

# Legal and Ethical Conduct

Revised: 3/12/04

Supersedes 9/15/98 Policy

## 1. GENERAL POLICY

It is the policy of L.B. Foster Company to:

- A. Comply with applicable laws of the United States and other countries in which Foster does business.
- B. Conduct its affairs with integrity.

## 2. SPECIFIC POLICIES

### 2.1 Accounting and Financial Practices

- 2.1.1 Using the Company's assets for any unlawful or improper purpose is prohibited.
- 2.1.2 No undisclosed or unrecorded fund or assets of the Company shall be established for any purpose.
- 2.1.3 No false or misleading entries shall be made in the books and records of the Company.
- 2.1.4 No payment on behalf of the Company shall be approved without adequate supporting documentation or made for any purpose other than that described by the documents supporting the payment.
- 2.1.5 Generally accepted accounting rules and established internal controls shall be followed.
- 2.1.6 The following provisions shall be specifically applicable to the Company's Chief Executive Officer, Chief Financial Officer and Controller (collectively "Sr. Financial Officers" and individually a "Sr. Financial Officer").

- Each of the Sr. Financial Officers shall abide by and respect L.B. Foster's Policy on Legal and Ethical Conduct.
- Each of the Sr. Financial Officers shall endeavor to insure that all financial statements filed with the Securities Exchange Commission fully comply with the requirements of the Securities Exchange Act of 1934 and that (i) information contained in such periodic reports fairly presents, in all material respects, the financial condition and results of operations of Company and its consolidated subsidiaries; and (ii) all periodic reports filed by the Company with the Securities Exchange Commission and the Company's other public communications are full, fair, accurate, timely and understandable.
- Each of the Sr. Financial Officers shall be responsible for establishing and maintaining internal controls designed to ensure that material information relating to the Company is made known to the Sr. Financial Officers by others within the Company, particularly during the period in which periodic reports are being prepared.
- Each of the Chief Executive Officer and Chief Financial Officer shall be responsible for evaluating the effectiveness of the Company's internal controls as of a date within 90 days prior to the filing of periodic reports with the Securities Exchange Commission and for presenting their conclusions about the effectiveness of their internal controls.
- Each of the Chief Executive Officer and the Chief Financial Officer shall disclose to the Company's auditors and to the Audit Committee of the Board of Directors, all significant deficiencies or material weaknesses in the design or operation of internal controls which could adversely affect the Company's ability to record, process and summarize financial data; and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- Each of the Sr. Financial Officers shall act honestly and avoid actual or apparent conflicts of interest between such Sr. Financial Officer's personal interests and the Company's interests in the performance of such Sr. Financial Officer's duties and responsibilities with the Company.
- Each of the Sr. Financial Officers will not cause or knowingly permit to exist any unrecorded assets or liabilities of the Company.

- Each of the Sr. Financial Officers will not cause or knowingly permit to be made any false or misleading entries in the books and records of the Company.
- Each of the Sr. Financial Officers will not approve or knowingly permit to be approved any payment on behalf of the Company (i) without adequate supporting documentation or; (ii) made for any purpose other than that described in the supporting documents.
- Each of the Sr. Financial Officers shall recognize the confidentiality of information acquired in the course of any work and shall disclose the same only as appropriate or legally obligated. The Sr. Financial Officers shall not use confidential information acquired in the course of their work for personal advantage.
- Each of the Sr. Financial Officers shall use the Company's assets and resources in a responsible manner and in the Company's best interests.
- Each of the Sr. Financial Officers shall act in good faith and with due care, without misrepresenting or without withholding any material facts.
- Any violation of this Section 2.1.6 by a Senior Financial Officer shall be reported to the Audit Committee.
- Each Sr. Financial Officer shall certify, at least annually, such Sr. Officer's adherence to this Section 2.1.6.

