declined significantly relative to the prior year. We believe this is related to the concrete tie warranty litigation and are preparing for a continuation of this trend.

[Table of Contents](#)**Construction Products**

	Three Months Ended March 31,		Increase (Decrease)	Percent Increase/(Decrease)
	2015	2014	2015 vs. 2014	2015 vs. 2014
Net Sales	\$34,290	\$27,383	\$ 6,907	25.2%
Gross Profit	\$ 6,562	\$ 5,712	\$ 850	14.9%
Gross Profit Percentage	19.1%	20.9%	(1.8)%	(8.6)%

First Quarter 2015 Compared to First Quarter 2014

Construction Products segment sales increased \$6,907, or 25.2% compared to the prior year period. The increase relates to a \$5,360 increase in concrete construction product sales as well as an improvement of \$2,383 from Piling Products, partially offset by a reduction of \$836 from Bridge Product sales. The increase in sales primarily relates to favorable weather conditions during the first three months of 2015 compared to the prior year period.

During the quarter, the Construction Products segment had a reduction in new orders of 30.3% compared to the prior year period. The decline primarily relates to the Piling Products business.

The gross profit percentage decreased by 175 basis points due to reductions within the Piling and Bridge Products business partially offset by marginal improvements within the concrete construction products business. The reduction primarily relates to higher margin projects in the prior year period relative to the current year project mix.

Tubular and Energy Services

	Three Months Ended March 31,		Increase	Percent Increase
	2015	2014	2015 vs. 2014	2015 vs. 2014
Net Sales	\$25,941	\$10,535	\$ 15,406	146.2%
Gross Profit	\$ 6,034	\$ 2,130	\$ 3,904	183.3%
Gross Profit Percentage	23.3%	20.2%	3.1%	15.3%

First Quarter 2015 Compared to First Quarter 2014

Tubular and Energy Services segment sales increased \$15,406, or 146.2% compared to the prior year period. The increase primarily related to revenues from acquired businesses of \$15,009 along with improved sales from the Company's Coated Pipe businesses. Tubular and Energy Services gross margins were favorably impacted by product mix including the leverage provided by recently acquired businesses.

The Tubular and Energy Services segment generated an increase in new orders of 43.9% compared to the prior year period. New orders related to the IOS and Chemtec acquisitions represented 53.9% of 2015 orders.

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Other

Segment Backlog

Total Company backlog at March 31, 2015 was approximately \$217,325 and is summarized by business segment in the following table for the periods indicated:

	Backlog		
	March 31, 2015	December 31, 2014	March 31, 2014
Rail Products and Services	\$ 124,114	\$ 104,821	\$ 149,221
Construction Products	75,449	65,843	87,792
Tubular and Energy Services	17,762	13,686	16,276
Total Backlog	<u>\$ 217,325</u>	<u>\$ 184,350</u>	<u>\$ 253,289</u>

Backlog from acquired businesses represents 9.0% of the Company's total unfilled customer orders.

Warranty

As of March 31, 2015, the Company maintained a total product warranty reserve of approximately \$10,344 for its estimate of all potential product warranty claims. Of this total, \$9,090 reflects the current estimate of the Company's exposure for potential product warranty claims related to concrete tie production. While the Company believes this is a reasonable estimate of its potential contingencies related to identified concrete tie warranty matters, the Company may incur future charges associated with new customer claims or further development of information for existing customer claims. Thus, there can be no assurance that future potential costs pertaining to warranty claims will not have a material impact on the Company's results of operations and financial condition.

The Company and the Union Pacific Railroad (UPRR) have been unable to reconcile the disagreement related to the historical warranty replacement activity. It is the Company's intention to continue to work with the UPRR to reconcile previously replaced concrete ties, however, the Company acknowledges that the 2005 amended supply agreement could be terminated prior to the agreement's expiration date. On January 23, 2015, the UPRR filed a Company and Demand for Jury Trial with respect to this dispute. See Note 13 of the Notes to Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q for additional information.

Liquidity and Capital Resources

Total debt was \$218,235 and \$26,428 as of March 31, 2015 and December 31, 2014, respectively.

Our need for liquidity relates primarily to seasonal working capital requirements for operations, capital expenditures, joint venture capital obligations, strategic investments or acquisitions, debt service obligations, share repurchases, and dividends.

The following table summarizes the year-to-date impact of these items:

	March 31,	
	2015	2014
Liquidity needs:		
Working capital and other assets and liabilities	\$ (16,511)	\$25,442
Capital expenditures	(4,466)	(3,499)
Other long-term debt repayments	(28,084)	(19)
Financing costs paid	(1,670)	—
Treasury stock acquisitions	(962)	(747)
Dividends paid to common shareholders	(416)	(309)
Acquisitions, net of cash acquired	(189,200)	(495)
Cash interest paid	(288)	(87)
Net liquidity needs	<u>(241,597)</u>	<u>20,286</u>
Liquidity sources:		
Internally generated cash flows before interest paid	9,280	6,741
Dividends from LB Pipe & Coupling Products, LLC	90	90
Proceeds from asset sales	4	184
Equity transactions	378	85
Other long-term debt proceeds	219,891	316
Foreign exchange effects	(2,520)	(1,194)
Net liquidity sources	<u>227,123</u>	<u>6,222</u>
Net Change in Cash	<u>\$ (14,474)</u>	<u>\$26,508</u>

Cash Flow from Operating Activities

During the current 2015 period, cash flows from operating activities used \$7,429, a decrease of \$39,615, compared to the 2014 period. For the three months ended March 31, 2015, income, adjustments to income from operating activities, and dividends from the joint venture provided \$9,082 compared to \$6,744 in the 2014 period. Working capital and other assets and liabilities used \$16,511 in the current period compared to providing \$25,442 in the prior year period. The reduction in cash flows from operations was largely impacted by the timing of working capital movement. As of December 31, 2014, the Company maintained a significant amount of accounts payable due to capital spending as well as favorable pricing on core product. As of December 31, 2013, the Company maintained certain large project receivables from customers with longer payment terms. Cash collections on these receivables led to the significant increase in cash flows from operating activities for the period ended March 31, 2014.

The Company's calculation for days sales outstanding at March 31, 2015 was 49 days compared to 50 days at December 31, 2014 and we believe our receivable portfolio is strong.

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Cash Flow from Investing Activities

The primary investing activity during the first quarter of 2015 related to the acquisitions of Tew and IOS. The total purchase price net of cash acquired was \$189,200. During the three-month period ended March 31, 2014, the Company made a post closing working capital payment of \$495 related to the 2013 acquisition of Ball Winch. Other investing activities included capital expenditures of \$4,466 for the first three months of 2015 compared to \$3,499 for the same 2014 period. Current period expenditures related primarily to the finalization of the Birmingham, AL coated products facility upgrade and general plant and yard improvements across each segment. During the prior year, capital expenditures related to improvements to our Birmingham, AL coated products facility, equipment costs to expand into adjacent markets within our bridge products and Ball Winch coated products businesses, and general plant and yard improvements. We anticipate total capital spending in 2015 will range between \$18,000 and \$22,000.

Cash Flow from Financing Activities

During the three months ended March 31, 2015, the Company had an increase in outstanding debt of \$191,807 primarily related to drawings against the revolving credit facility to fund domestic acquisition activity. During the periods ended March 31, 2015 and 2014, we did not purchase any common shares of the Company under our existing share repurchase authorization. However, we withheld 19,820 and 17,045 shares for approximately \$962 and \$747 for the periods ended March 31, 2015 and 2014, respectively. These amounts were withheld from employees to pay their withholding taxes in connection with the exercise and/or vesting of options and restricted stock awards. Cash outflows related to dividends were \$416 and \$309 for the periods ended March 31, 2015 and 2014, respectively. Funding for equipment debt of \$316 was also included in proceeds from financing activities for the period ended March 31, 2014.

Financial Condition

As of March 31, 2015, we had \$37,550 in cash and cash equivalents and a domestic credit facility with \$118,314 of availability while carrying \$218,235 in total debt. As of March 31, 2015, we were in compliance with all of the Credit Agreements' covenants. We believe this liquidity will provide the flexibility to take advantage of both organic and external investment opportunities.

Included within cash and cash equivalents are money market funds with various underlying securities. Our priority continues to be short-term maturities and the preservation of our principal balances. Approximately \$29,686 of our cash and cash equivalents was held in non-domestic bank accounts, and is not available to fund domestic operations unless repatriated. It is management's intent to indefinitely reinvest such funds outside of the United States.

Borrowings under the March 13, 2015 Amended Credit Agreement will bear interest at rates based upon either the base rate or Euro-rate plus applicable margins. Applicable margins are dictated by the ratio of the Company's indebtedness less consolidated cash on hand to the Company's consolidated EBITDA, as defined in the underlying Amended Credit Agreement. The base rate is the highest of (a) PNC Bank's prime rate, (b) the Federal Funds Rate plus 0.50% or (c) the daily Euro-rate (as defined in the Amended Credit Agreement) plus 1.00%. The base rate and Euro-rate spreads range from 0.00% to 1.50% and 1.00% to 2.50%, respectively.

