Company posts net earnings of \$0.81 per share on revenues of \$387 million; results include special charges of \$.19 per share, record quarter for refurbishment business

PRNewswire-FirstCall LAKE OSWEGO, Ore.

The Greenbrier Companies, a leading supplier of transportation equipment and services to the railroad industry, today reported financial results for its fiscal third quarter ended May 31, 2007.

Highlights

- * Revenues for the quarter were \$387 million, a 45% increase from the \$266 million in the prior year's third quarter.
- * Net earnings for the quarter were \$13.0 million, or \$.81 per diluted share. These results include a special charge of \$3.1 million, or \$.19 per diluted share, with no related tax benefit, associated with closure costs of the Company's Canadian railcar manufacturing facility.
- * Earnings before special charges for the quarter were \$16.1 million, or \$1.00 per diluted share.
- * EBITDA before special charges for the quarter was \$46.4 million, or 12.0% of revenues.
- * Debt balances, net of cash, were reduced by over \$100 million during the quarter.
- * Revenues for the refurbishment and parts business segment were a record \$118 million, or just over 30% of total revenues for the third quarter, with margins improving to 18.5%, compared to 16.5% in the prior comparable period.
- * Greenbrier's new railcar manufacturing backlog as of May 31, 2007 was 14,100 units valued at \$970 million, compared to 14,300 units valued at \$990 million as of February 28, 2007.
- * Marine backlog as of May 31, 2007 was a record nine vessels valued at

approximately \$90 million.

Third Quarter Results:

Revenues for the 2007 fiscal third quarter were \$386.6 million, compared to \$266.1 million in the prior year's third quarter. Gross margins during the quarter were 14.9% compared to 16.7% in the prior comparable period. EBITDA before special charges was \$46.4 million, or 12% of revenues for the quarter, compared to \$32.9 million, or 12.3% of revenues in the prior year's third quarter. Net earnings were \$13.0 million, or \$0.81 per diluted share for the quarter, compared to net earnings of \$10.7 million, or \$0.67 per diluted share for the same period in 2006. Current period net earnings include a special charge of \$3.1 million, or \$0.19 per diluted share, with no related tax benefit, associated with severance and other closure costs of our Canadian railcar manufacturing facility. This facility's last order was completed in early May 2007, and the facility is now in the process of being permanently shut down.

Greenbrier's new railcar manufacturing backlog as of May 31, 2007 was 14,100 units valued at \$970 million, compared to 14,300 units valued at \$990 million as of February 28, 2007. Approximately 3,900 units in backlog are subject to Greenbrier's fulfillment of certain competitive conditions. The backlog is scheduled for delivery through 2010 and has been priced to cover potential material price increases or decreases and surcharges.

William A. Furman, president and chief executive officer, said, "We have been keenly focused on our stated objectives of improving financial performance, enhancing liquidity, and integrating our recent acquisitions. I am pleased to report substantial progress on all three of these fronts this quarter. Each of our three business segments realized revenue and margin growth, when compared to the first and second fiscal quarters of this year. Our third quarter results reflect our strategic product and business diversification efforts, the decision to close our Canadian manufacturing facility, and focus on improving manufacturing productivity. In addition, our manufacturing results this quarter benefited from higher production rates and a more favorable product mix, as compared to the first half of the fiscal year."

Furman concluded, "While year to date rail loadings in North America have been muted due to a slowdown in the economy, we continue to believe that the secular forces that favor the rail industry will persist and that the fundamentals of markets we serve will translate into robust business activity for the rail supply sector over the long term. We remain focused on continuing to execute on our strategic initiatives and are confident that our diversified and integrated business model continues to position the Company for long-term success."

Third quarter revenues for the manufacturing segment were \$241.4 million, compared to \$208.4 million in the corresponding prior period. This \$33.0 million, or 15.8%, increase was due primarily to a shift in product mix to more conventional railcars which typically have higher per unit sales

prices than intermodal platforms. New railcar deliveries for the quarter were approximately 3,000 units, consistent with the prior comparable period. However a majority of deliveries in the current quarter were conventional railcars; compared to the prior period last year when the majority of deliveries were intermodal railcars.

Manufacturing gross margin for the quarter was 8.4%, compared to 9.6% in the third quarter of 2006. The decrease in margin was due principally to a change in product mix, negative margin of \$.3 million at our Canadian facility which is being permanently shut down, and production and supply issues in our European operations.

The refurbishment & parts segment includes results for 34 shop locations across North America, which repair and refurbish railcars, provide wheel, axle and bearing services, and recondition and provide replacement railcar parts. Revenues for this segment were \$118.2 million, up from \$27.6 million in the third quarter of 2006. This segment generated slightly over 30% of total Company revenues for the third quarter, on a revenue increase of \$90.6 million over the same period of last year. About \$85 million of this growth was from the acquisitions of Rail Car America and Meridian Rail Services and start-up of new locations. The remainder of the growth was due to increases in wheelset sales, higher volumes of refurbishment and retrofitting work at repair and refurbishment facilities and favorable scrap prices.

