Greenbrier Pressroom

PRNewswire-FirstCall LAKE OSWEGO, Ore.

The Greenbrier Companies today reported results for its fiscal fourth quarter and fiscal year ended August 31, 2006.

Financial Highlights

Fiscal 2006:

- -- Net earnings were a record \$39.6 million, or \$2.48 per diluted share, up 33% from \$29.8 million or \$1.92 per diluted share in fiscal 2005.
- -- Record EBITDA for fiscal 2006 was \$112 million, up 27% over 2005 EBITDA of \$88 million.
- -- Total new railcar deliveries of 11,400 in fiscal 2006, compared to 13,200 units in fiscal 2005.
- -- Net earnings for the year include a tax benefit of \$0.7 million, or \$.04 per diluted share, for two tax items. This tax benefit consists of:
 - -- (i) a charge in the third quarter of \$3.0 million after tax, or \$.19 per diluted share, for settlement of a tax audit in 2006, and
 - -- (ii) a benefit in the fourth quarter of \$3.7 million, or \$.23 per diluted share, for a realization of a deferred tax asset relating to net operating loss carry-forwards at the Company's Mexican subsidiary.
- -- Growing backlog of 14,700 units valued at \$1.0 billion on August 31, 2006, compared with 9,600 units valued at \$550 million on August 31, 2005, and 13,100 units at \$760 million on August 31, 2004.

Fourth Quarter:

- -- Net earnings were \$12.3 million, or \$.76 per diluted share -- up 16% from the \$10.6 million, or \$.68 per diluted share in the fourth quarter of fiscal 2005.
- -- Net earnings for the quarter include a \$3.7 million tax benefit, or \$.23 per diluted share, for a realization of a deferred tax asset relating to net operating loss carry-forwards at the Company's Mexican subsidiary.
- -- EBITDA was \$25.8 million, compared to \$29.0 million for the fourth quarter of fiscal 2005.

-- New railcar deliveries were 3,200 units for the quarter, compared to 3,300 units for the fourth quarter of 2005.

Strategic Accomplishments:

- -- During 2006, the Company expanded its new railcar offerings into car types where future demand is expected to be strong. These car types include covered hopper cars, Auto-Max®, automotive vehicle carrying railcars and mill gondola cars for scrap steel service.
- -- As the result of active portfolio management and growth initiatives, the Company enhanced the quality of its owned lease fleet, reducing the average car age from 22 years to 16 years while extending the average lease term to 3.3 years from 2.7 years as compared to a year ago. Lease fleet utilization was 97.2%.
- -- Subsequent to year end, the Company executed on three major strategic initiatives: 1) the acquisition of the assets of RailCar America; 2) an agreement to acquire the stock of Meridian Rail Services; and 3) the formation of a new joint venture, Greenbrier GIMSA, to build new freight cars in Mexico. These initiatives will: improve the Company's competitive position in new railcar manufacturing; nearly triple the annual revenues of the Company's railcar repair and refurbishment business, and reduce the overall cyclicality of its business, while further distinguishing the Company in the marketplace.
- -- The Company continued to strengthen its liquidity position by issuance of \$100 million of convertible senior notes, \$60 million add-on of senior unsecured notes, and a commitment for a new five-year, \$275 million revolving credit facility.

Fourth Quarter Results:

Revenues for the fourth quarter of fiscal 2006 were \$265 million, flat with \$265 million in the prior year's fourth quarter. EBITDA was \$25.8 million, or 9.7% of revenues for the quarter, compared to \$29.0 million, or 10.9% of revenues in the prior year's fourth quarter. Net earnings were \$12.3 million, or \$.76 per diluted share -- up 16% from the \$10.6 million, or \$.68 per diluted share in the fourth quarter of fiscal 2005. The Company realized a \$3.7 million tax benefit, or \$.23 per diluted share, during the quarter for a realization of a deferred tax asset relating to net operating carryforwards at its Mexican subsidiary.

New railcar deliveries for the quarter of 3,200 units and gains on equipment sale of \$0.3 million were both lower than previously anticipated. This was principally due to timing differences, as some lease syndication and equipment sales activities were deferred. As well, the growth of the

lease fleet, and therefore production for the lease fleet, was higher than earlier guidance. New additions to the lease fleet for the year were nearly \$120 million, compared to earlier expectations of \$110 million of additions. These factors were mitigated in part by the continued expansion of manufacturing margins, as a result of operating leverage. The overall effect of these factors was to continue to grow the Company's leasing operations and longer- term profitability, but in the short term reduce fourth quarter earnings. The Company expects its lease fleet expansion efforts will drive long-term profitability and contribute to stable earnings going forward, outweighing the short term effect of deferring revenues from Q4 2006 into future periods.