The Amended Credit Agreement includes two financial covenants: (a) Leverage Ratio, defined as the Company's Indebtedness less cash on hand, in excess of \$15,000, divided by the Company's consolidated EBITDA, which must not exceed 3.25 to 1.00 and (b) Minimum Interest Coverage, defined as consolidated EBITDA less Capital Expenditures divided by consolidated interest expense, which must be no less than 3.00 to 1.00.

As of March 31, 2015, the Company was in compliance with the Amended Credit Agreement's covenants. The agreement matures on March 13, 2020.

The Amended Credit Agreement permits the Company to pay dividends, distributions and make redemptions with respect to its stock provided no event of default or potential default (as defined in the Amended Credit Agreement) has occurred prior to or after giving effect to the dividend, distribution, or redemption. Dividends, distributions, and redemptions are capped at \$25,000 per year when funds are drawn on the facility. If no drawings on the facility exist, dividends, distributions, and redemptions in excess of \$25,000 per year are subjected to a limitation of \$75,000 in the aggregate over the life of the facility. The \$75,000 aggregate limitation also permits certain loans, investments, and acquisitions.

Other restrictions exist at all times including, but not limited to, limitation of the Company's sale of assets, other indebtedness incurred by either the borrowers or the non-borrower subsidiaries of the Company, guarantees, and liens.

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Critical Accounting Policies

The Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States. When more than one accounting principle, or method of its application, is generally accepted, management selects the principle or method that is appropriate in the Company's specific circumstances. Application of these accounting principles requires management to make estimates about the future resolution of existing uncertainties. As a result, actual results could differ from these estimates. In preparing these financial statements, management has made its best estimates and judgments of the amounts and disclosures included in the financial statements giving due regard to materiality. There have been no material changes in the Company's critical accounting policies or estimates since December 31, 2014. A summary of the Company's critical accounting policies and estimates is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements include operating leases, purchase obligations, and standby letters of credit. A schedule of the Company's required payments under financial instruments and other commitments as of December 31, 2014 is included in the "Liquidity and Capital Resources" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2014. These arrangements provide the Company with increased flexibility relative to the utilization and investment of cash resources. Excluding the drawings against the revolving credit facility for the acquisition of IOS, there were no material changes to these arrangements during the three-month period ended March 31, 2015.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company does not purchase or hold any derivative financial instruments for trading purposes.

At contract inception, the Company designates its derivative instruments as hedges. The Company recognizes all derivative instruments on the balance sheet at fair value. Fluctuations in the fair values of derivative instruments designated as cash flow hedges are recorded in accumulated other comprehensive income and reclassified into earnings within other income as the underlying hedged items affect earnings. To the extent that a change in a derivative does not perfectly offset the change in value of the interest rate being hedged, the ineffective portion is recognized in earnings immediately.

Foreign Currency Exchange Rate Risk

The Company is subject to exposures to changes in foreign currency exchange rates. The Company manages its exposure to changes in foreign currency exchange rates on firm sale and purchase commitments by entering into foreign currency forward contracts. The Company's risk management objective is to reduce its exposure to the effects of changes in exchange rates on these transactions over the duration of the transactions. The Company did not engage in foreign currency hedging transactions during the three-month period ended March 31, 2015.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

L.B. Foster Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a—15(e) under the Securities and Exchange Act of 1934, as amended) as of March 31, 2015. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to timely alert them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic Securities and Exchange Commission filings.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2015, the Company completed the acquisitions of IOS and Tew. The Company also acquired Chemtec and FWO during the fourth quarter of 2014. We are in the process of integrating these businesses. We are analyzing, evaluating and, where necessary, implementing changes in controls and procedures relating to IOS, Tew, Chemtec, and FWO as the integration proceeds. As such, this process may result in additions or changes to our internal control over financial reporting. Otherwise, there were no changes in our "internal control over financial reporting" (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

(Dollars in thousands, except share data)

Item 1. Legal Proceedings

See Note 13, “Commitments and Contingent Liabilities,” to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the risk factors and other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the SEC on March 3, 2015, which could materially affect our business, financial condition, financial results, or future performance. The risks described in our Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known or that we currently deem to be immaterial may also materially affect our business, financial condition, and/or results of operations.

Our indebtedness could materially adversely affect our business, financial condition, and results of operations and prevent us from fulfilling our indebtedness obligations.

Our indebtedness could materially adversely affect our business, financial condition, and results of operations. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to payments of our indebtedness, which would reduce the availability of our cash flow to fund working capital, capital expenditures, expansion efforts, and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- and limit, among other things, our ability to borrow additional funds for working capital, capital expenditures, general corporate purposes, or acquisitions.

Our inability to comply with covenants in place or our inability to make the required principal and interest payments may cause an event of default, which could have a substantial adverse impact to our business, financial condition, and results of operation. There is no assurance that refinancings or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, particularly if credit market conditions deteriorate. Furthermore, there can be no assurance that refinancings or asset dispositions would be permitted by the terms of our credit agreements or debt instruments. Our existing credit agreements contain, and any future debt agreements we may enter into may contain, certain financial tests and other covenants that limit our ability to incur indebtedness, acquire other businesses, and impose various other restrictions. Our ability to comply with financial tests may be adversely affected by changes in economic or business conditions beyond our control, and these covenants may limit our ability to take advantage of potential business opportunities as they arise. We cannot be certain that we will be able to comply with the financial tests and other covenants, or, if we fail to do so, that we will be able to obtain waivers or amended terms from our lenders. An uncured default with respect to one or more of the covenants could result in the amounts outstanding under one or more of the agreements being declared immediately due and payable, which may also trigger an obligation to redeem our outstanding debt securities and repay all other outstanding indebtedness. Any such acceleration of our indebtedness would have a material adverse effect on our business, financial condition, and results of operations.

We are dependent upon key customers.

We could be adversely affected by changes in the business or financial condition of a customer or customers. A significant decrease in capital spending by our railroad customers could negatively impact our product revenue. Our CXT concrete rail products division and ARP division are dependent on the Union Pacific Railroad (UPRR) for a significant portion of their business. As a result of ongoing litigation with the UPRR our sales and new orders with UPRR have declined and may continue to decrease in the future. No assurances can be given that a significant downturn in the business or financial condition of a customer, or customers, would not impact our results of operations and/or financial condition.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The Company's purchases of equity securities for the three-month period ended March 31, 2015 were as follows:

	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (2)	Approximate dollar value of shares that may yet be purchased under the plans or programs (in thousands)
January 1, 2015 - January 31, 2015	7,728	\$49.01	—	\$ 15,000
February 1, 2015 - February 28, 2015	8,957	49.33	—	15,000
March 1, 2015 - March 31, 2015	3,135	44.90	—	15,000
Total	<u>19,820</u>	<u>\$48.50</u>	<u>—</u>	<u>\$ 15,000</u>

- (1) Reflects shares withheld by the Company to pay taxes upon vesting of restricted stock.
- (2) On December 4, 2013, the Board of Directors authorized the repurchase of up to \$15,000 of the Company's common shares until December 31, 2016. This authorization became effective January 1, 2014.

While we did not purchase any common shares of the Company during the three month period ended March 31, 2015 under our existing share repurchase authorization, we did withhold 19,820 shares for approximately \$962 from employees to pay their withholding taxes in connection with the exercise and/or vesting of options and restricted stock awards.

Item 4. Mine Safety Disclosures

This item is not applicable to the Company.

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Item 6. Exhibits

All exhibits are incorporated herein by reference:

2.1 Agreement and Plan of Merger dated March 13, 2015 among IOS Holdings, Inc., L.B. Foster Company, L.B. Foster Raven Merger Company and IOS Holding Company LLC, solely in its capacity as the representative of IOS's shareholders incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, File No. 0-10436, filed on March 13, 2015. Exhibits to the Agreement and Plan of Merger identified in the Table of Contents to the Agreement and Plan of Merger and the following schedules are not being filed but will be furnished supplementally to the Securities and Exchange Commission upon request:

Schedule 2.02(e)(viii) - Consents and Approvals
Schedule 2.02(e)(xi) - Termination of Agreements
Schedule 3.01 - Organization and Power
Schedule 3.02 - Subsidiaries
Schedule 3.03(b) - Authorization; No Breach; Valid and Binding Agreement
Schedule 3.04(a) - Capitalization
Schedule 3.04(b) - Options Outstanding
Schedule 3.06(a) - Absence of Certain Developments; Undisclosed Liabilities
Schedule 3.07(a), (b) & (d) - Real Property
Schedule 3.09(a) - Contracts and Commitments
Schedule 3.10(a) & (b) - Intellectual Property
Schedule 3.11 - Litigation
Schedule 3.12 - Government Consents
Schedule 3.13(a) - Employee Benefit Plans
Schedule 3.13(f) - Change in Control Payments or Benefits
Schedule 3.14 - Insurance
Schedule 3.16(a), (b), (c) & (f) - Environmental Matters
Schedule 3.17 - Affiliated Transactions
Schedule 3.19 - Brokerage
Schedule 3.21 - Customers and Suppliers

10.1 \$335,000,000 Amended and Restated Credit Agreement dated March 13, 2015, between Registrant and PNC Bank, N.A., Bank of America, N.A., Wells Fargo Bank, N.A., Citizens Bank of Pennsylvania, and Branch Banking and Trust Company incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 0-10436, filed on March 13, 2015.