Gross margins for the refurbishment and parts segment grew to 18.5%, as compared to 16.5% in the prior comparable period. The margin growth is the result of increased railcar program maintenance volumes, high scrap prices, and a greater mix of wheel reconditioning work resulting from the acquisition of Meridian.

The leasing & services segment includes results from the Company's owned lease fleet of approximately 9,000 railcars and from fleet management services provided for approximately 136,000 railcars. Revenues for this segment were \$27.0 million, compared to \$30.0 million in the same quarter last year. Leasing & services gross margin was 58.0% of revenues, compared to 66.1% of revenues in the same quarter last year. Leasing & services revenue and margin decline was a result of a \$2.8 million decrease in gains on disposition of assets from the lease fleet, and a \$1.0 million decline in lease revenues from railcars held for sale, partially offset by an increase in lease revenue from new lease additions.

Business Outlook:

"As anticipated, the financial trends experienced by our manufacturing operations in the third quarter were distinctly improved from those we faced in the first half of fiscal 2007," said Mark Rittenbaum, senior vice president and treasurer. "During the third quarter, manufacturing benefited from higher new railcar production and delivery rates, a more favorable product mix, a substantially reduced drag on our operating earnings from our Canadian operations, and

improved operating efficiencies, as compared to the first half of the fiscal year. We believe this momentum will continue in our fourth fiscal quarter. New railcar deliveries during the third quarter were 3,000 units, and fiscal year to date were 6,200 units. We currently estimate total fiscal 2007 deliveries will be 8,500 - 8,800 units, higher than our previous estimate of 8,000 - 8,500 units. This upward revision reflects higher production rates resulting from orders received during the third quarter. We also expect continuing operating momentum in the fourth quarter from our refurbishment & parts and leasing & services segments, but with lower gains on disposition of leased assets in the fourth quarter as compared to the third quarter."

Rittenbaum added, "The closure of TrentonWorks, our Canadian new railcar manufacturing facility, is proceeding according to plan. Closure costs are currently estimated to be approximately \$10.0 million, of which \$3.1 million was incurred in the third quarter and included in special charges. The balance of these costs is expected to be incurred over the next year. There is no tax benefit associated with the closure costs, as TrentonWorks does not have tax loss carrybacks or current taxable income to offset against these costs."

Rittenbaum concluded, "We are pleased with the substantial operating cash flow generated during the third quarter and in the corresponding progress made in reducing net debt balances by more than \$100 million during the quarter. We anticipate ending the fiscal year with net debt approximating balances outstanding as of May 31, 2007."

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. and Mexico and marine barges at its U.S. facility. It also repairs and refurbishes freight cars and provides wheels and railcar parts at 34 locations 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 136,000 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, fluctuations in demand for newly manufactured railcars or failure to obtain orders as anticipated in developing forecasts; 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 segments; 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 headings "Risk Factors" on page 8 of Part I, Item 1a and "Forward Looking Statements" on page 25 of Part II of our Annual Report on Form 10-K for the fiscal year ended August 31, 2006. 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.

The Greenbrier Companies will host a teleconference to discuss third quarter fiscal 2007 results. Teleconference details are as follows:

Tuesday, July 10, 2007 8:00 am Pacific Daylight Time

Phone #: 1-630-395-0143, Password: "Greenbrier"

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

Please access the website 10 minutes prior to the start time. Following the call, a replay will be available on the same website. Telephone replay will be available through July 28, 2007 at 1-203-369-1260.

THE GREENBRIER COMPANIES, INC. Condensed Consolidated Balance Sheets (In thousands, unaudited)

May 31, August 31, 2007 2006

Assets

Cash and cash equivalents \$28,319 \$142,894 Restricted cash 2,651 2,056 Accounts and notes receivable 134,440 115,565 Inventories 197,642 163,151 Assets held for sale 45,898 35,216 Equipment on operating leases 296,946 301,009 Investment in direct finance leases 9,195 6,511 Property, plant and equipment 109,645 80,034 Goodwill 166,813 2,896

Intangibles and other assets 70,963 27,982 \$1,062,512 \$877,314

Liabilities and Stockholders' Equity

Revolving notes \$58,300 \$22,429

Accounts payable and accrued liabilities 224,225 204,793

Participation 2,975 11,453

 Deferred income taxes
 53,920
 37,472

 Deferred revenue
 26,093
 17,481

 Notes payable
 461,876
 362,314

Subordinated debt -- 2,091

Minority interest 5,082 --

Stockholders' equity 230,041 219,281

\$1,062,512 \$877,314

THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Statements of Operations (In thousands, except per share amounts, unaudited)

