

FOSTER L B CO
Form 10-K/A
April 04, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

(Mark One)

Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2017

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 25-1324733

(State of Incorporation) (I.R.S. Employer Identification No.)

415 Holiday Drive, Pittsburgh, Pennsylvania 15220

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:

(412) 928-3400

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange On Which Registered |
|---------------------|---|
|---------------------|---|

| | |
|--------------------------------|-----------------------------|
| Common Stock, Par Value \$0.01 | NASDAQ Global Select Market |
|--------------------------------|-----------------------------|

| | |
|---------------------------------|-----------------------------|
| Preferred Stock Purchase Rights | NASDAQ Global Select Market |
|---------------------------------|-----------------------------|

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

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 such 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 shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act.

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$174,226,746.

Class Outstanding at February 21, 2018

Common Stock, Par Value \$0.01 10,346,213 shares

Documents Incorporated by Reference:

Portions of the Proxy Statement prepared for the 2017 Annual Meeting of Shareholders are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III of Form 10-K. The 2018 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

Explanatory Note

This Amendment No. 1 on Form 10-K/A (the “Amendment”) amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2017, originally filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2018 (the “Form 10-K”), by L.B. Foster Company (the “Company”). The purpose of this Amendment is solely to revise the cover of Form 10-K and correct quantitative and related explanatory disclosure regarding the Company's securities authorized for issuance under the Company's equity compensation plan provided in Part II, Item 5 of Form 10-K.

The box for delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) was checked on Form 10-K. The correct disclosure is unchecked.

In the securities authorized for issuance under the equity compensation plan table provided in Part II, Item 5, the number in column (a), which reports the number of securities to be issued upon the exercise of outstanding options, warrants, and rights, erroneously did not include (i) the partial forfeiture of 2016-2018 performance share unit awards by three retirees for whom only 21,015 performance share units were outstanding at December 31, 2017, assuming a payout at maximum performance, and (ii) 26,860 deferred stock units that were unvested and outstanding as of December 31, 2017. The correct amount in column (a) is “476,933” and footnote (1) has been updated to reflect this correction. Footnote (2) has also been updated to reflect the deferred stock units. The number in column (c), which reports the number of securities available for future issuance under equity compensation plans, excluding securities reflected in column (a), erroneously included 133,965 shares that should not have been classified as available for future issuance. The correct amount in column (c) is “55,352” and footnote (3) has been updated to reflect this change and explain the shares excluded from column (c).

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we have included the complete text of Part II, Item 5 of Form 10-K in this Amendment. However, there have been no changes to the text of such Part II, Item 5 other than the change stated in the immediately preceding paragraph. The required exhibits for this Form 10-K/A have also been included in Part IV, Item 15 and the exhibits that were filed with Form 10-K have been incorporated by reference from Form 10-K.

Except as expressly described above, this Amendment speaks as of the filing date of Form 10-K and does not purport to, amend, update, modify, or restate the information in any other Item of Form 10-K or reflect any events that have occurred after the filing of Form 10-K.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Market Information

(Dollars in thousands, except share data unless otherwise noted)

The Company had 309 common shareholders of record on February 21, 2018. Common stock prices are quoted daily through the NASDAQ Global Select Market quotation service (Symbol: FSTR). The following table sets forth the range of high and low sales prices per share of our common stock for the periods indicated:

| | 2017 | | | 2016 | | |
|---------|---------|---------|-----------|---------|--------|-----------|
| Quarter | High | Low | Dividends | High | Low | Dividends |
| First | \$15.86 | \$11.80 | \$ — | \$18.53 | \$8.80 | \$ 0.04 |
| Second | 21.95 | 12.15 | — | 20.77 | 10.12 | 0.04 |
| Third | 23.25 | 17.00 | — | 12.50 | 9.25 | 0.04 |
| Fourth | 27.45 | 21.15 | — | 15.65 | 9.25 | — |

Dividends

During the fourth quarter 2016, the Board of Directors decided to suspend the Company's quarterly dividend.

The Company's November 7, 2016 credit facility permits it to pay dividends and distributions and make redemptions with respect to its stock providing no event of default or potential default (as defined in the facility agreement) has occurred prior to or after giving effect to the dividend, distribution, or redemption. Dividends, distributions, and redemptions are capped at \$1,700 per year when funds are drawn on the facility.

