Greenbrier Pressroom

PRNewswire-FirstCall LAKE OSWEGO, Ore.

The Greenbrier Companies, Inc. announced today that it took \$19.2 million of pre-tax (\$12.2 million after-tax) write-downs and other special charges in its second quarter ended February 28, 2002. Greenbrier Europe accounted for the bulk of the special charges, with a \$14.8 million write-down of intangible assets, and a \$3 million charge for a previously announced downsizing of its operations. An additional \$1.4 million of special charges were taken in North American operations due to workforce and other reductions. These actions will reduce future costs, consistent with the Company's objectives. The Company will realize cash from tax benefits in 2002 associated with the special charges.

After the \$19.2 million of special charges, net loss for the second quarter of fiscal 2002 was \$16.8 million, or \$1.19 per share, compared to net earnings of \$70,000 for the comparable quarter of the prior fiscal year. Revenues for the second quarter of fiscal 2002 were \$99 million, down from \$157 million in the second quarter of fiscal 2001.

For the six months ended February 28, 2002, revenues were \$179 million compared to \$311 million in the same six-month period of fiscal 2001. The net loss for the first six months of fiscal 2002 was \$21.9 million, or \$1.55 per share, compared to net earnings of \$3.1 million, or \$.22 per share in the same six-month period of fiscal 2001.

The Company's new railcar manufacturing backlog as of February 28, 2002 was 1,900 units valued at \$100 million, compared to 2,400 units valued at \$130 million at November 30, 2001. Subsequent to quarter end, an order for 600 railcars valued at approximately \$30 million was received.

William A. Furman, president and chief executive officer, noted, "During the present economic and rail supply industry downturn, our strategies for managing the Company have been set on a few fundamental points. These include strengthening our balance sheet, managing for cash flow and liquidity, reducing expenses, and increasing our market share for new freight cars. The actions behind the special charges support these strategies, particularly our tax planning and balance sheet objectives."

"The European restructuring costs and investment write-down," Furman continued, "are consistent with our plans announced in January, 2002 to downsize the European organization and attain profitability. The plan is achieving commercial success and generating cost savings. Losses for the second quarter, before special charges, were \$1.6 million less than the first quarter ended November 30, 2001."

"In the quarter, the Company implemented tax strategies to take advantage of certain favorable

tax provisions in the recently enacted U.S. economic stimulus package. Until recently, we have not been able to claim European losses on our U.S. tax returns, nor benefit from them in Europe. As a result of these strategies, during our second quarter, \$6.1 million of tax benefit associated with Europe was recognized. The Company will seek to obtain additional tax benefits during the remainder of fiscal 2002 as a result of tax planning opportunities."

Mark Rittenbaum, senior vice president and treasurer, said: "In addition to the \$19.2 million of special charges, Greenbrier established reserves for \$2.5 million pre-tax in operating costs during the quarter. These costs are not expected to recur in fiscal 2002. Greenbrier continues to focus on liquidity, cash flow, and a strong balance sheet, rather than reported profits, during the current downturn. Cash balances are nearly \$50 million. Unused bank lines of \$113 million were available at quarter end. The Company is not borrowing on any of its North American bank lines. Almost \$45 million in debt has been paid down fiscal year to date; \$30 million of debt was repaid during the second quarter."

"EBITDA, before special charges, minority interest and equity in unconsolidated subsidiary," Rittenbaum continued, "was \$5 million for the second fiscal quarter of 2002 and \$12 million fiscal year to date. The write-down of intangible assets will reduce future amortization expense by \$1.5 million (pre-tax) annually. Cash flow from operations was \$2.5 million for the first six months of the fiscal year. While North American manufacturing operations are currently operating at a book loss, they are producing positive EBITDA. European operations are currently generating book losses and negative EBITDA. Leasing and services, railcar repair, refurbishment, wheels services, and marine manufacturing operations continue to be profitable, both on a book and cash basis. Cash flow from our leasing operations remains highly positive."

The Greenbrier Companies, headquartered in Lake Oswego, Oregon, is a leading supplier of transportation equipment and services to the railroad industry in North America. Greenbrier builds new railroad freight cars in the U.S., Canada and Mexico, and repairs and refurbishes freight cars and wheels at eleven locations across North America. The company also builds new railroad freight cars and refurbishes freight cars for the European market through its manufacturing operations in Poland and various sub-contractor facilities throughout Europe. At Greenbrier's Portland, Oregon manufacturing facility, it builds ocean-going barges for the maritime industry. Greenbrier owns or manages a fleet of approximately 49,000 railcars.

Except for historical information contained herein, this press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements as to expectations, beliefs, and future financial performance. These forward-looking statements are dependent on a number of factors, business risks and issues, a change in which could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Such factors, risks and issues are set forth from time to time under "Forward-Looking Statements," in Management's Discussion and Analysis of Financial

Condition and Results of Operations in Greenbrier's SEC filings and reports. Any forward-looking statement speaks only as of the date on which such statement is made. Greenbrier undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

The Greenbrier Companies will host a teleconference to discuss first quarter results. Teleconference details are as follows:

Wednesday, April 10, 2002

7:30 a.m. Pacific Daylight Time

Real-time Audio Access: ("Newsroom" at http://www.gbrx.com)

Please access the site 10 minutes prior to the start time. Following the call, a replay will be available on the same site.