Three Months Ended Nine Months Ended May 31, May 31, 2007 2006 2007 2006

Revenue

Manufacturing \$241,399 \$208,405 \$529,293 \$535,058

Refurbishment &

parts 118,213 27,647 264,760 74,512 Leasing & services 26,994 30,036 79,154 79,094

386,606 266,088 873,207 688,664

Cost of revenue

Manufacturing 221,203 188,353 498,713 475,875

Refurbishment &

| parts 9 Leasing & service 328 | | 10,17 | 2 34,37 | 0 31,281 |
|---|-----------------------------------|-----------|------------------|------------|
| Margin | 57,776 | 44,472 | 118,716 | 117,548 |
| Other costs Selling and administrative Interest and forei exchange Special charges 34, | gn 10,930 | 6,149 | 30,986 19,576 | 17,903 |
| Earnings before in tax expense, mine interest and equit in unconsolidated subsidiaries Income tax expense Earnings before minority interest a equity in unconsolidated subsidiaries | ority y 23,663 se (11,04 | | | |
| Minority interest Equity in earnings (loss) of unconsolidated subsidiaries | 178 223 | 119 | 217 (140) | 409 |
| Net earnings | \$13,017 | \$10,680 | \$8,816 | \$27,260 |
| Basic earnings pe common share | r \$0.81 | \$0.67 | \$0.55 | \$1.74 |
| Diluted earnings p common share | er \$0.81 | \$0.67 | \$0.55 | \$1.71 |

Weighted average common

shares:

Basic 16,105 15,887 16,017 15,685 Diluted 16,139 15,979 16,058 15,918

THE GREENBRIER COMPANIES, INC.

Condensed Consolidated Statements of Cash Flows (In thousands, unaudited)

Nine Months Ended

May 31,

2007 2006

Cash flows from operating activities

Net earnings \$8,816 \$27,260

Adjustments to reconcile net earnings to

net cash provided by operating activities:

Deferred income taxes 2,688 3,049

Depreciation and amortization 24,496 18,673

Gain on sales of equipment (10,781) (10,606)

Special charges 19,576 --

Other (148) 59

Decrease (increase) in assets

excluding acquisitions:

Accounts and notes receivable 4,553 29,633

Inventories 10,916 (22,959)

Assets held for sale 1,556 (25,523)

Intangible and other (1,667) 350

Increase (decrease) in liabilities

excluding acquisitions:

Accounts payable and accrued liabilities (27,831) (10,671)

Participation (8,478) (10,814)

Deferred revenue 6,114 7,242

Net cash provided by operating activities 29,810 5,693

Cash flows from investing activities

Principal payments received under

direct finance leases 426 1,710

114,719 Proceeds from sales of equipment 23,665 Investment in and net advances to unconsolidated subsidiary (869)517 Acquisitions, net of cash acquired (267,903)Increase in restricted cash (445)(1,961)(67,146)Capital expenditures (126,442)Net cash used in investing activities (280,514)(43,215)

Cash flows from financing activities

Changes in revolving notes 34,106 7,858

Proceeds from issuance of notes payable 99,441 154,933

Repayments of notes payable (4,082) (5,740) Repayment of subordinated debt (2,091) (3,615)

Investment by joint venture partner 5,400 --

Dividends paid (3,851) (3,766)

Stock options and restricted stock awards

exercised 2,616 5,010

Excess tax benefit of stock options exercised 2,774 1,949

Purchase of subsidiary shares subject to

mandatory redemption -- (4,636)

Net cash provided by financing activities 134,313 151,993

Effect of exchange rate changes 1,816 (1,015)

Increase (decrease) in cash and cash

equivalents (114,575) 113,456

Cash and cash equivalents

Beginning of period 142,894 73,204 End of period \$28,319 \$186,660

THE GREENBRIER COMPANIES, INC.

Supplemental Disclosure

Reconciliation of Net Cash Provided by Operating Activities to EBITDA before special charge (1)

(In thousands, unaudited)

Three Months Ended Nine Months Ended

May 31, May 31, May 31, May 31,

2007 2006 2007 2006

Net cash provided by

operating activities \$106,515 \$28,913 \$29,810 \$5,693

Changes in working

capital (82,074) (20,480) 14,837 32,742

Deferred income taxes (5,275) 692 (2,688) (3,049)

Gain on sales of

equipment 5,006 7,794 10,781 10,606

Other 254 (11) 148 (59)

Income tax expense 11,047 9,866 3,398 22,266

Interest and foreign

exchange 10,930 6,150 30,986 17,903

Adjusted EBITDA from

operations before

special charge \$46,403 \$32,924 \$87,272 \$86,102

(1) "EBITDA" (earnings from continuing operations before interest and foreign exchange, taxes, depreciation, amortization, and before special charge) 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.

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