*10.2 2015 Executive Annual Incentive Compensation Plan.

*10.3 Form of 2015 Restricted Stock Award Agreement.

*10.4 Form of Performance Share Unit Award Agreement (2015).

*31.1 Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.

*31.2 Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.

*32.0 Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

*101.INS XBRL Instance Document.

*101.SCH XBRL Taxonomy Extension Schema Document.

*101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.

*101.DEF XBRL Taxonomy Extension Definition Linkbase Document.

*101.LAB XBRL Taxonomy Extension Label Linkbase Document.

*101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

* Exhibits marked with an asterisk are filed herewith.

SIGNATURE

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 thereunto duly authorized.

L.B. FOSTER COMPANY
(Registrant)

Date: May 6, 2015

By: /s/ David J. Russo
David J. Russo
Senior Vice President,
Chief Financial Officer and Treasurer
(Duly Authorized Officer of Registrant)

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Index to Exhibits

All exhibits are incorporated herein by reference:

<u>Exhibit Number</u>	<u>Description</u>
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*31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
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*101.INS	XBRL Instance Document.
*101.SCH	XBRL Taxonomy Extension Schema Document.
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Exhibits marked with an asterisk are filed herewith.

THE L. B. FOSTER COMPANY
2015
EXECUTIVE ANNUAL INCENTIVE COMPENSATION PLAN

The purpose of this document is to establish in writing the 2015 performance goals and other terms applicable to the 2015 awards authorized under the L. B. Foster Company Executive Annual Incentive Compensation Plan ("Plan") for the Fiscal Year (as defined below).

I. DEFINITIONS

Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Plan. The following terms shall be defined as follows:

1.1. "Company" shall mean L. B. Foster Company and those subsidiaries thereof in which L. B. Foster Company owns 100% of the outstanding common stock.

1.2. "Operating Unit" shall mean the Company's units or divisions which are reported in the Company's internal financial statements and approved by the Committee as applicable to this Plan and set forth on an exhibit on file with the Committee.

1.3. "Financial Performance Award" shall mean an award, as determined for each Participant, equal to (i) the "Participant's Target Incentive" multiplied by (ii) the applicable aggregate percentage specified for Financial Performance Awards under Section 3.2, with the amount to be paid with respect thereto to be calculated based upon the attainment of the objective financial performance goals established by the Committee for Corporate and Operating Unit Adjusted EBITDA, Corporate and Operating Unit Working Capital as a Percentage of Sales, and Corporate ROIC for the Fiscal Year as approved by the Committee and set forth on an exhibit on file with the Committee, and subject to the Committee's right to exercise discretion with respect to the amount to be paid with respect to any such award.

1.4. "Base Compensation" shall mean the total base salary, rounded to the nearest whole dollar, actually paid to a Participant during the Fiscal Year, excluding incentive compensation, commissions, reimbursement of expenses, severance, car allowances or all other payments not deemed part of a Participant's base salary; provided, however, that the Participant's contributions to the Company's 401(k) plan(s) and the payment of overtime shall be included in Base Compensation. To the extent applicable, Base Compensation for Participants who terminate during the Fiscal Year shall include only such Base Compensation paid to such Participants during the Fiscal Year for the period prior to such termination.

1.5. "Participant" shall mean all executive officers of the Company set forth on Schedule 1.10.

1.6. “Participant’s Target Incentive” shall mean the product of the Base Compensation of a Participant multiplied by the specific target percentage established for a Participant by the Committee as described in Section 3.1 hereof.

1.7. “Fiscal Year” means the 2015 calendar year (January 1, 2015 through December 31, 2015).

1.8. “Adjusted EBITDA” (Earnings before interest, taxes, depreciation, and amortization) shall mean with respect to the Company or an Operating Unit, for the Fiscal Year, determined in accordance with generally accepted accounting principles, including the applicable LIFO charge or credit (a) income from continuing operations; (b) plus income tax expense; (c) plus interest expense; (d) minus interest income; (e) plus depreciation expense; and (f) plus amortization expense. Adjusted EBITDA shall be calculated without regard to: (i) the effect of changes in accounting principles, (ii) any on-going and/or one-time costs and/or expenses attributable to an acquisition, including but not limited to, those related to the negotiation, completion and/or integration of an acquisition, incurred during the Fiscal Year, (iii) any costs related to the purchase accounting step up in the basis of tangible or intangible assets not classified as depreciation or amortization, (iv) any on-going and/or one-time costs and/or expenses related to the unsuccessfully attempted acquisition of a business during the Fiscal Year (exclusive of employee travel), (v) any on-going and/or one-time costs and/or expenses (exclusive of employee travel) associated with the sale or attempted sale of a business in the Fiscal Year, (vi) any significant or non-recurring items which are disclosed in management’s discussion and analysis of financial condition and results of operations in the Company’s Annual Report on Form 10-K for such period and which would have an adverse effect on the pay-out amount of a Participant’s Financial Performance Award, (vii) the costs of the Plan for domestic Operating Units, (viii) the impact on any Operating Unit attributable to any administrative intercompany charges related to transfer pricing compliance where the consolidated impact is zero, and (ix) the reported results of an acquisition completed in the Fiscal Year. Notwithstanding the foregoing, in the event that a business is sold during the Fiscal Year, such business’ Target and Adjusted actual results shall be eliminated from all calculations.

1.9. “Working Capital as a Percentage of Sales” (“W/C as a % of Sales”) shall mean with respect to the Company, or as applicable, for an Operating Unit, for the Fiscal Year, the average monthly balances of Inventory and Accounts Receivable less the average monthly balances of Accounts Payable and Deferred Revenue divided by annual net sales, provided however that all the above items, shall be determined without regard to: (i) any on-going and/or one-time costs and/or expenses relating to acquisitions transacted during the Fiscal Year, (ii) businesses reclassified as “Discontinued Operations,” (iii) the impact on any Operating Unit attributable to any administrative intercompany charges related to transfer pricing compliance where the consolidated impact is zero, and (iv) the reported results of an acquisition completed in the Fiscal Year, including the results of operations and financial position. Notwithstanding the foregoing, in the event that a business is sold during the Fiscal Year, such business’ Target and adjusted Actual results shall be eliminated from all calculations.

1.10. "Return on Invested Capital" ("ROIC") shall mean, with respect to the Company for the Fiscal Year: (a) after tax earnings from continuing operations before interest income and interest expense and amortization charges (all tax affected using the effective corporate tax rate), divided by (b) an average of month end total assets less the sum of cash, marketable securities and non-interest bearing current liabilities, determined in accordance with generally accepted accounting principles. ROIC shall be expressed as a percentage and shall be determined without regard to: (i) the effect of changes in accounting principles, (ii) any on-going and/or one-time costs and/or expenses attributable to an acquisition, including but not limited to, those related to the negotiation, completion and/or integration of an acquisition, incurred during the Fiscal Year, (iii) any costs related to purchase accounting step up in the basis of tangible or intangible assets not classified as amortization, (iv) the elimination of the impact of all assets and liabilities purchased or incurred as a result of an acquisition, (v) any on-going and/or one-time costs and/or expenses (exclusive of employee travel) related to the unsuccessfully attempted acquisition of a business during the Fiscal Year, (vi) any on-going and/or one-time costs and/or expenses associated with the successful or unsuccessful sale of a business (exclusive of employee travel), (vii) any significant or non-recurring items which are disclosed in management's discussion and analysis of financial condition and results of operations in the Company's Annual Report on Form 10-K for such period and which would have an adverse effect on the pay-out amount of a Participant's Financial Performance Award, and (viii) the reported results of an acquisition completed in the Fiscal Year, including the results of operations and financial position. Notwithstanding the foregoing, in the event that a business is sold during the Fiscal Year, such business' Target and adjusted actual results shall be eliminated from all calculations.

1.11. "Target Working Capital as a Percent of Sales (Corporate and Operating Unit), Target Adjusted EBITDA (Corporate and Operating Unit), and Target ROIC" shall mean the respective targets approved by the Committee as applicable to this Plan and set forth on an exhibit on file with the Committee.

1.12. "Section 162(m) Officer Bonus Pool" shall mean 7% of the Adjusted EBITDA for the Fiscal Year, which shall be allocable to the Section 162(m) Officers in the percentages set forth on an exhibit on file with the Committee, subject to the Committee's right to reduce any such allocations in its sole discretion. Adjusted EBITDA for the Section 162(m) Officer Bonus Pool shall be defined as set forth on an exhibit on file with the Committee.

1.13. "Section 162(m) Officer" shall mean the officers of the Company who are listed as Section 162(m) Officers on an exhibit on file with the Committee, and who the Company has determined may be subject to the limitations imposed on "covered employees" under Section 162(m) of the Internal Revenue Code of 1986, as amended.

