

~ Posts EPS of \$1.57

~~ Record backlog of 46,000 units marks sixth consecutive quarter of growth

~~ Updates FY 2015 EPS guidance to \$5.65 to \$5.95 from \$5.20 to \$5.50

LAKE OSWEGO, Ore., April 7, 2015 /[PRNewswire](#)/ -- The Greenbrier Companies, Inc. (NYSE: GBX) today reported financial results for its second fiscal quarter ended February 28, 2015.

Second Quarter Highlights

- Net earnings attributable to Greenbrier for the quarter were \$50.4 million, or \$1.57 per diluted share, on revenue of \$630 million.
- Adjusted EBITDA for the quarter was \$102.7 million, or 16.3% of revenue.
- New railcar backlog as of February 28, 2015 was 46,000 units with an estimated value of \$4.78 billion (average unit sale price of \$104,000), compared to 41,200 units with an estimated value of \$4.20 billion (average unit sale price of \$102,000) as of November 30, 2014.
- Diversified orders for 10,100 new railcars valued at \$1.09 billion were received during the quarter.
- New railcar deliveries totaled 5,200 units for the quarter, compared to 4,000 units for the quarter ended November 30, 2014.
- Marine backlog as of February 28, 2015 was approximately \$80 million.
- Board declares a quarterly dividend of \$0.15 per share payable on May 6, 2015 to shareholders of record as of April 15, 2015.
- Repurchased 483,983 shares of common stock at a cost of \$23.8 million during the quarter. Cumulative repurchases from October 31, 2013 through February 28, 2015 aggregate 1,627,224 shares at a cost of \$81.4 million, or an average price of \$49.99 per share. We have \$43.6 million available under our share repurchase program.

Progress on Longer Term Financial Goals

- Aggregate gross margin expanded to 19.9%, compared to 17.8% in the prior quarter, nearly reaching the goal of at least 20% gross margin by the second half of fiscal 2016. As a reminder, while gross margins continued to increase, management does not expect this track to be linear.
- We remain on track to reach the goal of at least 25% ROIC by the second half of fiscal 2016. Annualized ROIC of 19.6% reflects record operating results tempered by working capital needs associated with higher production and syndication volumes, and planned capital expenditure programs.

William A. Furman, Chairman and CEO, said, "Our record results this quarter, including margin expansion and earnings growth, reflect the soundness of our diversified and integrated business model, improved business execution and greater scale. Our aggregate gross margin in the second quarter grew to 19.9%, nearly twice last year's level; at the same time we continue to execute on

ramping up production on new manufacturing lines."

"Our diverse new railcar backlog of 46,000 units represents the sixth consecutive quarter where the quantity and value of our backlog has increased. It is now more than triple the size of just one year ago, with production on certain production lines stretching into 2019. Nearly 80% of our year-to-date orders for 24,200 railcars are non-energy related, including orders for double stack intermodal cars, grain hopper cars, automotive carrying cars, non-energy related tank cars, boxcars, and mill gondola cars for scrap steel. These orders, along with others in our backlog, include multi-year orders for various car types, a positive indication that our customers believe, as do we, that end-user demand for new railcars will remain solid for the foreseeable future. The regulatory picture for tank cars transporting hazardous materials should be clarified no later than May. We expect Greenbrier's Tank Car of the Future will be the new standard, and that additional new car and retrofit orders will occur regardless of oil prices," Furman continued.

Furman concluded, "Our strong order book, which includes several core leasing company partners, provides us good visibility through fiscal 2016 and beyond. If the strong new railcar cycle continues to play out over the next 3-4 years, as many forecast it will, then Greenbrier should be well positioned to generate significant free cash flow. We will continue to take a balanced approach to reinvesting in high rate of return projects in our core business, seeking acquisitions in our core competencies, and returning capital to shareholders."

Transaction Update

We anticipate our 20% equity investment in Brazil's Amsted-Maxion Hortolândia, the leading railcar manufacturer in South America, will close during the third quarter.

