

**CHARTER
L.B. Foster Company**

Audit Committee of the Board of Directors

I. PURPOSE

The Audit Committee's primary function is to fulfill its oversight responsibilities by reviewing: the Corporation's audited financial reports and interim financial reports; the Corporation's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes. The Audit Committee's primary duties and responsibilities are:

- ◆ Overseeing that management has established and maintained the Corporation's accounting and financial reporting process and internal control system to insure the reliability and integrity of the Corporation's financial reporting and disclosure practices.
- ◆ Overseeing that management has established and maintained processes to assure the quality and effectiveness of both its independent public accountants and internal auditor(s).
- ◆ Overseeing the audit of the Corporation's financial statements.
- ◆ Providing an open avenue of communication among the independent public accountants, financial and senior management, the internal auditing department and the Board of Directors.

The Audit Committee will fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter. As used herein, the term "independent public accountants" shall refer to the independent public accountants retained by the Company for the purpose of expressing an opinion on the Company's financial statements for either:

- the period covered by any financial statement; or
- the period of the engagement to audit or review the Corporation's financial statements or to prepare a report filed with the Securities and Exchange Commission.

II. COMPOSITION

The Audit Committee shall consist of three or more directors as determined by the Board, each of whom shall be independent directors, except under the limited circumstances set forth below, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. The term "independent director" in this Section II shall have the meaning set forth both in the NASD rules pertaining to Audit Committee requirements, as from time to time amended, and shall also mean that each independent director may not accept any consulting, advisory or other compensatory fees from or by affiliation with the Corporation, other than as a Board or committee member. All members of the Committee shall have a working familiarity with basic finance and accounting practices and be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement..

In addition, the Audit Committee may avail itself of any cure period if, for reasons set forth in applicable NASD Rules, the Audit Committee does not comply with applicable requirements on the composition of the Audit Committee.

One director who is not independent and meets the criteria set forth in Section 10A(m)(3) of the Exchange Act and the rules thereunder, and is not an officer, an employee, nor a Family Member (as defined in applicable NASD Rules) of an officer or an employee may be appointed to the Audit Committee if the Board of Directors, under exceptional and limited circumstances, determines that membership on the Audit Committee by the individual is required by the best interests of the Company and its shareholders and the Board of Directors discloses in the next annual proxy statement the nature of the relationship and the reasons for that determination.

The Committee shall include at least one member who, in the judgment of the Board of Directors, is a financial expert under the standards established by the Securities and Exchange Commission and applicable NASD Rules.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless the Chair is elected by the full Board, the members of the Committee may designate a Chair by majority

vote of the full Committee membership. A member of the Committee shall immediately resign from the Committee if he should cease to be an independent director and his successor shall be selected by the full Board, unless one of the limited exceptions set forth above to the general requirements applicable to the composition of the Audit Committee is applicable.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Special meetings may be called by either the Chairman of the Board or the Chairman of the Committee. In order to foster open communication, the Committee shall meet periodically with management and the independent public accountants in separate executive sessions. In addition, the Committee, or at least its Chair shall meet with the independent public accountants and management quarterly to review the Corporation's interim financial statements.

IV. RESPONSIBILITIES

To fulfill its responsibilities, the Audit Committee shall:

Documents/Reports; Review, Discussion and Recommendations

1. Review this Charter at least annually and, if appropriate, update this Charter.
2. Review and discuss the Corporation's audited financial statements with management.
3. Discuss with the independent public accountants the matters required to be discussed by applicable law or by SAS 61, as it may be modified or supplemented, including:
 - all critical accounting policies and practices to be used
 - all alternate treatments within generally accepted accounting principles of financial information that have been discussed with management, ramifications of the use of such alternative disclosures and treatment and the treatment preferred by the independent public accountants
 - Any accounting disagreements between the independent public accountants and management