Performance Graph

(In whole dollars)

In 2017, the Company changed its peer group to align it with the Company's comparator group as used by the Company's compensation committee to evaluate the Company's compensation practices. The Company's 2017 peer group ("2017 Peer Group") consists of Alamo Group, Inc., American Railcar Industries, Inc., Ampco-Pittsburgh Corporation, CIRCOR International, Inc., Columbus McKinnon Corporation, Gibraltar Industries, Inc., Hawkins, Inc., Haynes International, Inc., Houston Wire & Cable Company, Insteel Industries Inc., Lindsay Corporation, Lydall Inc., Manitex International, Inc., NN Inc., Orion Marine Group, Inc., Quanax Building Products Corporation, Raven Industries Inc., Sterling Construction Co. Inc., and The Gorman-Rupp Company.

Prior to 2017, the Company's peer group ("2016 Peer Group") consisted of Alamo Group, Inc., AM Castle & Co., American Railcar Industries, Inc., CIRCOR International, Inc., Columbus McKinnon Corporation, Gibraltar Industries, Inc., Houston Wire & Cable Company, Insteel Industries Inc., Lindsay Corporation, Lydall Inc., MYR Group, Inc., NN Inc., Northwest Pipe Co., Olympic Steel Inc., Orion Marine Group, Inc., Quanax Building Products Corporation, Raven Industries Inc., and Sterling Construction Co. Inc.

The following tables compare total shareholder returns for the Company over the last five years to the NASDAQ Composite Index and the peer groups assuming a \$100 investment made on December 31, 2012. Each of the four measures of cumulative total return assumes reinvestment of dividends. The stock performance shown on the graph below is not necessarily indicative of future price performance.

*\$100 invested on 12/31/2012 in stock or index, including reinvestment of dividends. Fiscal year ended December 31.

| | 12/12 | 12/13 | 12/14 | 12/15 | 12/16 | 12/17 |
|---------------------|----------|----------|----------|---------|---------|---------|
| L.B. Foster Company | \$100.00 | \$109.16 | \$112.41 | \$31.86 | \$32.00 | \$63.89 |
| NASDAQ Composite | 100.00 | 141.63 | 162.09 | 173.33 | 187.19 | 242.29 |
| 2017 Peer Group | 100.00 | 138.84 | 128.55 | 109.99 | 150.91 | 157.39 |
| 2016 Peer Group | 100.00 | 142.21 | 129.37 | 110.18 | 157.34 | 168.61 |

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information at December 31, 2017 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants, and rights ^(a) | Weighted-average exercise price of outstanding options, warrants, and rights ^(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities to be issued upon exercise of outstanding options, warrants, or rights) ^(c) |
|--|---|---|---|
| Equity compensation plans approved by shareholders | 476,933 | (1) \$ | — ⁽²⁾ 55,352 ⁽³⁾ |
| Equity compensation plans not approved by shareholders | — | — | — |
| Total | 476,933 | (1) \$ | — ⁽²⁾ 55,352 ⁽³⁾ |

(1) The number is comprised of (i) 450,073 performance share units (“PSUs”) and (ii) 26,860 deferred stock units (“DSUs”) all granted under the 2006 Omnibus Incentive Plan, which PSUs and DSUs were unvested and unearned as of December 31, 2017. The 450,073 PSUs included in this table reflect an assumed payout at maximum performance achievement for the 2016-2018 and 2017-2019 PSU awards, but excludes the 2015-2017 PSU awards for which performance metrics were not met as of December 31, 2017 and resulted in no payout. Based on the anticipated achievement of performance goals as of December 31, 2017, 0 shares are expected to be issued from the 2016-2018 award and only 180,944 shares are expected to be issued from the 2017-2019 award. The Company has not achieved target performance with respect to performance share units for the past 10 years, and the number in column (a) reflecting maximum performance overstates the expected payout of the performance share unit awards.

(2) At December 31, 2017, there were no outstanding awards with an exercise price. Weighted-average exercise price does not take into account PSUs or DSUs because they have no exercise price.

(3) Does not include the (i) 450,073 PSUs included in column (a), (ii) 26,860 deferred stock units included in column (a), and (iii) 186,806 shares of restricted stock that were unvested as of December 31, 2017. As stated in footnote (1) above, the expected PSU payout in column (a) is less than maximum, and as of December 31, 2017, based on the anticipated achievement of performance goals, 0 and 180,944 shares are expected to be issued at the end of the 2016-2018 and 2017-2019 performance periods, respectively. The Company has not achieved target performance with respect to performance share units for the past 10 years. When adjusted for the anticipated return of 211,465 and 57,664 unearned PSUs from the 2016-2018 and 2017-2019 awards, respectively, to the shares available for grant, the number of shares remaining available for issuance is 324,481.