## 2.2 Political Contributions

- 2.2.1 No funds or assets of the Company shall be used for federal political campaign contributions. No such funds or assets shall be used for state or local political contributions, even where permitted by applicable state or local laws, without the prior written approval of the Chief Executive Officer and the General Counsel. These prohibitions cover not only direct contributions but also indirect assistance or support of candidates or political parties through purchase of tickets to special dinners or other fund raising events, or the furnishing of any other goods, services or equipment to political parties or committees.
- 2.2.2 No funds or assets of the Company shall be used, directly or indirectly, for political contributions outside the United States, even where permitted by applicable local law, without the

prior written approval of the Chief Executive Officer and General Counsel.

- 2.2.3 The above prohibitions apply to the direct or indirect use of corporate funds or assets for political purposes and are not intended to discourage employees from making personal contributions to the candidates, parties or committees of their choice. Under no circumstances shall employees be reimbursed in any way for personal contributions.

## 2.3 Customer Gifts and Entertainment

- 2.3.1 Neither the Company nor its employees will provide payments, regardless of amount, to a customer or customer representative in connection with the solicitation of orders or other activities.
- 2.3.2 Gifts of substantial value (in excess of \$100.00) shall not be permitted. Gifts should be limited to Company supplied items. Any gift costing more than \$100 must be approved by the Executive Officer to whom the Employee reports.
- 2.3.3 No lavish customer entertainment is permitted. Customer entertainment shall adhere to Policy for Travel and Entertainment (SP-F-24).

## 2.4 Supplier Relationship

- 2.4.1 Employees shall not accept gifts (costing more than \$100) from parties having a business relationship with the Company. Any such gift should be disclosed to the Executive Officer to whom the recipient reports.
- 2.4.2 Any extraordinary entertainment, weekend outing or offers of use of a supplier's entertainment facilities must be approved by the Executive Officer to whom the recipient reports before accepting the offer.
- 2.4.3 Gifts or "kick backs" from or to a supplier or a customer in return for orders or preferential treatment will not be tolerated.

## 2.5 Government Regulations

- 2.5.1 The Company will adhere at all times to the laws and regulations of the federal, state or local governing body in which the Company or its facilities are located.

- 2.5.2 The Company and all employees will cooperate with government officials. Whenever an official requests inspection of the Company properties, the local manager should inform the General Counsel and the functional Vice President involved prior to the visit.
- 2.5.3 The Company's relationship with all governmental agencies, their officials and personnel in the United States and in each foreign country in which business is conducted shall be in all respects such that public disclosure of full details thereof will not impugn or jeopardize the Company's integrity or reputation. Accordingly, payments to government employees, or lavish entertainment of government employees, shall not be permitted.
- 2.5.4 The foregoing prohibition applies to use of both corporate and personal funds or assets. It also applies to indirect contributions or payments made in any form, such as through consultants, advisors, suppliers, customers or other third parties.

## 2.6 Competitor Relationships

- 2.6.1 The Company shall not engage in collusive behavior with any third party relating to the establishment of prices or markets for the Company's or any other party's products or services. The Company shall not furnish competitors with information relating to the formulation of the Company's pricing or of its marketing strategies.
- 2.6.2 The Company shall not refrain from doing business with any entity because of a request from a third party to refrain from doing business with such entity.
- 2.6.3 Trade associations often provide a valuable method of keeping abreast of industry developments. Trade associations or industry meetings, however, are occasionally a source for accomplishing anti-competitive behavior. Any employee or director attending a trade association meeting is, therefore, directed not to participate in any discussion whatsoever involving the Company's pricing or marketing strategies.

## 2.7 Company Property

- 2.7.1 All of the Company's assets, equipment and supplies are for Company use and are not to be taken by employees for personal use.

2.7.2 All employees shall respect Company property.

2.8 Insider Trading

2.8.1 All nonpublic information concerning the Company and its affairs is and remains the property of the Company and an employee or director coming into possession of such information acquires no right or interest in such information.,.

2.8.2 It is unlawful, both civilly and criminally, and against Company policy for any employee or director to buy or sell Company stock while in possession of material, nonpublic corporate information. Accordingly, employee and director must refrain absolutely from any trading in the Company's stock, until such time as the information has been publicly disseminated.