Business Outlook

Based on current business trends and industry forecasts, Greenbrier has raised its guidance to:

- Deliveries in FY15 of about 21,500 units
- Revenue of approximately \$2.6 to \$2.7 billion, which excludes revenue from GBW as it is accounted for under the equity method of accounting
- Diluted EPS in the range of \$5.65 to \$5.95
- Adjusted EBITDA in the range of \$420 to \$435 million

Similar to previous years, financial results in the second half of the year are expected to be stronger than the first half. Also, while gross margins continue to increase overall, management does not believe this track will be linear.

As noted in the "Safe Harbor" statement, there are risks to achieving this guidance. Certain orders and backlog in this release are subject to customary documentation and completion of terms.

Financial Summary

| | Q2 FY15 | Q1 FY15 | Sequential Comparison – Main Drivers |
|---------|----------|----------|--|
| Revenue | \$630.1M | \$495.1M | Up 27.3% primarily due to increased deliveries |

| | | | |
|------------------------------------|----------|---------|--|
| Gross margin | 19.9% | 17.8% | Up 210 bps due to higher deliveries, favorable product mix and pricing, and improved production efficiencies |
| Selling and administrative expense | \$32.9M | \$33.7M | Down 2.4% primarily due to higher professional fees in Q1 |
| Gain on disposition of equipment | \$0.1M | \$0.1M | Timing of sales fluctuates and is opportunistic, typically may range from \$1.0M to \$3.0M per quarter |
| Adjusted EBITDA | \$102.7M | \$67.2M | Up 52.8% driven by higher deliveries and margins |
| Effective tax rate | 32.4% | 31.3% | Reflects geographic mix of earnings |
| Net earnings | \$50.4M | \$32.8M | |
| Diluted EPS | \$1.57 | \$1.01 | |

Segment Summary

| | Q2 FY15 | Q1 FY15 | Sequential Comparison – Main Drivers |
|-------------------------------------|----------|----------|---|
| Manufacturing | | | |
| Revenue | \$505.2M | \$379.9M | Up 33.0% primarily due to higher deliveries |
| Gross margin | 20.2% | 16.8% | Up 340 bps due to favorable product mix and pricing, improved efficiencies and weakening Peso |
| Operating margin ⁽¹⁾ | 18.0% | 13.7% | |
| Deliveries | 5,200 | 4,000 | |
| Wheels & Parts | | | |
| Revenue | \$102.6M | \$86.6M | Up 18.5% primarily attributable to higher volume and product mix |
| Gross margin | 9.6% | 11.3% | Down 170 bps primarily due to reduced price of scrap steel |
| Operating margin ⁽¹⁾ | 7.8% | 9.2% | |
| Leasing & Services | | | |
| Revenue | \$22.3M | \$28.5M | Q1 includes syndication of third party produced railcars |
| Gross margin | 60.3% | 50.6% | Up 970 bps due to lower margin syndication of third party produced railcars in Q1, and higher margin interim rents on leased railcars for syndication in Q2 |
| Operating margin ^{(1) (2)} | 44.1% | 38.8% | |
| Lease fleet utilization | 99.5% | 98.1% | |

⁽¹⁾ See supplemental segment information on page 11 for additional information.

⁽²⁾ Includes Net gain on disposition of equipment, which is excluded from gross margin.

Conference Call

Greenbrier will host a teleconference to discuss its second quarter 2015 results. In conjunction with this news release, Greenbrier has posted a supplemental earnings presentation to our website.

Teleconference details are as follows:

- April 7, 2015
- 8:00 a.m. Pacific Daylight Time
- Phone: 1-630-395-0143, Password: "Greenbrier"
- Real-time Audio Access: ("Newsroom" at <http://www.gbrx.com>)

Please access the site 10 minutes prior to the start time.