Under the 2006 Omnibus Incentive Plan, since May 24, 2006, non-employee directors have been automatically awarded shares of the Company’s common stock as determined by the Board of Directors at each annual shareholder meeting at which such non-employee director is elected or re-elected. During 2017, pursuant to the 2006 Omnibus Incentive Plan, the Company issued approximately 28,000 fully-vested shares of the Company’s common stock for the annual non-employee director equity award. During 2017, the Company issued approximately 11,000 shares to certain non-employee directors who elected the option to receive fully-vested shares of the Company’s common stock in lieu of director cash compensation. Through December 31, 2017, there were 223,920 fully vested shares issued under the 2006 Omnibus Incentive Plan to non-employee directors. During the quarter ended June 30, 2017, the Nomination and Governance Committee and Board of Directors jointly approved the Deferred Compensation Plan for Non-Employee Directors under the 2006 Omnibus Incentive Plan, which permits non-employee directors of the Company to defer

receipt of earned cash and/or stock compensation for service on the Board. During 2017, approximately 27,000 deferred share units were allotted to the accounts of non-employee directors pursuant to the Deferred Compensation Plan for Non-Employee Directors.

The Company grants eligible employees restricted stock and performance unit awards under the 2006 Incentive Omnibus Plan. The forfeitable restricted stock awards granted prior to March 2015 generally time-vest after a four-year period, and those granted after March 2015 generally time-vest ratably over a three-year period, unless indicated otherwise in the underlying restricted stock award agreement. Performance unit awards are offered annually under separate three-year long-term incentive programs. 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 program.

With respect to awards made prior to December 31, 2016, the Company will withhold or employees may tender shares of restricted stock when issued to pay for withholding taxes. Since 2017, the Company will withhold shares of restricted stock

for satisfaction of tax withholding obligations. During 2017, 2016, and 2015, the Company withheld 7,277, 20,186, and 25,340 shares, respectively, for this purpose. The values of the shares withheld were \$103, \$275, and \$1,114 in 2017, 2016, and 2015, respectively. Awards made since January 1, 2018 provide that the Company will withhold shares of restricted stock to satisfy tax withholding obligations.

Issuer Purchases of Equity Securities

The Company's purchases of equity securities for the three-month period ended December 31, 2017 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 |
|--------------------------------------|--|---------------------------------------|---|---|
| October 1, 2017 - October 31, 2017 | — | \$ | — | \$ 29,933 |
| November 1, 2017 - November 30, 2017 | — | — | — | 29,933 |
| December 1, 2017 - December 31, 2017 | — | — | — | 29,933 |
| Total | — | \$ | — | \$ 29,933 |

(1) Reflects shares withheld by the Company to pay taxes upon vesting of restricted stock. These shares do not impact the remaining authorization to repurchase shares under approved plans or programs. No such shares were withheld during the three-month period ended December 31, 2017.

On December 9, 2015, the Board of Directors authorized the repurchase of up to \$30,000 of the Company's common shares until December 31, 2017. This authorization became effective January 1, 2016. The \$30,000 repurchase authorization is restricted under the terms of the Second Amendment to the Second Amended and Restated Credit Agreement dated March 13, 2015, and as amended by the Second Amendment dated November 7, 2016 ("Second Amendment"). Dividends, distributions, and redemptions under the Second Amendment are capped at a maximum annual amount of \$1,700 throughout the life of the repurchase authorization. For the three-month period ended December 31, 2017, there were no share repurchases as part of the authorized program. At December 31, 2017, approximately \$29,933 remained of our \$30,000 share repurchase program that was announced December 9, 2015. This repurchase program expired December 31, 2017.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this Report:

(a)(1). Financial Statements

Incorporated by reference to Item 8 of Part II of Form 10-K.

(a)(2). Financial Statement Schedule

Schedules for the Years Ended December 31, 2017, 2016, and 2015:

II – Valuation and Qualifying Accounts.

The remaining schedules are omitted because of the absence of conditions upon which they are required.

(a)(3). Exhibits

The Index to Exhibits immediately following this page is filed as part of this Amendment.

L. B. FOSTER COMPANY AND SUBSIDIARIES

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015

| Balance at Beginning of Year | Additions Charged to Costs and Expenses | Deductions (1) | Balance at End of Year |
|------------------------------------|--|----------------|------------------------------|
| 2017 | | | |