2.8.3 It is a violation of Company policy, and potentially civilly or criminally unlawful, for any employee or director to disclose to persons outside of the Company material, nonpublic corporate information other than as is necessary or appropriate for the performance of corporate duties.

2.8.4 "Material Nonpublic Information" means any information concerning the Company, not yet public knowledge, but which, if publicly known, could reasonably be expected to either affect the price of the Company's stock, or is likely to be considered important by a reasonable investor.

2.8.5 Directors and officers of the Company shall be responsible for the timely filing of all reports required in connection with their purchases or sales of Company securities.

2.9 Payments Outside the U.S.

2.9.1 The Company does not authorize or provide payments, related offers, or any other benefit to improperly influence another person with respect to the Company's securing, retaining or directing business. Doing so could constitute a violation of U.S. and other countries' laws, and does violate the Company's standards.

2.9.2 The Company will not make payments to a third party when the Company suspects such payments will ultimately be received by officials outside the U.S. or by other persons to improperly secure, retain or direct business. The Company must be able to track the final destination of any of its

payments to ensure that such funds are not used for improper purposes.

## 2.10 Boycotts

2.10.1 The Company will not participate in boycotts of countries, their national or blacklisted companies, unless these boycotts are sanctioned by the U.S. and approved by the Legal Department.

2.10.2 Unless approved by the Legal Department, employees will not furnish information about:

- The Company's past, present or prospective business relationships with boycotted countries or blacklisted companies.
- Any person's: (a) race, religion, gender, national origin or nationality, (b) membership in or support of a charitable or fraternal organization supporting boycotted countries, (c) relationship with nationals of boycotted countries, or (d) relationship with a boycotted country or blacklisted company.
- Any person believed to be restricted from doing business with a boycotted country.

Employees shall contact the Legal Department immediately if they receive any request for information considered boycott-related or any request to comply with other statements referring to boycott compliance.

2.10.3 The Company will not pay, honor, confirm or implement letters of credit, financial documents or bills of lading, or agree to contractual provisions containing any conditions or requirements contrary to the anti-boycott regulations.

## 2.11 Conflicts of Interest

No officer, director or employee, or any member of his or her immediate family may have, directly or indirectly, any financial arrangement or involvement with investment in or ownership in any corporation or firm doing business or competing with L.B. Foster Company, unless the details of such financial arrangements or involvement, investment or ownership are previously disclosed to the Audit Committee of the Corporation, and the Audit Committee advises such officer, director or employee that the Corporation has no objection to such financial arrangement or involvement, investment

or ownership; provided, however, that an investment or ownership interest of not more than 5% of a public company or firm where such investment opportunity or ownership is available to the public at large shall not be deemed to fall within this conflict of interest policy. All related party transactions, as defined in Item 404 of Regulation S-K, shall be referred to the Audit Committee of the Board of Directors.

2.12 Product Representations

2.12.1 Material or products will be delivered as described in relevant sales documents.

2.12.2 Stencil or coding on material shall not be altered or removed for any deceptive purpose.

2.12.3 Mill certificates will be properly matched with material shipped. No substitutions of mill certificates will take place.

2.13 Other Policies

Employee and directors are to consult the Company's specific policies on environmental and safety compliance, related party transactions and human resources, see e.g. SP-SE-1 (Environmental Compliance), SP-SE- 2 (Hazard Communication Program), SP-SE-3 ("Health and Safety Program), SP-F-11 (Related Party Transactions, SP-P-6 (Overtime for Exempt and Non-Exempt Employees), SP-P-8 (Equal Employment Policy), SP-P-27 (Drug-Free Workplace), SP-P-30 (Equal Opportunity – Disabled Veterans, Veterans of Vietnam Era and Disabled Individuals) and SP-P-32 (Family Leave).

**3. ADMINISTRATION**

3.1 It is expected that every employee and director will have a working knowledge of prohibited activities and will seek guidance from a superior or from the Legal Department concerning any matter on which there is a question.

3.2 Executive officers of L.B. Foster Company and each subsidiary shall be responsible for enforcement and compliance with this policy, including necessary distribution and consultation to insure employee knowledge and awareness. Violation of this policy may result in discipline, up to and including termination of employment.