About Greenbrier Companies

Greenbrier, (www.gbrx.com), headquartered in Lake Oswego, Oregon, is a leading supplier of transportation equipment and services to the railroad industry. We build new railroad freight cars in our

4 manufacturing facilities in the U.S. and Mexico and marine barges at our U.S. manufacturing facility. Greenbrier also sells reconditioned wheel sets and provides wheel services at 9 locations throughout the U.S. We recondition, manufacture and sell railcar parts at 4 U.S. sites. Greenbrier is a 50/50 joint venture partner with Watco Companies, LLC in GBW Railcar Services, LLC which repairs and refurbishes freight cars at 39 locations across North America, including 14 tank car repair and maintenance facilities certified by the Association of American Railroads. Greenbrier builds new railroad freight cars and refurbishes freight cars for the European market through our operations in Poland. Greenbrier owns approximately 8,300 railcars, and performs management services for approximately 241,000 railcars.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This press release may contain forward-looking statements, including statements regarding expected new railcar production volumes and schedules, expected customer demand for the Company's products and services, plans to increase manufacturing capacity, restructuring plans, new railcar delivery volumes and schedules, growth in demand for the Company's railcar services and parts business, and the Company's future financial performance. Greenbrier uses words such as "anticipates," "believes," "forecast," "potential," "goal," "contemplates," "expects," "intends," "plans," "projects," "hopes," "seeks," "estimates," "strategy," "could," "would," "should," "likely," "will," "may," "can," "designed to," "future," "foreseeable future" and similar expressions to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to certain risks and uncertainties that could cause actual results to differ materially from in the results contemplated by the forward-looking statements. Factors that might cause such a difference include, but are not limited to, reported backlog and awards are not indicative of our financial results; uncertainty or changes in the credit markets and financial services industry; high levels of indebtedness and compliance with the terms of our indebtedness; write-downs of goodwill, intangibles and other assets in future periods; sufficient availability of borrowing capacity; fluctuations in demand for newly manufactured railcars or failure to obtain orders as anticipated in developing forecasts; loss of one or more significant customers; customer payment defaults or related issues; actual future costs and the availability of materials and a trained workforce; failure to design or manufacture new products or technologies or to achieve certification or market acceptance of new products or technologies; steel or specialty component price fluctuations and availability 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, inefficiencies associated with expansion or start-up of production lines or increased production rates, changing technologies, transfer of production between facilities or non-performance of alliance partners, subcontractors or suppliers; ability to obtain suitable contracts for the sale of leased equipment and risks related to car hire and residual values; integration of current or future acquisitions and establishment of joint ventures; succession planning; discovery of defects in railcars or services resulting in increased warranty costs or litigation; physical damage or product or service liability claims that exceed our insurance coverage; train derailments or other accidents or claims that could subject us to legal claims; actions or inactions by various regulatory agencies including potential environmental remediation obligations or changing tank car or other rail car or

railroad regulation; and issues arising from investigations of whistleblower complaints; all as may be discussed in more detail under the headings "Risk Factors" and "Forward Looking Statements" in our Annual Report on Form 10-K for the fiscal year ended August 31, 2014, and our other reports on file with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. Except as otherwise required by law, we do not assume any obligation to update any forward-looking statements.

Adjusted EBITDA is not a financial measure under generally accepted accounting principles (GAAP).

We define Adjusted EBITDA as Net earnings before Interest and foreign exchange, Income tax expense, Depreciation and amortization. Adjusted EBITDA is a performance measurement tool commonly used by rail supply companies and Greenbrier. You should not consider Adjusted EBITDA in isolation or as a substitute for other financial statement data determined in accordance with GAAP. In addition, because Adjusted EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, this measure presented may differ from and may not be comparable to similarly titled measures used by other companies.

Annualized ROIC is calculated by taking year to date Earnings from operations, less cash paid for income taxes, net, which is then annualized and divided by the average balance of the sum of the Revolving notes, plus Notes payable, plus Total equity, less cash in excess of \$40 million. The average is calculated based on the quarterly ending balances.

