

FOSTER L B CO
Form 11-K
June 29, 2010

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2009.

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number 0-10436.

L. B. Foster Company 401(k) and Profit Sharing Plan
(Full title of the plan and the address of plan, if different from that of the issuer named below)

L. B. FOSTER COMPANY
415 Holiday Drive
Pittsburgh, PA 15222

(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

Table of Contents

Financial Statements and
Other Financial Information

L. B. Foster Company 401(k) and Profit Sharing Plan
December 31, 2009 and 2008, and the Year Ended
December 31, 2009
With Report of Independent Registered Public Accounting
Firm

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Financial Statements
and Other Financial Information

December 31, 2009 and 2008,
and the Year Ended December 31, 2009

Contents

| | |
|---|-----------|
| <u>Report of Independent Registered Public Accounting Firm</u> | <u>1</u> |
| Financial Statements | |
| <u>Statements of Net Assets Available for Benefits</u> | <u>2</u> |
| <u>Statement of Changes in Net Assets Available for Benefits</u> | <u>3</u> |
| <u>Notes to Financial Statements</u> | <u>4</u> |
| Other Financial Information | |
| <u>Schedule H, Line 4i – Schedule of Assets (Held at End of Year)</u> | <u>13</u> |

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Plan Administrator
L. B. Foster Company
401(k) and Profit Sharing Plan

We have audited the accompanying statements of net assets available for benefits of the L. B. Foster Company 401(k) and Profit Sharing Plan as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2009 and 2008, and the changes in its net assets available for benefits for the year ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2009 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
June 28, 2010

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Statements of Net Assets Available for Benefits

| | December 31, | |
|-----------------------------------|--------------|--------------|
| | 2009 | 2008 |
| Assets | | |
| Investments, at fair value | \$43,691,547 | \$34,699,901 |
| Participant loans | 1,076,722 | 824,223 |
| | 44,768,269 | 35,524,124 |
| Receivables: | | |
| Employer | 750,000 | 1,000,000 |
| Net assets available for benefits | \$45,518,269 | \$36,524,124 |

See accompanying notes.

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2009

| | |
|---|--------------|
| Additions | |
| Investment income: | |
| Interest and dividends | \$894,927 |
| Net realized/unrealized appreciation in investment fair value | 6,471,310 |
| Other | 2,399 |
| Total investment income | 7,368,636 |
| Contributions: | |
| Employee | 2,017,962 |
| Employer | 1,564,743 |
| Rollover | 1,838 |
| Total contributions | 3,584,543 |
| | 10,953,179 |
| Deductions | |
| Benefit payments | 1,951,045 |
| Administrative expenses | 7,989 |
| | 1,959,034 |
| Increase in net assets available for benefits | 8,994,145 |
| Net assets available for benefits, beginning of year | 36,524,124 |
| Net assets available for benefits, end of year | \$45,518,269 |

See accompanying notes.

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Notes to Financial Statements

December 31, 2009 and 2008

1. Description of Plan

Effective March 1, 2007, the Company merged the L. B. Foster Company Retirement Savings Plan into the L. B. Foster Company Voluntary Investment Plan. The consolidated plan became the L. B. Foster Company 401(k) and Profit Sharing Plan. The following brief description of the L. B. Foster Company 401(k) and Profit Sharing Plan (the Plan) is provided for general information purposes. Participants should refer to the summary plan description for more complete information.

General

The Plan is a defined contribution plan extended to all eligible employees of L. B. Foster Company (the Company) who have attained age 18. The L. B. Foster Investment Committee, appointed by the Board of Directors of the Company, collectively serves as the plan administrator. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended.

Contributions

Contributions under the Plan are made by both the participants and the Company. A participant who elects to make pretax contributions of at least the maximum amount subject to company matching can also elect to make additional voluntary contributions on an after-tax basis. Participants may contribute up to 75% of their annual pretax compensation and up to 100% of their compensation on an after-tax basis, subject to Internal Revenue Code limitations. There is no limit on aggregate pretax and after-tax contributions. Participant contributions and employer matching contributions are invested in accordance with participant elections. In the event that a participant does not make an investment election, contributions are invested in the Fidelity Freedom funds until such time as an election is made by the participant. The participant may transfer contributions defaulted to these funds into other investment options at the participant's discretion.

The Plan includes a provision for an immediate company match. Participants receive a company match of 100% of the first 1% of their eligible compensation and 50% of the next 6% of their eligible compensation for a maximum company match of 4%. To be eligible for the Company's matching contributions, participants must make pretax deferral contributions or Roth 401(k) after-tax deferral contributions. The Plan will match on the combined total of these contributions up to the matching limit.