THE GREENBRIER COMPANIES, INC.

### CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts, unaudited)

February 28, August 31, 2002 2001

### Assets

Cash and cash equivalents	,	\$49,544	\$77,299
Accounts and notes receivable		45,970	50,555
Inventories	92,506	94,58	1
Investment in direct finance leas	ses	83,105	103,576
Equipment on operating leases		147,421	150,126
Property, plant and equipment		72,836	76,898
Intangible assets	9,15	9 26,4	50
Other	25,010	26,695	

\$525,551 \$606,180

### Liabilities and Stockholders' Equity

Revolving notes	\$18,995	\$32,986
revolving notes	φ10,995	

Accounts payable and accrued liabilities 130,132 135,898

Deferred participation 54,240 56,176
Deferred income taxes 21,869 26,920

Notes payable	e	155,418	177,575

Subordinated debt 29,261 37,491

Minority interest 4,928 5,025

Stockholders' equity 110,708 134,109

\$525,551 \$606,180

### THE GREENBRIER COMPANIES, INC.

# CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts, unaudited)

Three Months Ended Six Months Ended

February 28, February 28, 2002 2001 2002 2001

### Revenue

Manufacturing \$79,512 \$135,175 \$141,155 \$269,954 Leasing & services 19,557 21,743 37,796 40,948 99,069 156,918 178,951 310,902

### Cost of revenue

Manufacturing 79,880 129,490 138,164 249,854 Leasing & services 10,631 10,983 20,862 21,178 90,511 140,473 159,026 271,032

Margin 8,558 16,445 19,925 39,870

### Other costs

Selling and

administrative expense 9,320 10,454 19,691 24,384 Interest expense 4,683 5,448 10,170 10,442 19,212 Special Charges 19,212 33,215 15,902 49,073 34,826

Earnings (loss) before income tax expense, minority interest, equity in unconsolidated subsidiary (24,68)

(24,657) 543 (29,148) 5,044

Income tax benefit

(expense) 8,022 (1,402) 8,107 (2,773)

Earnings (loss) before minority interest, equity in unconsolidated

subsidiary (16,635) (859) (21,041) 2,271

Minority interest 225 104 97 (19)

Equity in unconsolidated

subsidiary (416) 825 (925) 817

Net earnings (loss) \$(16,826) \$70 \$(21,869) \$3,069

Basic earnings (loss)

per common share \$(1.19) \$0.00 \$(1.55) \$0.22

Diluted earnings

(loss) per common share \$(1.19) \$0.00 \$(1.55) \$0.22

Weighted average common

shares outstanding:

Basic 14,121 14,121 14,151 Diluted 14,121 14,146 14,121 14,170

THE GREENBRIER COMPANIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands, except per share amounts, unaudited)

Six Months Ended

## February 28, 2002 2001

Cash flows from operating activities	es:		
Net earnings (loss)	\$(21,8	69)	\$3,069
Adjustments to reconcile net ear	nings		
(loss) to net cash provided by (u	sed in)		
operating activities:			
Deferred income taxes	(5,	051)	(2,102)
Deferred participation	(1,9	36)	1,325
Depreciation and amortization		11,610	10,838
Gain on sales of equipment		(507)	(1,174)
Special charges Impairment		14,791	
Other	546	375	
Decrease (increase) in assets:			
Accounts and notes receivable		4,585	3,782
Inventories	3,932	(23,2	269)
Other	1,678	(1,565	5)
Decrease in liabilities:			
Accounts payable and accrued	liabilities	(5,35)	0) (18,388)
Net cash provided by (used in) operating			
activities	2,429	(27,10	9)
Cash flows from investing activiti	es:		
Acquisitions, net of cash acquire	ed		(282)
Principal payments received un	der direc	t	
finance leases	10,17	5 10	0,031
Proceeds from sales of equipme	ent	14,78	5 46,170
Purchase of property and equipment		(10,52	27) (37,434)
Net cash provided by investing activities		14,43	18,485

Cash flows from financing activition	es:		
Change in revolving notes	(1	3,991)	23,985
Proceeds from notes payable			788
Repayments of notes payable		(21,549)	(14,270)
Repayment of subordinated deb	ot	(8,230)	
Dividends	(847)	(2,545)	
Purchase of Company's commo	n stock		(959)
Net cash provided by (used in) financing			
activities (4	4,617)	6,999	

Decrease in cash and cash equivalents (27,755) (1,625)

Cash and cash equivalents

 Beginning of period
 77,299
 12,908

 End of period
 \$49,544
 \$11,283

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Company News On-Call: http://www.prnewswire.com/comp/327175.html

https://pressroom.gbrx.com/2002-04-10-Greenbrier-Announces-Special-Charges-Second-Quarter-Losses-New-Orders-And-Tax-Reclaims