THE GREENBRIER COMPANIES, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, unaudited)

| | February 28, 2015 | November 30, 2014 | August 31, 2014 | May 31, 2014 | February 28, 2014 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 145,512 | \$ 118,958 | \$ 184,916 | \$ 198,492 | \$ 143,929 |
| Restricted cash | 8,722 | 9,170 | 20,140 | 9,468 | 8,964 |
| Accounts receivable, net | 207,488 | 191,532 | 199,679 | 181,850 | 148,810 |
| Inventories | 418,590 | 372,039 | 305,656 | 337,197 | 306,394 |
| Leased railcars for syndication | 198,010 | 177,221 | 125,850 | 96,332 | 84,657 |
| Equipment on operating leases, net | 261,234 | 264,615 | 258,848 | 274,863 | 282,328 |
| Property, plant and equipment, net | 271,977 | 258,303 | 243,698 | 215,942 | 204,804 |
| Investment in unconsolidated affiliates | 71,225 | 72,342 | 69,359 | 12,129 | 11,753 |
| Goodwill | 43,265 | 43,265 | 43,265 | 57,416 | 57,416 |
| Intangibles and other assets, net | 64,386 | 61,937 | 65,757 | 66,883 | 65,420 |
| | <u>\$ 1,690,409</u> | <u>\$ 1,569,382</u> | <u>\$ 1,517,168</u> | <u>\$ 1,450,572</u> | <u>\$ 1,314,475</u> |
| Liabilities and Equity | | | | | |
| Revolving notes | \$ 90,563 | \$ 46,527 | \$ 13,081 | \$ 18,082 | \$ 26,738 |
| Accounts payable and accrued liabilities | 417,844 | 374,509 | 383,289 | 356,541 | 319,611 |
| Deferred income taxes | 77,632 | 81,808 | 81,383 | 79,526 | 84,848 |
| Deferred revenue | 28,287 | 27,067 | 20,603 | 21,153 | 14,272 |
| Notes payable | 441,326 | 443,303 | 445,091 | 447,068 | 371,427 |

| | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Total equity - Greenbrier | 541,491 | 519,884 | 511,390 | 476,145 | 456,569 |
| Noncontrolling interest | 93,266 | 76,284 | 62,331 | 52,057 | 41,010 |
| Total equity | 634,757 | 596,168 | 573,721 | 528,202 | 497,579 |
| | \$ 1,690,409 | \$ 1,569,382 | \$ 1,517,168 | \$ 1,450,572 | \$ 1,314,475 |

THE GREENBRIER COMPANIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts, unaudited)

| | Three Months Ended February 28, | | Six Months Ended February 28, | |
|---|--|-------------|--|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue | | | | |
| Manufacturing | \$ 505,241 | \$ 347,755 | \$ 885,190 | \$ 707,228 |
| Wheels & Parts | 102,640 | 136,540 | 189,264 | 249,941 |
| Leasing & Services | 22,268 | 17,921 | 50,753 | 35,402 |
| | 630,149 | 502,216 | 1,125,207 | 992,571 |
| Cost of revenue | | | | |
| Manufacturing | 403,227 | 306,572 | 719,264 | 618,012 |
| Wheels & Parts | 92,768 | 127,940 | 169,640 | 235,915 |
| Leasing & Services | 8,844 | 9,853 | 22,925 | 19,234 |
| | 504,839 | 444,365 | 911,829 | 873,161 |
| Margin | 125,310 | 57,851 | 213,378 | 119,410 |
| Selling and administrative expense | 32,899 | 28,125 | 66,628 | 54,234 |
| Net gain on disposition of equipment | (121) | (5,416) | (204) | (9,067) |
| Restructuring charges | - | 540 | - | 1,419 |
| Earnings from operations | 92,532 | 34,602 | 146,954 | 72,824 |
| Other costs | | | | |
| Interest and foreign exchange | 1,929 | 4,099 | 5,070 | 8,843 |
| Earnings before income tax and earnings (loss) from unconsolidated affiliates | 90,603 | 30,503 | 141,884 | 63,981 |
| Income tax expense | (29,372) | (9,883) | (45,426) | (20,405) |
| Earnings before earnings (loss) from unconsolidated affiliates | 61,231 | 20,620 | 96,458 | 43,576 |
| Earnings (loss) from unconsolidated affiliates | (185) | (67) | 570 | (26) |
| Net earnings | 61,046 | 20,553 | 97,028 | 43,550 |
| Net earnings attributable to noncontrolling interest | (10,695) | (4,966) | (13,891) | (12,575) |
| Net earnings attributable to Greenbrier | \$ 50,351 | \$ 15,587 | \$ 83,137 | \$ 30,975 |
| Basic earnings per common share: | \$ 1.86 | \$ 0.55 | \$ 3.04 | \$ 1.09 |
| Diluted earnings per common share: | \$ 1.57 | \$ 0.50 | \$ 2.57 | \$ 0.98 |
| Weighted average common shares: | | | | |
| Basic | 27,028 | 28,300 | 27,348 | 28,359 |
| Diluted | 33,073 | 34,345 | 33,395 | 34,404 |
| Dividends declared per common share: | \$ 0.15 | \$ - | \$ 0.30 | \$ - |