In the Manufacturing segment, fourth quarter revenues were \$242 million, compared to \$241 million in the fourth quarter of 2005. Deliveries for the quarter were 3,200 units, compared to 3,300 units in prior comparable period. The revenue per unit increased due to a change in product mix. A higher percentage of conventional rather than intermodal railcars were shipped during the quarter, as the Company continued to diversify its product offerings. Manufacturing margin for the quarter grew to 11.2% of revenues, compared to 10.4% of revenues in the fourth quarter of 2005, as margins continued to benefit from cost reduction efforts and efficiencies of long production runs.

Revenues in the Leasing & Services segment were \$23.4 million, compared to \$24.4 million in the same quarter last year. Leasing & Services margin were 54.2% of revenues, compared to 56.5% of revenues in the same quarter last year. The slightly lower revenues and margins in the current quarter are due to lower gains on equipment sales of \$0.3 million in the current quarter, compared to \$2.5 million in the prior comparable period. After excluding gains on equipment sales for both periods, leasing and services revenues grew by \$1.2 million, or 6%, and leasing and services margins grew from 51.6% to 53.3% of revenues.

Future Outlook:

The Company anticipates revenues for fiscal 2007 in the range of \$1.2 to \$1.3 billion and earnings in the range of \$3.10-\$3.40 per diluted share. The principal drivers for this growth are anticipated to be from the RailCar America and Meridian acquisitions, along with improved operating performance in Europe. The Company expects this growth to be partially offset by lower gains on equipment sales from the Company's lease fleet and a slightly high effective tax rate, due to the geographic mix of earnings in 2007. Financial performance from the Company's TrentonWorks freight car manufacturing operation in Canada is expected to decline in 2007 compared to 2006, due to weaker markets for forest product railcars and the strong Canadian dollar.

William A. Furman, president and chief executive officer, noted, "Fiscal 2006 was another very successful year for the Company, with our second consecutive year of record earnings and numerous strategic accomplishments. Over the past year, we have taken several steps to bolster

our growth, increase our profitability and competitive positioning, and diversify the business."

Furman added, "As we enter fiscal 2007, we are excited about the prospects for the year. This optimism is driven by a combination of continued strength in railroad industry fundamentals, coupled with the Company's enhanced competitive position, as the result of recent strategic initiatives."

Furman concluded, "In the near term, we will continue to focus on integrating our three recent strategic initiatives and realizing the synergies associated with them. We will also continue to selectively seek growth opportunities."

Mark Rittenbaum, senior vice president and treasurer, said, "We are pleased with our financial performance during the fourth quarter and the year as we continued to see gross margin expansion across all business lines. While deliveries for the quarter and gains on equipment sale were lower than previously anticipated, this was principally due to timing differences as some lease syndication and equipment sales activities were deferred. We also made more additions to the lease fleet for the year than expected. The net effect of these factors is positive as we continue to grow our leasing operations and long-term profitability. However, in the short-term these factors impacted our fourth quarter earnings. As we look at 2007, we are optimistic about the Company's ability to continue to grow revenues and earnings, driven by many of our strategic initiatives."

The Greenbrier Companies (www.gbrx.com), headquartered in Lake Oswego, OR, is a leading supplier of transportation equipment and services to the railroad industry. The Company builds new railroad freight cars in its manufacturing facilities in the U.S., Canada, and Mexico and marine barges at its U.S. facility. It also repairs and refurbishes freight cars and provides wheels and railcar parts at 30 locations (post Meridian acquisition) across North America. Greenbrier builds new railroad freight cars and refurbishes freight cars for the European market through both its operations in Poland and various subcontractor facilities throughout Europe. Greenbrier owns approximately 9,000 railcars, and performs management services for approximately 135,000 railcars.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This release may contain forward-looking statements. Greenbrier uses words such as "anticipate," "believe," "plan," "expect," "future," "intend" and similar expressions to identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, actual future costs and the availability of materials and a trained workforce; steel price increases and scrap surcharges; changes in product mix and the mix between manufacturing and leasing & services segment; labor disputes, energy shortages or operating difficulties that might

disrupt manufacturing operations or the flow of cargo; production difficulties and product delivery delays as a result of, among other matters, changing technologies or non-performance of subcontractors or suppliers; ability to obtain suitable contracts for the sale of leased equipment; all as may be discussed in more detail under the heading "Forward Looking Statements" on pages 3 through 4 of Part I of our Annual Report on Form 10-K for the fiscal year ended August 31, 2005. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