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

The Company, upon resolution of the Board of Directors, may make a discretionary profit-sharing contribution of an amount out of, but not in excess of, the Company's current or accumulated profits. Participants must have attained one year of service as of the last day of the plan year in order to be eligible for the discretionary profit-sharing contribution, if any, for that year. Discretionary profit-sharing contributions are directed into eligible participant accounts based on the participants' investment elections at the time the contribution is made. Discretionary profit-sharing contributions of \$750,000 and \$1,000,000 were approved for 2009 and 2008, respectively. Prior to 2009, forfeitures of discretionary contributions were reallocated to the Plan's remaining, eligible participants. Beginning in 2009, forfeitures of discretionary contributions are allocated back to the Company. The Company's matching contributions may be reduced by forfeitures that accumulate from terminations of participants with nonvested employer matching contributions. During the year ended December 31, 2009, the Company utilized forfeitures of \$79,412 to offset company contributions. At December 31, 2009, no forfeitures were available to reduce future company contributions. At December 31, 2008, forfeitures of \$25,259 were available to reduce future company contributions.

Vesting

A participant's vested interest in the Plan on any date is equal to the sum of the values of (a) that portion of the participant's account attributable to the participant's contributions and (b) that portion of the participant's account attributable to the Company's contributions multiplied by the applicable vesting percentage plus or minus related earnings (losses). Participants are 100% vested in the Company's contributions after two years of eligible service. Notwithstanding the above, a participant who terminates from the Plan by reason of retirement, disability, or death is fully vested in their participant account.

Distributions

Normal retirement age is 65. Early retirement age is 55, provided that the participant has at least five years of service. In addition, a participant may obtain an early retirement distribution prior to reaching age 55, provided that the participant will turn 55 in the year the distribution occurs and that the participant has at least five years of service.

As provided by the Plan, the distribution to which a participant is entitled by reason of normal, early, late, or disability retirement, death, or termination of employment may be made in the form of direct rollover, annuity, cash, or partly in cash and partly as an annuity. The amount of such distribution is equal to the participant's vested account balance on the valuation date.

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Withdrawals

Under the Plan, a participant may elect to withdraw voluntary, after-tax contributions made to the Plan prior to January 1, 1987. Such withdrawals are subject to a \$1,000 minimum. In the event of extreme hardship and subject to certain restrictions and limitations, a participant may withdraw their vested interest in the portion of their account, subject to a \$500 minimum, attributable to matching, fixed, and discretionary contributions, and related earnings. The Plan also allows for age 59½ in-service withdrawals of all or any portion of the participant's vested account balance.

Participants' Accounts

Each participant's account is credited with the participant's pretax and voluntary contributions, the participant's allocable share of company contributions, and related earnings of the funds. Participants' accounts may be invested in 10% increments into any of the mutual funds available under the Plan at the direction of the participant.

Loans

A participant may obtain a loan equal to the lesser of 50% of their vested account balance or \$50,000. The loan proceeds are deducted from the participant's account and are repaid by means of payroll deductions. Loans are required to be repaid within 60 months from the date on which the loan is originally granted and may be prepaid early without penalty. The repayment period for a loan that is obtained for purchasing a primary residence may be as long as 360 months. The loan carries a reasonable interest rate as determined by the Plan Sponsor. The interest rate is computed on the date the loan is requested and remains fixed for the full term of the loan.

Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Should the Plan be terminated, participants will become fully vested in their accounts, and the assets of the Plan would be distributed to the participants based on their individual account balances as determined under the plan provisions.

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Valuation of Investments

Mutual fund values are based on the underlying investments in securities. Mutual fund securities traded on security exchanges are valued at the latest quoted sales price. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year. Loans receivable from participants are valued at cost which approximates fair value.

Realized gain or loss includes recognized gains and losses on the sale of investments. Unrealized appreciation or depreciation represents changes in value from original cost. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned.

As described above, the assets of the Plan are concentrated in mutual funds consisting primarily of stocks and bonds. Realization of amounts disclosed as net assets available for benefits is dependent on the results of these markets.

Basis of Accounting

The financial statements of the Plan are maintained on the accrual basis. Contributions receivable are recorded among the available investment options based upon the participants' aggregate investment allocations in effect at the end of the plan year.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Expenses

The Company, as provided by the Plan, pays expenses of the Plan. Expenses incurred to establish and maintain a loan are charged to the applicable participant.