II. ELIGIBILITY

2.1. Additional Conditions. Subject to the terms and conditions set forth herein and in the Plan and unless the Committee determines otherwise, in its sole discretion, a Participant's right, if any, to receive payment of their respective Financial Performance Awards shall also be contingent upon satisfaction of each of the following requirements:

a. A Participant must execute a Confidentiality, Intellectual Property and Non-Compete Agreement in a form satisfactory to the Committee and deliver the executed agreement to the Company's Vice President, Human Resources and Administration on or before October 1 of the applicable Fiscal Year. If a Participant previously has executed a Confidentiality, Intellectual Property and Non-Compete Agreement, the Participant need not execute and deliver another Confidentiality, Intellectual Property and Non-Compete Agreement.

b. A Participant's Target Percentage award shall be specifically established by the Committee as set forth in Section 3.1. In the event a Participant changes from one position to another position or is promoted into one of the positions approved by the Committee as described in Section 3.1 during the Fiscal Year performance period, the Target Percentage for such Participant shall be pro-rated between the Target Percentages of each position held during the Fiscal Year based on which position was held on the first day of each month in the Fiscal Year performance period and may be allocated among different Operating Units as determined by the Committee. Any newly hired Participant shall have a specific Target Percentage established by the Committee, provided their employment began in such position by October 1 of the Fiscal Year performance period.

c. Except as otherwise expressly set forth in Section 6(b) of the Plan or as otherwise determined by the Committee, if a Participant's employment terminates with the Company prior to the Payment Date, the Participant shall forfeit any and all rights to payment or any Financial Performance Award granted hereunder.

d. For Participants who are Section 162(m) Officers, funding of the Section 162(m) Officer Bonus Pool.

III. AWARDS

The Section 162(m) Officer Bonus Pool shall be funded and allocable to Participants who are Section 162(m) Officers in the percentages set forth on an exhibit on file with the Committee, subject to the Committee's right to reduce any such allocations in its sole discretion. In this regard, the Target Percentage and Target Amount, as described in Sections 3.1 and 3.2 below, will be considered by the Committee in exercising its right of discretion.

3.1. Target Percentages. Each Participant shall have a Target Percentage based upon the position held by such Participant as approved by the Committee on March 13, 2015 and set forth on an exhibit on file with the Committee.

Other employees selected by the Committee may also be made Participants in the Plan on such terms as may be approved by the Committee and consistent with the terms of the Plan.

3.2. Target Amount. The target amount of a Participant's Financial Performance Award, if any, shall be determined and allocated based on the percentages specified in the table below:

	<u>Metric</u>	<u>CEO, Sr VP & CFO; VP-Business Development; VP- Human Resources & Admin; VP & General Counsel; and Controller and CAO</u>	<u>VP's and SVP Responsible for Operating Unit(s)</u>
Financial Performance Awards	Corporate ROIC	15%	—
	Operating Unit Adjusted EBITDA	—	50%
	Working Capital as a % of Sales	15%	20%
	Corporate Adjusted EBITDA	70%	30%

3.3. Financial Performance Award Multiplier. Subject to the terms and conditions set forth herein and in the Plan, the amount of Financial Performance Award earned shall be calculated and adjusted upward or downward based on the actual level of attainment of Target W/C as a % of Sales (Corporate and Operating Unit), Target Adjusted EBITDA (Corporate and Operating Unit) and/or Target ROIC (as allocated under Section 3.2) utilizing the percentage multiplier as set forth in the following tables:

a. Adjusted EBITDA Multiplier (Corporate/Operating Unit)

<u>% of Target Adjusted EBITDA</u>	<u>Corporate or Operating Unit Multiplier</u>
170% and over	200%
160%	185%
150%	175%
140%	160%
130%	145%
120%	130%
110%	115%
100%	100%
90%	84%
80%	68%
70%	52%
60%	36%
50%	20%
Less than 50%	0%

b. ROIC Multiplier

<u>% of Target ROIC</u>	<u>ROIC Multiplier</u>
127.5% and over	200%
123.0%	167%
112.8%	133%
100.0%	100%
93.7%	73%
87.8%	47%
80.0%	20%
Less than 80.0%	0.0%

c. W/C as a % of Sales Multiplier

<u>% of Target Average W/C as a % of Sales</u>	<u>Corporate or Operating Unit Multiplier</u>
86.0% and under	200%
88.7%	175%
91.3%	150%
94.3%	130%
97.4%	115%
100.0%	100%
102.9%	80%
106.5%	60%
110.0%	40%
Greater than 110.0%	0%

The calculation of the percent of target achieved in the above tables shall be adjusted proportionately to reflect whole percentages achieved between the levels in the table. For example, if Corporate achieved 73% of Target Adjusted EBITDA, the percent of target achieved would be 57%; if Corporate achieved 137% of Target Adjusted EBITDA, the percent of target achieved would be 156%.

3.4. Limitation on Financial Performance Award. Notwithstanding any provision to the contrary, a Participant's Financial Performance Award shall not exceed (i) \$1,500,000 for any Participant for the Fiscal Year performance period under the Plan or (ii) if lower, for any Participant who is a Section 162(m) Officer, such Participant's designated performance pool percentage of the Section 162(m) Officer Bonus Pool as set forth on an exhibit on file with the Committee. In the event that the amount of any such award for the Fiscal Year earned exceeds \$1,500,000 for a Participant, or the designated performance pool percentage for any Section 162(m) Officer, such award shall be reduced to \$1,500,000 or, if lower, the applicable designated performance pool percentage.

IV. RECOUPMENT

In the event the Company is required to prepare an accounting restatement applicable to any financial reporting period covering a period within the Fiscal Year due to the material noncompliance of the Company with any financial reporting requirement under the securities laws or other applicable law and if the Committee, in its discretion, so determines, each "Specified Participant" (as defined below) shall pay to the Company, in cash, all cash paid to or on behalf of such Participant under the Plan for the Fiscal Year in excess of the amount of such compensation that would have been paid to the Participant for the Fiscal Year based on the restated financial results. Any such payment shall be made within the time periods prescribed by the Committee. The term "Specified Participant" means any Participant that the Committee has determined, in its sole discretion, has committed fraud, negligence, or intentional misconduct that was a significant contributing factor to the Company having to prepare an accounting restatement. A Specified Participant's failure to make any such timely payment to the Company constitutes an independent and material breach of the terms and conditions of the Plan, for which the Company may seek recovery of the unpaid amount as liquidated damages, in addition to all other rights and remedies the Company may have against the Participant. By participating in the Plan, each Participant agrees that timely payment to the Company as set forth in this Section IV is (i) reasonable and necessary, (ii) is not a penalty, and (iii) does not preclude the Company from seeking all other remedies that may be available to the Company.

The Committee, in its discretion, shall determine whether the Company shall effect any such recovery (i) by seeking repayment from the Specified Participant, (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the Specified Participant under any compensatory plan, program or arrangement maintained by the Company or any of its affiliates, (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the Company's otherwise applicable compensation practices, or (iv) by any combination of the foregoing.

Notwithstanding any other provisions of this document, if the awards granted pursuant to this document become subject to recovery under any Company policy adopted hereafter and required by law, regulation or stock exchange listing requirement, the awards shall be subject to such deductions, recoupment, and clawback as may be required to be made pursuant to such Company policy (the "Clawback Requirement"). In the event the awards granted pursuant to this document and the Plan become subject to such Clawback Requirement, then the awards shall be subject to such Clawback Requirement, and this Section IV shall no longer apply to such awards.

Notwithstanding the foregoing, the Company shall not be required to make any additional payment in the event that the restated financial results would have resulted in a greater payment to any Participant.

V. COMPENSATION COMMITTEE

All determinations with respect to any Financial Performance Award shall be made by the Committee and shall be final, conclusive and binding on the Company, the Participant and any and all interested parties. No payment of a Financial Performance Award shall be made prior to the Committee certifying in writing that the performance goals and other material terms applicable to such awards for the Fiscal Year as set forth herein (including the Schedule attached hereto and/or the applicable exhibits on file with the Committee) have been attained.

The undersigned Chairman of the Committee hereby certifies, on behalf of the Committee, that the performance goals and other material terms applicable to the awards for the Fiscal Year as set forth herein (including the Schedule attached hereto) have been determined and approved at the Committee meeting on March 13, 2015.

By: /s/ William H. Rackoff
William H. Rackoff
Chairman, Compensation Committee

<u>Participants</u>	<u>Title*</u>	<u>Operating Unit(s)</u>
Robert P. Bauer	President and CEO	Consolidate Corporate
Merry L. Brumbaugh	VP - Tubular Products	Tubular
Steven R. Burgess	VP - Concrete Products President - CXT	Rail (inc. Buildings)
Samuel K. Fisher	VP - Rail Distribution	Rail (inc. Buildings)
Patrick J. Guinee	VP and General Counsel	Consolidated Corporate
John F. Kasel	Sr VP - Rail Business	Rail (inc. Buildings)
Brian H. Kelly	VP - Human Resources & Administration	Consolidated Corporate
Gregory W. Lippard	VP - Rail Product Sales	Rail (inc. Buildings)
Konstantinos Papazoglou	VP - Rail Technology	Rail (inc. Buildings)
Christopher T. Scanlon	Controller	Consolidated Corporate
David J. Russo	Sr VP and CFO	Consolidated Corporate
David R. Sauder	VP - Global Business Development	Consolidated Corporate

* Subject to change pursuant to Section 3.1.