EBITDA is not a financial measure under GAAP. We define EBITDA as earnings from operations before special charges, interest and foreign exchange, taxes, depreciation and amortization. We consider net cash provided by operating activities to be the most directly comparable GAAP financial measure. EBITDA is a liquidity measurement tool commonly used by rail supply companies and we use EBITDA in that fashion. You should not consider EBITDA in isolation or as a substitute for cash flow from operations or other cash flow statement data determined in accordance with GAAP. In addition, because EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, the EBITDA measure presented may differ from and may not be comparable to similarly titled measures used by other companies.

The Greenbrier Companies will host a teleconference to discuss fourth quarter and fiscal year end results. Teleconference details are as follows:

Tuesday, October 31, 2006

7:30 a.m. Pacific Standard Time

Phone #: 630-395-0143. Password: "Greenbrier"

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 website for 30 days. Telephone replay will be available through November 18, 2006 at 203-369-1424.

THE GREENBRIER COMPANIES. INC.

Condensed Consolidated Balance Sheets August 31,

(In thousands, except per share amounts)

Assets 2006 2005

Cash and cash equivalents \$142,894 \$73,204

Restricted cash 2,056 93

Accounts and notes receivable	Э	115,565		122,957
Inventories	163,15 ⁻²	1	121,698	3
Railcars held for sale	35,2	216	59,4	21
Investment in direct finance le	ases	6,511		9,974
Equipment on operating lease	S	301,	009	183,155
Property, plant and equipment	t	80,0	34	73,203
Other	30,878	2	7,502	
5	\$877,314	\$67	1,207	

Liabilities and Stockholders' Equity

Revolving notes	\$22,429	\$12,45	3
Accounts payable and accrued lia	abilities 2	204,793	195,258
Participation	11,453	21,900	
Deferred income tax	37,472	2 31,62	29
Deferred revenue	17,481	6,910)
Notes payable	362,314	214,63	5
Subordinated debt	2,091	8,617	

Subsidiary shares subject to mandatory redemption -- 3,746

Stockholders' equity 219,281 176,059 \$877,314 \$671,207

THE GREENBRIER COMPANIES, INC.

Consolidated Statements of Operations
Years ended August 31,
(In thousands, except

per share amounts) 2006 2005 2004

Revenue

Manufacturing \$851,289 \$941,161 \$653,234 Leasing & services 102,534 83,061 76,217 953,823 1,024,222 729,451

Cost of revenue

Manufacturing	75.	4 401	057 C)50 F	505 026
Manufacturing					
Leasing & services		12,023	-	099	-
	796,444	898	,049	637,26	07
Margin	157,3	79	125,173	92,	184
Other costs					
Selling and adminis	strative				
expense		18	57,425	48,	288
Interest and foreign					
Special charges	_		2,913	1,23	34
	96,314	75,	173	60,990	
Earnings before inco	ome tax				
and equity in uncor	solidated				
subsidiaries	61,0	065	50,000	31,	194
Income tax expense)	(21,698)	(19	9,911)	(9,119)
Earnings before equ	ity in				
unconsolidated sub	sidiaries	39,36	7 :	30,089	22,075
Equity in earnings (I	oss) of				
unconsolidated sub	sidiaries	169	((267)	(2,036)
Earnings from contin	nuing				
operations	39,5	36	29,822	20,	039
Earnings from disco	ntinued				
operations (net of ta	ax)	62		73	9
Net earnings	\$39	,598	\$29,8	22 \$	20,778
Basic earnings per o			.		4.00
Continuing operation		\$2.51	\$1	.99	\$1.38
Discontinued opera					05
B.,	\$2.51	•	99	\$1.43	
Diluted earnings per			Φ.4	0.0	4.00
Continuing operation		\$2.48	\$1	.92	\$1.32
Discontinued opera					05
Majabtad assesses	\$2.48	•	92	\$1.37	
Weighted average of	S Nommus	mares:			

