The FASB has issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities – an Amendment of FASB Statement No. 133." This statement amends SFAS No. 133 for specified transactions. SFAS No. 138 is effective concurrently with SFAS No. 133 if SFAS No. 133 is not adopted prior to June 15, 2000. If SFAS No. 133 is adopted prior to June 15, 2000, SFAS No. 138 is effective for quarters beginning after June 15, 2000. The Company believes that the effect of adoption of SFAS No. 138 will not have a material effect on the Company's financial statements.

2. Acquisitions:

In June 1999, the Company acquired all of the outstanding common stock of North American Pipe, Inc. of Saginaw, Texas ("Saginaw"). Saginaw operates two facilities, which produce custom fabricated piping assemblies. The purchase price of $4.5 million has been allocated to the underlying assets and liabilities, including certain debt, of Saginaw.

In June 1998, the Company acquired from L.B. Foster Company the plant, equipment, leasehold and contract rights and miscellaneous assets of its Fosterweld Division manufacturing facility (the "Parkersburg Facility") for $5.3 million, and acquired the Parkersburg Facility's inventory net of assumed accounts payable. The Parkersburg Facility is employed in the manufacture of large diameter, high pressure steel pipe products.

In March 1998, the Company acquired all of the outstanding capital stock of Southwestern Pipe, Inc. ("Southwestern") and P&H Tube Corporation ("P&H") for $40.1 million. The excess of the acquisition cost over the fair value of the net assets acquired of $23.7 million is being amortized over 40 years using the straight-line method. The principal business of both Southwestern and P&H is the manufacture and sale of structural and mechanical tubing products.

The above acquisitions were accounted for using the purchase method of accounting, which requires that the purchase price be allocated to the net assets acquired based upon the relative fair value of assets acquired. The accompanying consolidated financial statements include the results of operations from the dates of acquisition. The pro forma net sales and results of operation for the acquisitions, had the acquisitions occurred at the beginning of 1998, are not significant, and accordingly, have not been provided.

3. Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts:

December 31,	2000	1999
Costs incurred on uncompleted contracts	$ 129,091	$ 79,361
Estimated earnings	39,468	30,561
	168,559	109,922
Less billings to date	(121,309)	(87,533)
	$ 47,250	$ 22,389

Costs and estimated earnings in excess of billings on uncompleted contracts represents revenue earned under the percentage of completion method but not billable based on the terms of the contracts. These amounts are billed based on the terms of the contracts, which include achievement of milestones, partial shipments or completion of the contracts.

4. Inventories:

December 31,	2000	1999
Finished goods	$ 35,417	$ 18,107
Raw materials	22,070	24,156
Materials and supplies	2,541	2,099
	$ 60,028	$ 44,362

5. Property and Equipment:

December 31,	2000	1999
Land and improvements	$ 13,706	$ 13,550
Buildings	28,522	23,912
Equipment	76,872	86,964
Property and equipment under capital leases	4,427	2,413
Construction in progress	3,228	4,790
	126,755	131,629
Less accumulated depreciation and amortization	(35,759)	(30,389)
Property and equipment, net	$ 90,996	$ 101,240