Approved by Committee this
13th day of March, 2015.

/s/ William H. Rackoff
Chairman

**RESTRICTED STOCK AGREEMENT
(EXECUTIVE)**

(Section 5.1 Of The Omnibus Incentive Plan, As Amended And Restated)

This Restricted Stock Agreement set forth below (this "**Agreement**") is dated as of **March 13, 2015** the "**Issue Date**") and is between L. B. Foster Company, a Pennsylvania corporation ("**Company**"), and (the "**Stockholder**").

The Company has established its 2006 Omnibus Incentive Plan, as Amended and Restated (the "**Plan**"), to advance the interests of the Company and its stockholders by providing incentives to certain eligible persons who contribute significantly to the strategic and long-term performance objectives and growth of the Company. All capitalized terms not otherwise defined in this Agreement have the same meaning given them in the Plan.

Pursuant to the provisions of the Plan, the Committee has full power and authority to direct the execution and delivery of this Agreement in the name and on behalf of the Company, and has authorized the execution and delivery of this Agreement.

AGREEMENT

The parties, intending to be legally bound hereby, agree as follows:

Section 1. Issuance of Stock. Subject and pursuant to all terms and conditions stated in this Agreement and in the Plan, as of the Issue Date the Company hereby grants to Stockholder _____ shares of Company Common Stock, par value \$0.01 per share (the "**Common Stock**") pursuant to Article V of the Plan. For purposes of this Agreement, the "**Shares**" shall include all of the shares of Common Stock issued to Stockholder pursuant to this Agreement or issued with respect to such shares of Common Stock, including, but not limited to, shares of Company capital stock issued by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

Section 2. Vesting; Rights; Obligations; and Restrictions on Transfer.

(a) None of the Shares may be sold, transferred, pledged, hypothecated or otherwise encumbered or disposed of until they have vested in accordance with the terms of this Section 2. Except as set forth in this Section 2, effective at the close of business on the date Stockholder ceases to be employed by the Company or an affiliate of the Company, any Shares that are not vested in accordance with this Section 2, and any dividends accrued pursuant to Section 2(c) below, shall be automatically forfeited without any further obligation on the part of the Company. Stockholder hereby assigns and transfers any forfeited Shares and the stock certificate(s) or other evidence of ownership representing such Shares to the Company.

(b) **All of the Shares will vest 33 1/3% on each of the first, second, and third anniversaries.** However, if a Change of Control occurs prior to the end of the full vesting period and (i) Stockholder experiences an involuntary Separation from Service by the Company other than (A) a Termination for Cause, (B) death, or (C) Disability, or the Stockholder terminates for Good Reason (as defined below) within the 90-day period immediately preceding a Change of Control, or on or within the two-year period immediately following a Change of Control, or (ii) the acquiring entity in a Change of Control does not assume this Agreement and convert the Shares into a substantially comparable award of capital stock or other equity incentive instrument in such acquiring entity as determined by the Board of Directors, any unvested Shares shall immediately vest. Vesting shall be tolled during any period in which Stockholder is on an approved leave of absence from employment with the Company or an affiliate of the Company.

(c) Subject to the foregoing provisions of this Section 2 and the provisions of the Plan, Stockholder shall have all rights of a shareholder with respect to the Shares, including the right to vote the Shares and to receive dividends, *provided, however*, that until such time as the Shares, or portion thereof, shall have vested, the Company shall accrue on its books and records for the benefit of the Stockholder an amount equal to the dividend payment that would otherwise have been received on the Shares but for this agreement to accrue the dividend payments. Dividends accrued for the benefit of the Stockholder shall be payable as the Shares vest with payment to be made by the Company, or its agent, within ten (10) business days after vesting. For purposes of clarity, if this Agreement provides that only a portion of the Shares vest on a given date, accrued dividends shall only be payable on that portion of Shares vesting and not on any Shares that remain unvested.

(d) For purposes of this Agreement, "Good Reason" means the Stockholder's Separation from Service as a result of the occurrence, without the Stockholder's written consent, of one of the following events:

(i) A material reduction in the Stockholder's annual base salary (unless such reduction relates to an across-the-board reduction similarly affecting Stockholder and all or substantially all other executives of the Company and its affiliates);

(ii) The Company (or the Subsidiary employing Stockholder) makes or causes to be made a material adverse change in the Stockholder's position, authority, duties or responsibilities which results in a significant diminution in the Stockholder's position, authority, duties or responsibilities, excluding any change made in connection with (A) a reassignment to a New Job Position (as defined herein), or (B) a termination of Stockholder's employment with the Company for Disability, Termination for Cause, death, or temporarily as a result of Participant's incapacity or other absence for an extended period; (For purposes of this Agreement, "New Job Position" means a change in the Stockholder's position, authority, duties or responsibilities with the Company or any affiliate due to the Stockholder's demonstrated inadequate or unsatisfactory performance, provided the Stockholder had been notified of such inadequate performance and had been given at least 30 days to cure such inadequate performance.)

(iii) A relocation of the Company's principal place of business, or of Stockholder's own office as assigned to Stockholder by the Company or the Subsidiary employing Stockholder to a location that increases Stockholder's normal work commute by more than 50 miles; or

(iv) Any other action by the Company or the Subsidiary employing Stockholder that constitutes a material breach of the employment agreement, if any, under which Stockholder's services are to be performed.

In order for Stockholder to terminate for Good Reason, (A) the Company must be notified by Stockholder in writing within 90 days of the event constituting Good Reason, (B) the event must remain uncorrected by the Company for 30 days following such notice (the "Notice Period"), and (C) such termination must occur within 60 days after the expiration of the Notice Period.

(e) The certificates, if any, representing unvested Shares will bear the following or similar legend:

"The securities represented by this certificate are subject to forfeiture and restrictions on transfer as set forth in the Restricted Stock Agreement between the issuer and the initial holder of these shares. A copy of that document may be obtained by the holder without charge at the issuer's principal place of business or upon written request."

Section 3. *Investment Representation.* Stockholder hereby acknowledges that the Shares cannot be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for the shares under the Securities Act of 1933, as amended (the "***Securities Act***"), and applicable state securities laws or an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws or as otherwise provided herein or in the Plan. Stockholder also agrees that the Shares which Stockholder acquires pursuant to this Agreement will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws, whether federal or state.

Section 4. *Book Entry Account.* At the discretion of the Company, certificates for the shares may not be issued. In lieu of certificates, the Company may establish a book entry account for the Shares, until vested, in the name of the Stockholder with the Company's transfer agent for its Common Stock.

Section 5. *Income Taxes.* Stockholder acknowledges that any income for federal, state or local income tax purposes that Stockholder is required to recognize on account of the issuance of the Shares to Stockholder shall be subject to withholding of tax by the Company. In accordance with administrative procedures established by the Company, Stockholder may elect to satisfy Stockholder's minimum statutory withholding

tax obligations, if any, on account of the vesting of Shares hereunder in one or a combination of the following methods: in cash or by separate check made payable to the Company and/or authorizing the Company to withhold a number of vested Shares issued hereunder equal to the applicable minimum statutory withholding tax obligation. In the event Stockholder does not make such payment when requested, the Company may refuse to issue or cause to be delivered any Shares under this Agreement or any other incentive plan agreement entered into by Stockholder and the Company until such payment has been made or arrangements for such payment satisfactory to the Company have been made. Stockholder agrees further to notify the Company promptly if Stockholder files an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the “**Code**”), with respect to any Shares.

Section 6. No Right to Employment. Neither the Plan nor this Agreement shall be deemed to give Stockholder any right to continue to be employed by the Company, nor shall the Plan or the Agreement be deemed to limit in any way the Company’s right to terminate the employment of the Stockholder at any time.

Section 7. Further Assistance. Stockholder will provide assistance reasonably requested by the Company in connection with actions taken by Stockholder while employed by the Company, including but not limited to assistance in connection with any lawsuits or other claims against the Company arising from events during the period in which Stockholder was employed by the Company.

Section 8. Binding Effect; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Company and Stockholder and their respective heirs, representatives, successors and permitted assigns. This Agreement shall not confer any rights or remedies upon any person other than the Company and the Stockholder and their respective heirs, representatives, successors and permitted assigns. The parties agree that this Agreement shall survive the issuance of the Shares.

Section 9. Agreement to Abide by Plan; Conflict between Plan and Agreement. The Plan is hereby incorporated by reference into this Agreement and is made a part hereof as though fully set forth in this Agreement. Stockholder, by execution of this Agreement, represents that he or she is familiar with the terms and provisions of the Plan and agrees to abide by all of the terms and conditions of this Agreement and the Plan. Stockholder accepts as binding, conclusive and final all decisions or interpretations of the Committee upon any question arising under the Plan or this Agreement (including, without limitation, the date of any termination of Stockholder’s employment with the Company). In the event of any conflict between the Plan and this Agreement, the Plan shall control and this Agreement shall be deemed to be modified accordingly, except to the extent that the Plan gives the Committee the express authority to vary the terms of the Plan by means of this Agreement, in which case this Agreement shall govern.