- other material written communications between the independent public accountants and management, such as any management letter or schedule of unadjusted differences.
4. Receive a formal written statement from the independent public accountants delineating all relationships between the independent public accountant and the Corporation consistent with Independence Standards Board Standard No. 1, as it may be modified or supplemented, and actively engage in a dialogue with the independent public accountants with respect to any disclosed relationship or services that may impact the objectivity and independence of the independent public accounts and taking, or recommending that the full Board take, appropriate action to oversee the independence of the independent public accountants.
 5. If appropriate, and based on the review and discussion referred to in paragraphs (IV) 2 through (IV) 4 of this Charter, recommend to the Board of Directors that the Corporation's audited financial statements be included in the Corporation's Annual Report on Form 10-K.
 6. Review with financial management and the independent public accountants each Quarterly Report on Form 10-Q prior to its filing. The Chair of the Committee may represent the entire Committee for purposes of this review.

Independent Public Accountants

7. Be directly responsible for the appointment, compensation, oversight and, if appropriate, termination of the independent public accountants retained to audit the books of the Corporation, its operating groups and subsidiaries.
8. Periodically consult with the independent public accountants about internal controls and the quality and accuracy of the Corporation's financial statements and elicit the independent public accountants' recommendations for improving the Corporation's internal controls.
9. The independent public accountants shall report directly to the Audit Committee and the Audit Committee shall periodically confirm that the independent public accountants understand that they are directly accountable to the Audit Committee.
10. Resolve disagreements between management and the independent public accountants regarding financial reporting.

11. Preapprove, in the Committee's discretion, non-audit services to be performed by such independent public accountants that are not prohibited. Prohibited services which the independent public accountants may not perform and which the Committee may not approve are:
 - bookkeeping or other services related to the accounting records or financial statements of the Corporation;
 - financial information systems design and implementation;
 - appraisal or valuation services, fairness opinions or contribution-in-kind reports;
 - actuarial services;
 - internal audit out-sourcing services;
 - management functions or human resources;
 - broker or dealer, investment adviser or investment banking services;
 - legal services and expert services unrelated to the audit; and
 - any other service that the Securities and Exchange Commission or Public Company Accounting Oversight Board determines, by regulation, is impermissible.

12. Approve, in the Committee's discretion, non-audit services performed by the independent public accountants which were not pre-approved by the Committee when the independent public accountants render a service that was anticipated to be an audit service, but which turns out to be a non-audit service, but only if:
 - the aggregate fees for all non-audit services are not more than five percent of total fees paid to the independent public accountants during the fiscal year in which the non-audit services are provided;
 - the service was not initially recognized by the Corporation as a non-audit service;
 - the service is promptly brought to the attention of the Audit Committee; and

- the Audit Committee (or one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee) approves the activity prior to the conclusion of the audit.

Financial Reporting Processes

13. In consultation with the independent public accountants and the internal auditors, review the integrity of the organization's financial reporting processes, both internal and external.
14. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent public accountants, management or the internal auditing department.

Process Improvement

15. Following completion of the annual audit, review separately with management and the independent public accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
16. Review with the independent public accountants, the internal auditing department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.
17. Review activities, organizational structure and qualifications of the internal audit department.
18. Review, with the Corporation's counsel or other counsel selected by the Committee, any legal matter that could have a significant impact on the Corporation's financial statements.
19. Put in place procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or other matters, which procedures shall provide for the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

20. Review, and if appropriate, approve any “related party transactions”. As used herein a “related party transaction” shall refer to transactions required to be disclosed pursuant to S.E.C. Regulation S-K, Item 404.
21. Oversee management’s implementation of a code of ethics for senior financial officers.
22. Perform any other activities consistent with this Charter, the Corporation’s By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

While the Audit Committee has responsibilities and powers set forth in this Charter, the Audit Committee does not have the duty to plan or conduct audits or to determine that the Corporation’s financial statements are complete and accurate and in accordance with generally accepted accounting principles. These tasks are the responsibility of the independent public accountants and management. The Audit Committee also does not have the duty to ensure compliance with laws and regulations or any code of conduct applicable to the Corporation or its employees.

V. RESOURCES

The Audit Committee will be provided with the necessary resources (both internal and external) to carry out its duties. The Committee may retain outside counsel, accountants or others to assist the Committee discharge its duties when, in the Committee's judgment, such assistance is appropriate.