3.3 Any employee who has any questions regarding these policies should discuss the matter with the Legal Department of L.B. Foster Company. Any violation should immediately be reported to the

Legal Department and a record of such report shall be maintained and subject to review by the Compensation, Nomination and Governance Committee of the Board of Directors; **provided, however**, that employees having concerns relating to accounting and financial reporting, internal controls or external or internal audit matters may submit such concerns in an anonymous and confidential manner to the Internal Audit Department pursuant to the Accounting and Auditing Compliance Program set forth in Sec. 3.4 below.

### 3.4 Accounting and Auditing Compliance Program

3.4.1 The Company shall make available to all of its employees a notice reading substantially as follows:

Employees are encouraged to report any concerns or complaints they may have regarding accounting, internal controls or auditing matters. Such concerns may be submitted in an anonymous and confidential manner by calling the Foster Compliance Line at 412-719-7664. Alternatively, concerns may be submitted in a confidential and anonymous manner by mailing such concerns to:

Internal Audit Department  
L.B. Foster Company  
415 Holiday Drive  
Pittsburgh, PA 15220

3.4.2 The Internal Audit Department shall review and investigate complaints regarding accounting, internal accounting controls or auditing matters pursuant to this L.B. Foster Company Accounting and Auditing Program (the "Program"). The Internal Audit Department shall maintain written summaries of such complaints and its investigation of such complaints. If any legitimate complaints (i) relate to matters which could have a material effect on the Company's financial reporting; (ii) relate to a material deficiency in internal controls; or (iii) relate to employee dishonesty, the Internal Audit Department shall, after completing its investigation, refer the matter to the Corporation's Chief Financial Officer. If the matter involves the Chief Financial Officer, it shall be referred to the Chairman of the Audit Committee.

- 3.4.3 At least once a year, and at any time upon the request of the Audit Committee, the Internal Audit Department and the Chief Financial Officer shall review with the Audit Committee complaints received pursuant to this Program and the investigation of such complaints. The Internal Audit Department shall retain records of all complaints received and investigations conducted for at least 3 years.
- 3.4.4 Neither the Internal Audit Department nor any other person shall attempt to identify any employee who submits a complaint under this Program, unless the employee agrees that his identify may be disclosed. Although an effort will be made to maintain, if requested by the employee providing the information, the confidentiality of information, confidentiality may be inconsistent with some investigations and with certain broader duties which the Company may have.

The Company shall not retaliate against any employee because an employee provides information under this Program or with respect to any portion of this “Legal and Ethical Conduct” policy. Reporting of misconduct does not, of course, necessarily absolve an employee of responsibility for misconduct if the employee participated in or condoned such misconduct.

#### 3.4 Certifications

All exempt and salaried non-exempt and salaried non-exempt employees shall be given a copy of this policy and shall be required to sign form SP-L-1.1. All newly hired salespeople shall also be required to sign a form similar to SP-L-1.2. Officers and directors shall each certify annually that the director and/or officer knows of no violation of this Policy.

**AGREEMENT TO OBSERVE COMPANY POLICY**

I have read the attached Policy L-1 and agree that I understand the content and that I will comply with the requirements of this Policy.

I also understand that violation of this Policy could result in suspension without pay, demotion or termination.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

TO: ALL SALES REPRESENTATIVES

FROM: Vice President – Human Resources

RE: Sales Ethics and Morals

As we hire new salespeople and bring new employees into the Company it is important for all of us to be reminded of our ethical and moral code of doing business. As a representative of L.B. Foster Company, you are expected to conduct yourself in a manner that will allow our customers and suppliers to think of us as a first class company.

- You must never misrepresent the product you sell. Never misrepresent foreign for domestic, used for new or secondary quality for prime.
- You will never change heat numbers, stenciling or any brand of identification printed or painted on our steel products.
- You will never falsify test reports or purposely mismatch test reports with the wrong steel.
- You will fill out expense reports and call reports honestly.

I am including a copy of our travel and entertainment policy plus a copy of our expense forms. Please read and understand these documents.

I have read and understand the above.

---

Signature