Section 10. Entire Agreement. Except as otherwise provided herein, this Agreement and the Plan, which Stockholder has reviewed and accepted in connection with the grant of the Shares reflected by this Agreement, constitute the entire agreement between the parties and supersede any prior understandings, agreements, or representations by or between the parties, written or oral, to the extent they related in any way to the subject matter of this Agreement.

Section 11. Choice of Law. To the extent not superseded by federal law, the laws of the Commonwealth of Pennsylvania (without regard to the conflicts laws thereof) shall control in all matters relating to this Agreement and any action relating to this Agreement must be brought in State or Federal Courts located in the Commonwealth of Pennsylvania.

Section 12. Notice. All notices, requests, demands, claims, and other communications under this Agreement shall be in writing. Any notice, request, demand, claim, or other communication under this Agreement shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient at the following address: If to the Company, L. B. Foster Company, 415 Holiday Drive, Pittsburgh, PA 15220, Attn: Secretary; and if to the Stockholder, to his or her address as it appears on the Company's records. Either party to this Agreement may send any notice, request, demand, claim, or other communication under this Agreement to the intended recipient at such address using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Either party to this Agreement may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner set forth in this section.

Section 13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 14. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by the parties hereto, or as otherwise provided under the Plan. Notwithstanding, the Company may, in its sole discretion and without the Stockholder's consent, modify or amend the terms of this Agreement, impose conditions on the timing and effectiveness of the issuance of the Shares, or take any other action it deems necessary or advisable, to cause this Award to be excepted from Section 409A of the Code (or to comply therewith to the extent the Company determines it is not excepted).

Section 15. Acknowledgments.

(a) By accepting the Shares, the Stockholder acknowledges receipt of a copy of the Plan and agrees to be bound by the terms and conditions set forth in the Plan and this Agreement, as in effect and/or amended from time to time.

(b) The Plan and related documents may be delivered to you electronically. Such means of delivery may include but do not necessarily include the delivery of a link to a Company intranet site or the internet site of a

third party involved in administering the Plan, the delivery of the documents via e-mail or CD-ROM or such other delivery determined at the Committee's discretion. Both Internet Email and the World Wide Web are required in order to access documents electronically.

(c) This Award is intended to be excepted from coverage under Section 409A of the Code and the regulations promulgated thereunder and shall be interpreted and construed accordingly. Notwithstanding, Stockholder recognizes and acknowledges that Section 409A of the Code may impose upon the Stockholder certain taxes or interest charges for which the Stockholder is and shall remain solely responsible.

(d) Stockholder acknowledges that, by receipt of this Award, Stockholder has read this Section 15 and consents to the electronic delivery of the Plan and related documents, as described in this Section 15. Stockholder acknowledges that Stockholder may receive from the Company a paper copy of any documents delivered electronically at no cost if Stockholder contacts the Company's General Counsel by telephone at (412) 928-7829 or by mail to L.B. Foster Company, 415 Holiday Drive, Pittsburgh, PA 15220 ATTN: General Counsel. Stockholder further acknowledges that Stockholder will be provided with a paper copy of any documents delivered electronically if electronic delivery fails.

IN WITNESS WHEREOF, the Company has caused a duly authorized officer to execute this Agreement on its behalf, and the Stockholder has placed his/her signature hereon, effective as of the Issue Date.

L. B. FOSTER COMPANY

By: _____
Name: Robert P. Bauer
Title: President & CEO

ACCEPTED AND AGREED TO:

_____, Stockholder

L. B. Foster Company
2015 PERFORMANCE SHARE UNIT PROGRAM
(2015-2017)

[DATE]

[NAME AND ADDRESS]

Dear [NAME]:

Pursuant to the terms and conditions of the L. B. Foster Company 2015 Performance Share Unit Program (the "Program"), a component of the Long Term Incentive Program, the Compensation Committee of the Board of Directors of L. B. Foster Company (the "Committee") has awarded you Performance Share Units (the "Award"). The terms and conditions of your Award are governed by the provisions of the Program document attached hereto as Exhibit A, the terms of which are hereby incorporated by reference. Capitalized terms not otherwise defined herein shall each have the meaning assigned to them in the Program.

Name: _____

Title: _____

I hereby acknowledge and accept the Award described above subject to all of the terms and conditions of the Program including, without limitation, the forfeiture and covenant provisions set forth in Sections 11, 12 and 13 of the Program, regardless of whether the Award ever results in a payment under the Program. I further acknowledge receipt of a copy of the Program document and the L. B. Foster Company 2006 Omnibus Incentive Plan, as amended (the "Plan"), and I agree to be bound by all the provisions of the Program and the Plan, as amended from time to time.

By signing below, I acknowledge that: (i) I have read and understand the Program including, without limitation, the provisions that require me to repay monies to the Company if (A) I breach Section 11 or 12 of the Program or (B) the Company is required to prepare an accounting restatement to the extent set forth in Section 13(c); (ii) the Performance Share Units that have been awarded to me have no independent economic value, but rather are mere units of measurement to be used in calculating benefits, if any, available under the Program; (iii) I agree to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee upon any questions arising under this Award, the Program or the Plan; and (iv) my decision to participate in the Program is completely voluntary and done with full knowledge of its terms. ***I further acknowledge and agree that, except as otherwise specifically provided in the Program, in the event I terminate employment prior to the Payment Date, the Performance Share Units awarded to me shall be cancelled and forfeited, whether payable or not, without payment by the Company or any Subsidiary.***

Signature: _____
Name

Date: _____

Exhibit A

**L. B. FOSTER COMPANY
2015 PERFORMANCE SHARE UNIT PROGRAM
(2015-2017)**

L. B. FOSTER COMPANY, a Pennsylvania corporation (the "Company"), hereby establishes this L. B. FOSTER COMPANY 2015 PERFORMANCE SHARE UNIT PROGRAM (the "Program"), in accordance with the provisions of the L. B. FOSTER COMPANY 2006 Omnibus Incentive Plan, as amended (the "Plan"), and the terms and conditions provided herein.

WHEREAS, the Company maintains the Plan for the benefit of its and its Subsidiaries' key employees; and

WHEREAS, in order to align the interests of key employees with the interests of the Company's shareholders and to enhance the Company's ability to retain the employment of its key employees, the Company desires to provide long-term incentive compensation; and

WHEREAS, Article VI of the Plan authorizes the Company to make performance-based awards.

NOW, THEREFORE, the Compensation Committee of the Board of Directors of the Company ("Compensation Committee") hereby adopts the Program on the following terms and conditions:

1. Plan. In addition to the terms and conditions set forth herein, awards under the Program are subject to, and governed by, the terms and conditions set forth in the Plan, which are hereby incorporated by reference. Unless the context otherwise requires, capitalized terms used in this Program and not otherwise defined herein shall have the meanings set forth in the Plan. In the event of any conflict between the provisions of the Program and the Plan, the Compensation Committee shall have full authority and discretion to resolve such conflict and any such determination shall be final, conclusive and binding on the Participant and all interested parties.

2. Effective Date. The effective date of this Program is January 1, 2015.

3. Eligibility. The Committee shall select those individuals who shall participate in the Program (the "Participants"). In the event that an employee is hired by the Company or a Subsidiary during the Performance Period, upon recommendation by the CEO, the Committee shall determine whether such employee will become a Participant in the Program, subject to such terms, conditions and adjustments as the Committee determines to be necessary or desirable.

4. Performance Share Unit Awards.

(a) The Committee shall determine the number of performance share units (the "Performance Share Units") to be awarded to each Participant. Each Performance Share Unit awarded under the Program shall represent a contingent right to receive up to two shares of the Company's common stock (the "Common Stock") as described more fully herein, to the extent such Performance Share Unit is earned and becomes payable pursuant to the terms of this Program. Performance Share Units have no independent economic value, but rather are mere units of measurement used for purpose of calculating the number of shares, if any, to be paid under the Program.

(b) Performance Share Units shall be increased and/or decreased in accordance with the terms of the Program as described more fully herein. Notwithstanding any provision of this Program to the contrary, (i) the Committee, in its sole discretion, may reduce the amount of any Performance Share Units that would otherwise be earned by a Participant upon attainment of the Performance Conditions (as defined below) if it concludes that such reduction is necessary or appropriate, and (ii) the Committee shall not use its discretionary authority to increase the number of Performance Share Units that would otherwise be earned upon attainment of the Performance Conditions with respect to any award that is intended to be performance-based compensation under Section 162(m) of the Code.

5. Performance Conditions of the Performance Share Units. The total number of shares of the Company's Common Stock that may be earned by a Participant will be based on the Company's attainment of performance goals relating to the Company's return on invested capital ("ROIC") and Compound Annual Growth Rate of Earnings from continuing operations ("Earnings CAGR") during the Performance Period (as defined below) as approved by (and in accordance with the procedures established by) the Committee on March 13, 2015 and on file with the Committee (the "Performance Conditions"), for the performance period of January 1, 2015 through December 31, 2017 (the "Performance Period"); provided, however, that except as otherwise specifically provided herein, the ability to earn shares of the Company's Common Stock and to receive payment thereon under the Program is expressly contingent upon achievement of the threshold for the Performance Conditions and otherwise satisfying all other terms and conditions of the Program.