Table of ContentsL. B. Foster Company
401(k) and Profit Sharing Plan

Notes to Financial Statements (continued)

3. Investments

For the year ended December 31, 2009, the Plan's investments (including investments bought, sold, and held during the year) appreciated (depreciated) in value as follows:

| | Fair Market Value | Net Realized/ Unrealized Appreciation (Depreciation) |
|---|----------------------|---|
| Fidelity Investments: | | |
| Equity Income Fund | \$ 1,708,560 | \$ 316,267 |
| Government Income Fund | 1,806,531 | (91,723) |
| Balanced Fund | 934,843 | 219,510 |
| Low Price Stock Fund | 1,596,012 | 445,515 |
| Small Cap Stock Fund | 1,205,975 | 375,511 |
| Value Fund | 159,294 | 41,248 |
| International Discovery Fund | 3,196,562 | 679,152 |
| Cap Appreciation Fund | 360,656 | 106,076 |
| Spartan Extended Market Index Fund | 463,520 | 134,817 |
| Spartan International Index Fund | 543,211 | 121,061 |
| Spartan 500 Index Fund | 2,684,753 | 514,227 |
| Freedom Income Fund | 144,834 | 14,609 |
| Freedom 2000 | 3,094 | 347 |
| Freedom 2010 | 1,397,180 | 214,079 |
| Freedom 2020 | 1,593,849 | 406,350 |
| Freedom 2030 | 1,635,426 | 360,046 |
| Freedom 2040 | 633,105 | 147,877 |
| Freedom 2005 | 54,550 | 8,678 |
| Freedom 2015 | 1,130,324 | 105,467 |
| Freedom 2025 | 520,045 | 124,745 |
| Freedom 2035 | 64,323 | 14,126 |
| Freedom 2045 | 266,048 | 57,371 |
| Freedom 2050 | 195,483 | 48,427 |
| Retirement Government Money Market Fund | 4,354,707 | - |
| Mutual Shares Class A | 2,702,790 | 556,807 |
| Davis NY Venture Fund | 3,181,749 | 774,983 |
| Columbia Acorn Select Z Fund | 1,393,757 | 510,270 |
| PIMCO Total Return Fund | 3,700,496 | 196,064 |
| PIMCO Real Return Institutional Fund | 110,296 | 817 |
| Allianz NFJ Small Cap Value Fund | 1,184,791 | 235,358 |
| L. B. Foster Company Stock Fund | 4,763,120 | (166,772) |
| L. B. Foster Company Stock Purchase Account | 1,663 | - |
| | \$43,691,547 | \$ 6,471,310 |

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Notes to Financial Statements (continued)

3. Investments (continued)

The fair value of investments representing 5% or more of the Plan's assets at December 31, 2009 and 2008, is as follows:

| | 2009 | 2008 |
|---|-------------|-------------|
| Fidelity Investments: | | |
| International Discovery Fund | \$3,196,562 | \$2,368,277 |
| Retirement Government Money Market Fund | 4,354,707 | 5,248,912 |
| Spartan 500 Index Fund | 2,684,753 | 2,087,370 |
| Mutual Shares Class A | 2,702,790 | 2,178,339 |
| Davis NY Venture Fund | 3,181,749 | 2,363,059 |
| PIMCO Total Return Fund | 3,700,496 | 2,315,093 |
| L. B. Foster Company Stock Fund | 4,763,120 | 5,138,570 |

4. Income Tax Status

The Plan has not received a determination letter from the Internal Revenue Service stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code). However, the plan administrator believes that the Plan has been designed to comply with and is operating in accordance with the requirements of the Code and, therefore, believes the Plan is qualified and the related trust is exempt from taxation.

5. Transactions With Parties in Interest

Certain trustee, accounting, and administrative expenses relating to the maintenance of participant records and the Plan's administration are absorbed by the Company.

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Notes to Financial Statements (continued)

6. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

7. Fair Value Measurements

The Plan applies the provisions of Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (ASC 820), to its financial assets carried in the financial statements at fair value on a recurring basis. ASC 820 defines fair value as the exchange price that would be received for an asset in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy and requires categorization of assets measured at fair value into one of three levels based on the inputs used in the valuation. Assets are classified in their entirety based on the lowest level of input significant to the fair value measurement. The three levels are defined as:

Level 1 – Observable inputs based on quoted prices (unadjusted) in active markets for identical assets.

Level 2 – Observable inputs, other than those included in Level 1, based on quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.

Level 3 – Unobservable inputs that reflect an entity's own assumptions about the inputs a market participant would use in pricing the asset based on the best information available in the circumstances.

Investments included in the statements of net assets available for benefits in mutual funds totaling \$38,926,764 and in the Company's common stock funds of \$4,764,783 are stated at fair value as of December 31, 2009. These investments are based upon daily unadjusted quoted prices and, therefore, are considered Level 1.