Weighted average common shares:

Basic	15,751	15,000	14,569
Diluted	15,937	15,560	15,199

THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Statements of Cash Flows Years ended August 31,

(In thousands) 2006 2005 2004

Cash flows from operating

activities:

Net earnings \$39,598 \$29,822 \$20,778

Adjustments to reconcile net

earnings to net cash provided

by (used in) operating activities:

Earnings from discontinued

operations (62) -- (739)

Deferred income taxes 5,893 5,807 9,646

Tax benefit of stock

options exercised -- 2,393 --

Depreciation and amortization 25,253 22,939 20,840

Gain on sales of equipment (10,948) (6,797) (629)

Special charges -- -- 1,234

Other 278 651 1,332

Decrease (increase) in assets:

Accounts and notes receivable 8,948 (32,328) (37,786)

Inventories (37,517) 15,403 (22,355)

Railcars held for sale 156 (38,495) 14,097

Other 2,577 (5,167) 2,940

Increase (decrease) in

liabilities:

Accounts payable and

accrued liabilities 5,487 3 30,956

Participation (10,447) (15,207) (18,794)

Deferred revenue 10,326 4,285 (37,495)

Net cash provided by (used in)

operating activities 39,542 (16,691) (15,975)

Cash flows from investing

```
activities:
 Principal payments received
 under direct finance leases 2,048
                                           5,733
                                                      9,461
 Proceeds from sales
 of equipment
                         28,863
                                      32,528
                                                  16,217
 Investment in and advances
                                             92
                                                     (2,240)
 to unconsolidated subsidiaries 550
 Acquisition of joint
 venture interest
                                    8.435
 Decrease (increase) in
                                      1,007
 restricted cash
                         (1,958)
                                                 4,757
 Capital expenditures
                          (140,569)
                                         (69,123)
                                                     (42,959)
Net cash used in investing
activities
                     (111,066)
                                   (21,328)
                                               (14,764)
Cash flows from financing
activities:
 Changes in revolving notes
                               8,965
                                           2,514
                                                     (14.030)
 Proceeds from notes payable 154,567
                                             169,752
 Repayments of notes payable (13,191)
                                             (67,691)
                                                         (21,539)
 Repayment of
 subordinated debt
                           (6,526)
                                        (6,325)
                                                   (5,979)
 Dividends
                        (5,042)
                                    (3.889)
                                                 (889)
 Net proceeds from
 equity offering
                                  127,462
 Repurchase and retirement
 of stock
                               (127,538)
 Stock options exercised and
 restricted stock awards
                             5,757
                                         3,286
                                                    6.093
 Excess tax benefit of stock
 options exercised
                           2.600
 Purchase subsidiary's shares
 subject to mandatory
 redemption
                         (4,636)
                                              (1,277)
Net cash provided by (used in)
financing activities
                         142.494
                                       97,571
                                                  (37,621)
Effect of exchange rate changes (1,280)
                                              1,542
                                                         3,172
Increase (decrease) in cash
and cash equivalents
                            69,690
                                         61,094
                                                    (65,188)
Cash and cash equivalents
```

Beginning of period 73,204 12,110 77,298 End of period \$142,894 \$73,204 \$12,110

THE GREENBRIER COMPANIES, INC.

Supplemental Disclosure Reconciliation of Net Cash Provided by (used in) Operating Activities to EBITDA (In thousands, unaudited)

Year ending August 31,

2006 2005

Net cash (used in) provided by

operating activities \$39,542 \$(16,691)

Earnings from discontinued operations 62

71,506 Changes in working capital 20,470 Deferred income taxes

(5,893)(5,807)Tax benefit of stock options exercised (2,393)

10,948 6,797

Gain on sales of equipment

Other (278)(651)

Income tax expense 21,698 19,911

Interest and foreign currency 25,396 14,835

EBITDA from continuing operations \$111,945 \$87,507

Three months ending

August 31, August 31,

2006 2005

Net cash (used in) provided by

operating activities \$33,849 \$20,711

Earnings from discontinued operations 62

Changes in working capital (12,769)(791)

(5,128)Deferred income taxes (2,844)

Tax benefit of stock options exercised (452)

Gain on sales of equipment 342 2,497

Other (219)(152)

Income tax expense (benefit) (568)7,078

7.990 Interest and foreign currency 5,196

EBITDA from continuing operations \$25,843 \$28,959 (1) "EBITDA" (earnings from continuing operations before interest, taxes, depreciation and amortization) is a useful liquidity measurement tool commonly used by rail supply companies and Greenbrier. It should not be considered in isolation or as a substitute for cash flows from operating activities or cash flow statement data prepared in accordance with generally accepted accounting principles.