6. Issuance and Distribution.

(a) After the end of the Performance Period, the Committee shall certify in writing the extent to which the applicable Performance Conditions and any other material terms of the Program have been achieved. For purposes of this provision, and for so long as the Code permits, the approved minutes of the Committee meeting in which the certification is made may be treated as written certification.

(b) Subject to the terms and conditions of this Program, Performance Share Units will be settled and paid in shares of the Company's common stock in the calendar year immediately following the end of the Performance Period on a date determined in the Company's discretion, but in no event later than March 15th of such calendar year (the "Payment Date").

(c) Notwithstanding any other provision of this Program, in the event of a Change of Control, the Committee may, in its sole discretion, terminate the Program and, unless otherwise determined by the Committee, the Participant shall be deemed to earn shares of the Company's Common Stock at the target level; provided, however, the Participant shall only be entitled to a prorated portion of such shares of the Company's Common Stock determined based on the ratio of the number of complete months the Participant is employed or serves during the Performance Period through the date of the change of control to the total number of originally scheduled months in the Performance Period (or the number of originally scheduled remaining months in the Performance Period if the Participant becomes an employee of the Company and/or its Subsidiaries after the start of the Performance Period). Any such earned shares of the Company's Common Stock shall be issued contemporaneous with the Change of Control on the closing date of the Change of Control; provided, further, in the event of a Change of Control, Performance Share Units may, in the Committee's discretion, be settled in cash and/or securities or other property.

7. Dividends. Performance Share Units will not be credited with dividends that are paid on the Company's Common Stock.

8. Change in Participant's Status. In the event a Participant's employment with the Company or any Subsidiary is terminated (i) by reason of Retirement on or after January 1, 2016 (or such earlier date as may be expressly authorized by the Committee), or (ii) on account of death or total and permanent Disability prior to the Payment Date, the Participant shall be entitled to retain the Performance Share Units and receive payment therefore to the extent earned and payable pursuant to the provisions of this Program; provided, however, the Participant shall only be entitled to retain a prorated portion of the Performance Share Units determined at the end of the Performance Period and based on the ratio of the number of complete months the Participant is employed or serves during the Performance Period to the total number of months in the Performance Period (or the number of remaining months in the Performance Period if the Participant becomes an employee of the Company and/or its Subsidiaries after the start of the Performance Period). In the event a Participant's employment with the Company or any Subsidiary is terminated for any other reason, including, but not limited to, by the Participant voluntarily, or by the Company on account of a Termination for Cause or without cause, prior to the Payment Date, the Performance Share Units awarded to the Participant shall be cancelled and forfeited, whether payable or not, without payment by the Company or any Subsidiary. Any payments due a deceased Participant shall be paid to his estate as provided herein after the end of the Performance Period.

9. Responsibilities of the Compensation Committee. In addition to the authority granted to the Compensation Committee under the Plan, the Compensation Committee has responsibility for all aspects of the Program's administration, including but not limited to: ensuring that the Program is administered in accordance with the provisions of the Program and the Plan; approving Participants; authorizing Performance Share Unit awards to Participants; and adjusting Performance Share Units as authorized hereunder consistent with the terms of the Program and the Plan. All decisions of the Compensation Committee under the Program shall be final, conclusive and binding on all interest parties. No member of the Compensation Committee shall be liable for any action or determination made in good faith as to the Program or any Performance Share Units awarded thereunder.

10. Tax Consequences/Withholding.

(a) It is intended that: (i) a Participant's Performance Share Units shall be considered to be subject to a substantial risk of forfeiture in accordance with those terms as defined in Section 409A and 3121(v)(2) of the Code; and (ii) a Participant shall have merely an unfunded, unsecured promise to be paid a benefit, and such unfunded promise shall not consist of a transfer of "property," within the meaning of Code Section 83.

(b) Participant acknowledges that any income for foreign, federal, state or local income tax purposes, including payroll taxes, that the Participant is required to recognize on account of the vesting of the Performance Share Units and/or issuance of the shares of Common Stock under this award to Participant shall be subject to withholding of tax by the Company. In accordance with administrative procedures established by the Company, Participant may elect to satisfy Participant's minimum statutory withholding tax obligations, if any, on account of the vesting of the Performance Share Units and/or issuance of shares of Common Stock under this award, in one or a combination of the following methods: in cash or by separate check made payable to the Company and/or by authorizing the Company to withhold from the Performance Share Units to be issued to the Participant a sufficient number of whole shares distributable in connection with this award equal to the applicable minimum statutory withholding tax obligation.

(c) This Program is intended to be excepted from coverage under Section 409A and shall be construed accordingly. Notwithstanding any provision of this Program to the contrary, if any benefit provided under this Program is subject to the provisions of Section 409A, the provisions of the Program will be administered, interpreted and construed in a manner necessary to comply with Section

409A (or disregarded to the extent such provision cannot be so administered, interpreted or construed). Notwithstanding, Section 409A of the Code may impose upon the Participant certain taxes or other charges for which the Participant is and shall remain solely responsible, and nothing contained in this Program or the Plan shall be construed to obligate the Compensation Committee, the Company or any Subsidiary for any such taxes or other charges.

(d) Notwithstanding any provision of the Program to the contrary, if an award of Performance Share Units under this Program is intended to qualify as performance-based compensation under Section 162(m) of the Code and the regulations issued thereunder and a provision of this Program would prevent such award from so qualifying, such provision shall be administered, interpreted and construed to carry out such intention (or disregarded to the extent such provision cannot be so administered, interpreted or construed).

11. Non-Competition.

(a) The Participants hereunder agree that this Section 11 is reasonable and necessary in order to protect the legitimate business interests and goodwill of the Company, including the Company's trade secrets, valuable confidential business and professional information, substantial relationships with prospective and existing customers and clients, and specialized training provided to Participants and other employees of the Company. The Participants acknowledge and recognize the highly competitive nature of the business of the Company and its Subsidiaries and accordingly agree that during the term of each of their employment and for a period of two (2) years after the termination thereof:

(i) The Participants will not directly or indirectly engage in any business substantially similar to any line of business conducted by the Company or any of its Subsidiaries, including, but not limited to, where such engagement is as an officer, director, proprietor, employee, partner, investor (other than as a holder of less than 1% of the outstanding capital stock of a publicly traded corporation), consultant, advisor, agent or sales representative, in any geographic region in which the Company or any of its Subsidiaries conducted business;

(ii) The Participants will not contact, solicit, perform services for, or accept business from any customer or prospective customer of the Company or any of its Subsidiaries in any line of business conducted by the Company or any of its subsidiaries;

(iii) The Participants will not directly or indirectly induce any employee of the Company or any of its Subsidiaries to: (1) engage in any activity or conduct which is prohibited pursuant to subparagraph 11(a)(i) or (2) terminate such employee's employment with the Company or any of its Subsidiaries. Moreover, the Participants will not directly or indirectly employ or offer employment (in connection with any business substantially similar to any line of business conducted by the Company or any of its Subsidiaries) to any person who was employed by the Company or any of its Subsidiaries unless such person shall have ceased to be employed by the Company or any of its Subsidiaries for a period of at least 12 months; and

(iv) The Participants will not directly or indirectly assist others in engaging in any of the activities, which are prohibited under subparagraphs (a)(i-iii) above.

(b) It is expressly understood and agreed that although the Participants and the Company consider the restrictions contained in this Section 11 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Program is an unenforceable restriction against any Participant, the provisions

of this Program shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable against such Participant. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Program is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein. The restrictive covenants set forth in this Section 11 shall be extended by any amount of time that a Participant is in breach of such covenants, such that the Company receives the full benefit of the time duration set forth above.

12. Confidential Information and Trade Secrets. The Participants and the Company agree that certain materials, including, but not limited to, information, data and other materials relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans or the business and affairs of the Company and its Subsidiaries, constitute proprietary confidential information and trade secrets. Accordingly, the Participants will not at any time during or after a Participant's employment with the Company (including any Subsidiary) disclose or use for such Participant's own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Company and any of its affiliates, any proprietary confidential information or trade secrets, provided that the foregoing shall not apply to information which is not unique to the Company or any of its Subsidiaries or which is generally known to the industry or the public other than as a result of such Participant's breach of this covenant. The Participants agree that upon termination of employment with the Company (including any Subsidiary) for any reason, the Participants will immediately return to the Company all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, which in any way relate to the business of the Company and its Subsidiaries, except that the Participants may retain personal notes, notebooks and diaries. The Participants further agree that the Participants will not retain or use for their own account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of the Company or any of its Subsidiaries.