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

Notes to Financial Statements (continued)

7. Fair Value Measurements (continued)

Participant loans are valued at amortized cost, which approximates fair value, and are considered Level 3, and a summary of changes in the fair value for the year ended December 31, 2009, follows:

| | |
|------------------------------|-------------|
| Balance, beginning of year | \$824,223 |
| Issuances | 587,135 |
| Repayments and distributions | (334,636) |
| Balance, end of year | \$1,076,722 |

Table of Contents

Other Financial Information

12

Table of ContentsL. B. Foster Company
401(k) and Profit Sharing Plan

EIN #25-1324733 Plan #201

Schedule H, Line 4i – Schedule of Assets
(Held at End of Year)

December 31, 2009

| Identity of Issue, Borrower, Lessor, or Similar Party | Description of Investment | Shares Held | Fair Market Value |
|--|--|----------------|----------------------|
| Fidelity Investments*: | | | |
| Equity Income Fund | Equities | 43,653 | \$1,708,560 |
| Government Income Fund | Government obligations | 173,872 | 1,806,531 |
| Balanced Fund | Equities | 57,142 | 934,843 |
| Low Price Stock Fund | Equities | 49,969 | 1,596,012 |
| Small Cap Stock Fund | Equities | 75,657 | 1,205,975 |
| Value Fund | Equities | 2,798 | 159,294 |
| International Discovery Fund | Equities | 105,323 | 3,196,562 |
| Cap Appreciation Fund | Equities | 16,829 | 360,656 |
| Spartan Extended Market Index Fund | Index funds | 15,247 | 463,520 |
| Spartan International Index Fund | Index funds | 16,239 | 543,211 |
| Spartan 500 Index Fund | Index funds | 68,089 | 2,684,753 |
| Freedom Income Fund | Equity funds, fixed income funds | 13,486 | 144,834 |
| Freedom 2000 | Equity funds, fixed income funds | 273 | 3,094 |
| Freedom 2010 | Equity funds, fixed income funds | 111,685 | 1,397,180 |
| Freedom 2020 | Equity funds, fixed income funds | 127,000 | 1,593,849 |
| Freedom 2030 | Equity funds, fixed income funds | 131,996 | 1,635,426 |
| Freedom 2040 | Equity funds, fixed income funds | 88,423 | 633,105 |
| Freedom 2005 | Equity funds, fixed income funds | 5,439 | 54,550 |
| Freedom 2015 | Equity funds, fixed income funds | 108,476 | 1,130,324 |
| Freedom 2025 | Equity funds, fixed income funds | 50,052 | 520,045 |
| Freedom 2035 | Equity funds, fixed income funds | 6,269 | 64,323 |
| Freedom 2045 | Equity funds, fixed income funds | 31,411 | 266,048 |
| Freedom 2050 | Equity funds, fixed income funds | 23,411 | 195,483 |
| Retirement Government Money Market Fund | Government obligations, money market securities | 4,354,707 | 4,354,707 |
| Mutual Shares Class A | Equities | 141,804 | 2,702,790 |
| Davis NY Venture Fund | Equities | 102,703 | 3,181,749 |
| Columbia Acorn Select Z Fund | Equities | 59,613 | 1,393,757 |
| PIMCO Total Return Fund | Fixed income securities | 342,639 | 3,700,496 |
| PIMCO Real Return Institutional Fund | Fixed income securities | 10,222 | 110,296 |
| Allianz NFJ Small Cap Value Fund | Equities | 51,179 | 1,184,791 |
| | | | 38,926,764 |

Table of Contents

L. B. Foster Company
401(k) and Profit Sharing Plan

EIN #25-1324733 Plan #201

Schedule H, Line 4i – Schedule of Assets
(Held at End of Year) (continued)

| Identity of Issue, Borrower, Lessor, or Similar Party | Description of Investment | Shares Held | Fair Market Value |
|--|--|----------------|---|
| L. B. Foster Company*: Stock Fund Stock Purchase Account | Common stock Money market securities | 159,783 – | 4,763,120 1,663 4,764,783 43,691,547 |
| Outstanding participant loans* | Participant loans, interest rates ranging from 4.25% to 10.50%, various maturities ranging from one to thirty years | | 1,076,722 \$44,768,269 |

*Party in interest

Table of Contents

EXHIBIT INDEX

Exhibit 23.1 Consent of Independent Registered Public Accounting Firm

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

L.B. Foster Company 401(k) And Profit Sharing Plan
(Name of Plan)

Date: June 28, 2010

/s/ David J. Russo
David J. Russo
Senior Vice President,
Chief Financial and Accounting Officer and Treasurer