Supplemental Information
Quarterly Results of Operations (Unaudited)

Operating results by quarter for 2006 are as follows:

(In thousands, except per share amounts)

First Second Third Fourth Total

2006

Revenue

Manufacturing \$164,596 \$208,922 \$236,052 \$241,719 \$851,289 Leasing & services 21,766 27,292 30,036 23,440 102,534 186,362 236,214 266,088 265,159 953,823

Cost of revenue

143,030 Manufacturing 185,360 211,444 214,587 754,421 Leasing & services 10,439 10,671 10,172 10,741 42,023 225,328 153,469 196,031 221,616 796,444

Margin 32,893 40,183 44,472 39,831 157,379

Other costs

Selling and

administrative

expense 15,541 17,092 17,896 20,389 70,918

Interest and

foreign exchange 4,573 7,180 6,149 7,494 25,396 20,114 24,272 24,045 27,883 96,314

Earnings before income

tax and equity in unconsolidated 15,911 11,948 subsidiaries 12,779 20,427 61,065 Income tax benefit (expense) (4,934)(7,466)(9,866)568 (21,698)Equity in (loss) earnings of unconsolidated subsidiaries 172 118 119 (240)169 Earnings from continuing operations 10,680 8,017 8,563 12,276 39,536 Earnings from discontinued operations (net of tax) 62 62 Net earnings \$8,017 \$8,563 \$10,680 \$12,338 \$39,598 Basic earnings per common share: Continuing \$2.51 \$.55 \$.77 operations \$.52 \$.67 Discontinued operations \$.52 \$.55 \$.67 \$.77 \$2.51 Diluted earnings per common share: Continuing

operations -- -- -- -- -- -- -- -- -- -- \$.51 \$.54 \$.67 \$.76 \$2.48

\$.54

\$.67

\$.76

\$2.48

\$.51

operations

Discontinued

Operating results by quarter for 2005 are as follows:

(In thousands, except per share amounts)

First Second Third Fourth Total

2005

Revenue

Manufacturing \$200,397 \$233,808 \$266,090 \$240,866 \$941,161 Leasing & services 17,651 21,105 19,944 24,361 83,061 218,048 254,913 286,034 265,227 1,024,222

Cost of revenue

Manufacturing 182,862 217,796 241,491 215,801 857,950 Leasing & services 10,380 10,570 9,561 10,588 41,099 193,242 228,366 251,052 226,389 899,049

Margin 24,806 26,547 34,982 38,838 125,173

Other costs

Selling and

administrative

expense 12,072 14,044 15,276 16,033 57,425

Interest and

foreign exchange 3,059 4,295 2,285 5,196 14,835

Special charges -- -- 2,913 -- 2,913

15,131 18,339 20,474 21,229 75,173

Earnings before

income tax and

equity in

unconsolidated

subsidiaries 9,675 8,208 14,508 17,609 50,000

Income tax benefit

(expense) (3,554) (3,397) (5,881) (7,079) (19,911)

Equity in (loss)

earnings of

unconsolidated

subsidiaries	(731)	(9)	417	56 (267)
Net earnings	\$5,390	\$4,802	\$9,044	\$10,58	36 \$29,822
Basic earnings per common sha Diluted earnings	are \$.36	\$.32	\$.60	\$.71	\$1.99
per common sha	are \$.35	\$.31	\$.58	\$.68	\$1.92

FCMN Contact: margaret.vallejos@gbrx.com

SOURCE: The Greenbrier Companies

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Web site: http://www.gbrx.com/

 $\frac{https://pressroom.gbrx.com/2006-10-31-Greenbrier-Reports-Record-EPS-of-2-48-on-Revenues-of-954-Million-for-Fiscal-2006-Fourth-Quarter-EPS-is-76-on-Revenues-of-265-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million-for-Fiscal-2006-Million$