13. Remedies/Forfeiture/Recoupment.

(a) The Participants acknowledge that a violation or attempted violation on a Participant's part of Sections 11 and 12 will cause irreparable damage to the Company and its Subsidiaries, and the Participants therefore agree that the Company and its Subsidiaries shall be entitled as a matter of right to an injunction, out of any court of competent jurisdiction, restraining any violation or further violation of such promises by the Participants or a Participant's employees, partners or agents. The Participants agree that such right to an injunction is cumulative and in addition to whatever other remedies the Company (including any Subsidiary) may have under law or equity, and the Participants' obligations to make timely payment to the Company as set forth in Section 13(b) of this Program. ***The Participants further acknowledge and agree that a Participant's Performance Share Units shall be cancelled and forfeited without payment by the Company if such Participant breaches any of his or her obligations set forth in Section 11 and 12 herein.***

(b) At any point after becoming aware of a breach of any obligation set forth in Sections 11 and/or 12 of this Program, the Company shall provide notice of such breach to a Participant. By agreeing to participate in this Program, the Participants agree that within ten (10) days after the date the Company provides such notice, a Participant shall pay to the Company in cash an amount equal to any and all distributions paid to or on behalf of such Participant under this Program within the six (6) months prior to the date of the earliest breach. The Participant agrees that failure to make such timely payment to the Company constitutes an independent and material breach of the terms and conditions of this Program, for which the Company may seek recovery of the unpaid amount as liquidated damages, in addition to all

other rights and remedies the Company may have resulting from a Participant's breach of the obligations set forth in Sections 11 and 12. The Participants agree that timely payment to the Company as set forth in this provision of the Program is reasonable and necessary because the compensatory damages that will result from breaches of Sections 11 and/or 12 cannot readily be ascertained. Further, the Participants agree that timely payment to the Company as set forth in this provision of the Program is not a penalty, and it does not preclude the Company from seeking all other remedies that may be available to the Company, including without limitation those set forth in this Section 13.

(c) In the event the Company is required to prepare an accounting restatement applicable to any financial reporting period covering a period within the Performance Period due to the material noncompliance of the Company with any financial reporting requirement under the securities laws or other applicable law and if the Committee, in its discretion, so determines, (i) each "Specified Participant" shall pay to the Company in cash up to the amount equal to the fair market value of any and all shares, cash or other compensation paid to or on behalf of such Participant under this Program, and, without duplication, (ii) each "Specified Participant" shall pay to the Company in cash an amount equal to the fair market value of any and all shares, cash or other compensation paid to or on behalf of such Participant under of this Program in excess of the amount of such compensation that would have been paid to the Participant based on the restated financial results. Any such payment shall be made within the time periods prescribed by the Committee. The Committee, in its discretion, shall determine whether the Company shall effect any such recovery (i) by seeking repayment from the Specified Participant, (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the Specified Participant under any compensatory plan, program or arrangement maintained by the Company or any of its affiliates, (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the Company's otherwise applicable compensation practices, or (iv) by any combination of the foregoing. For purposes of this Program, the term "Specified Participant" means any Participant that the Committee has determined, in its sole discretion, that any fraud, negligence, or intentional misconduct by Participant was a significant contributing factor to the Company having to prepare an accounting restatement. A Participant's failure to make any such timely payment to the Company constitutes an independent and material breach of the terms and conditions of this Program, for which the Company may seek recovery of the unpaid amount as liquidated damages, in addition to all other rights and remedies the Company may have against the Participant. By participating in the Program, each Participant agrees that timely payment to the Company as set forth in this provision of the Program is reasonable and necessary, and that timely payment to the Company as set forth in this provision of the Program is not a penalty, and it does not preclude the Company from seeking all other remedies that may be available to the Company, including without limitation those set forth in this Section 13. ***Each Participant further acknowledges and agrees that a Participant's Performance Share Units shall be cancelled and forfeited without payment by the Company if such Participant is determined to be a Specified Participant with respect to any financial reporting period covering a period within the Performance Period. Notwithstanding the foregoing, the Company shall not be required to make any additional payment in the event that the restated financial results would have resulted in a greater payment to the Participant.***

Notwithstanding any other provisions of this Program or the Plan, if the Performance Share Units granted pursuant to this Program become subject to recovery under any Company policy adopted hereafter and required by law, regulation or stock exchange listing requirement, such Performance Share Units shall be subject to such deductions, recoupment, and clawback as may be required to be made pursuant to such Company policy (the "Clawback Requirement"). In the event the Performance Share Units granted pursuant to this Program become subject to such Clawback Requirement, then the Performance Share Units shall be subject to such Clawback Requirement, and this Section 13(c) shall no longer apply to such Performance Share Units.

14. Assignment/Nonassignment.

(a) The Company shall have the right to assign this Program, including without limitation Section 11, and the Participants agree to remain obligated by all provisions of this Program that are assigned to any successor, assign or surviving entity. The obligations of the Company under the Program shall be binding upon the successors and assigns of the Company. Any successor to the Company is an intended third party beneficiary of this Program.

(b) The Performance Share Units shall not be sold, pledged, assigned, hypothecated, transferred or disposed of (a “Transfer”) in any manner, other than by will or the laws of descent and distribution. Any attempt by a Participant to Transfer the Performance Share Units in violation of the terms of the Program shall render the Performance Share Units null and void, and result in the immediate forfeiture of such Performance Share Units, without payment by the Company or any Subsidiary.

15. Impact on Benefit Plans. Payments under the Program shall not be considered as earnings for purposes of the Company’s and/or Affiliate’s qualified retirement plans or any such retirement or benefit plan unless specifically provided for therein. Nothing herein shall prevent the Company or any Affiliate from maintaining additional compensation plans and arrangements for its employees.

16. Changes in Stock. In the event of a stock split, stock dividend, or similar event, the Performance Share Units and the shares of Company common stock on which the Performance Conditions are based shall be appropriately adjusted to prevent dilution or enlargement of the rights of Participants which would otherwise result from any such transaction, provided such adjustment shall be consistent with Code Section 162(m) and Section 409A. In the case of a Change of Control, any obligation under the Program shall be handled in accordance with the terms of Section 6(c) hereof.

17. Governing Law, Jurisdiction, and Venue.

(a) This Program shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law.

(b) Participant hereby irrevocably submits to the personal and exclusive jurisdiction of the United States District Court for the Western District of Pennsylvania or the Court of Common Pleas of Allegheny County, Pennsylvania in any action or proceeding arising out of, or relating to, this Program (whether such action or proceeding arises under contract, tort, equity or otherwise). Participant hereby irrevocably waives any objection which Participant now or hereafter may have to the laying of venue or personal jurisdiction of any such action or proceeding brought in said courts.

(c) Jurisdiction over, and venue of, any such action or proceeding shall be exclusively vested in the United States District Court for the Western District of Pennsylvania or the Court of Common Pleas of Allegheny County, Pennsylvania.

(d) Provided that the Company commences any such action or proceeding in the courts identified in Section 17(b), Participant irrevocably waives Participant’s right to object to or challenge the above selected forum on the basis of inconvenience or unfairness under 28 U.S.C. § 1404, 42 Pa. C.S. § 5322 or similar state or federal statutes. Participant agrees to reimburse the Company for all of the attorneys fees and costs it incurs to oppose Participant’s efforts to challenge or object to litigation proceeding in the courts identified in Section 17(b) with respect to actions arising out of or relating to this Program (whether such actions arise under contract, tort, equity or otherwise).

18. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Program shall in no way be construed to be a waiver of such provision or of any other provision hereof.

19. Severability. In the event that any one or more of the provisions of this Program shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

20. Funding. The Program is not funded and all amounts payable hereunder, if any, shall be paid from the general assets of the Company or its Affiliate, as applicable. No provision contained in this Program or the Plan and no action taken pursuant to the provisions of this Program or the Plan shall create a trust of any kind or require the Company to maintain or set aside any specific funds to pay benefits hereunder. To the extent a Participant acquires a right to receive payments from the Company under the Program, such right shall be no greater than the right of any unsecured general creditor of the Company.

21. Headings. The descriptive headings of the Sections of this Program are inserted for convenience of reference only and shall not constitute a part of this Program.

22. Amendment or Termination of this Program. This Program may be modified, amended, suspended or terminated by the Committee at any time. Notwithstanding the foregoing or any provision of this Program to the contrary, the Committee may, in the sole discretion and without the Participants' consent, modify or amend the terms of the Program or a Performance Grant, or take any other action it deems necessary or advisable, to cause the Program to comply with Section 409A or Section 162(m) (or an exception thereto). Any modification, amendment, suspension or termination shall only be effective upon a writing issued by the Committee, and a Participant shall not offer evidence of any purported oral modifications or amendments to vary or contradict the terms of this Program document.

IN WITNESS WHEREOF, the undersigned has executed this Program on the day and year indicated below. This Program may be executed in more than one counterpart, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

Dated: March 13, 2015

William H. Rackoff
Chairman, Compensation Committee

**Certification under Section 302 of the
Sarbanes-Oxley Act of 2002**

I, Robert P. Bauer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of L.B. Foster Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2015

/s/ Robert P. Bauer

Name: Robert P. Bauer

Title: President and Chief Executive Officer

**Certification under Section 302 of the
Sarbanes-Oxley Act of 2002**

I, David J. Russo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of L.B. Foster Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2015

/s/ David J. Russo

Name: David J. Russo

Title: Senior Vice President,

Chief Financial Officer and Treasurer

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of L.B. Foster Company (the "Company") on Form 10-Q for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2015

/s/ Robert P. Bauer

Name: Robert P. Bauer

Title: President and Chief Executive Officer

Date: May 6, 2015

/s/ David J. Russo

Name: David J. Russo

Title: Senior Vice President,

Chief Financial Officer and Treasurer