THE GREENBRIER COMPANIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

**Six Months Ended February
28,**

| | 2015 | 2014 |
|---|------------|------------|
| Cash flows from operating activities: | | |
| Net earnings | \$ 97,028 | \$ 43,550 |
| Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: | | |
| Deferred income taxes | (3,245) | (1,448) |
| Depreciation and amortization | 22,398 | 20,753 |
| Net gain on disposition of equipment | (204) | (9,067) |
| Stock based compensation expense | 7,193 | 2,862 |
| Noncontrolling interest adjustments | 21,824 | 2,439 |
| Other | 549 | 329 |
| Decrease (increase) in assets: | | |
| Accounts receivable, net | (6,256) | 6,900 |
| Inventories | (116,432) | 9,147 |
| Leased railcars for syndication | (75,564) | (13,603) |
| Other | (355) | 68 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued liabilities | 37,521 | (487) |
| Deferred revenue | 7,750 | 5,377 |
| Net cash provided by (used in) operating activities | (7,793) | 66,820 |
| Cash flows from investing activities: | | |
| Proceeds from sales of assets | 3,019 | 28,671 |
| Capital expenditures | (53,856) | (16,529) |
| Investment in and advances to unconsolidated affiliates | (5,715) | (1,253) |
| Decrease (increase) in restricted cash | 418 | (157) |
| Other | 467 | - |
| Net cash provided by (used in) investing activities | (55,667) | 10,732 |
| Cash flows from financing activities: | | |
| Net change in revolving notes with maturities of 90 days or less | 53,000 | - |
| Proceeds from revolving notes with maturities longer than 90 days | 42,563 | 31,738 |
| Repayments of revolving notes with maturities longer than 90 days | (18,081) | (53,209) |
| Repayments of notes payable | (3,740) | (2,462) |
| Decrease in restricted cash | 11,000 | - |
| Repurchase of stock | (46,946) | (8,889) |
| Dividends | (8,016) | - |
| Investment by joint venture partner | - | 419 |
| Cash distribution to joint venture partner | (4,422) | (1,604) |
| Excess tax benefit from restricted stock awards | 3,858 | 110 |
| Net cash provided by (used in) financing activities | 29,216 | (33,897) |
| Effect of exchange rate changes | (5,160) | 2,839 |
| Increase (decrease) in cash and cash equivalents | (39,404) | 46,494 |
| Cash and cash equivalents | | |
| Beginning of period | 184,916 | 97,435 |
| End of period | \$ 145,512 | \$ 143,929 |

THE GREENBRIER COMPANIES, INC.

SUPPLEMENTAL INFORMATION

(In thousands, except per share amounts, unaudited)

Operating Results by Quarter for 2015 are as follows:

| | First | Second | Total |
|------------------------|------------|------------|------------|
| Revenue | | | |
| Manufacturing | \$ 379,949 | \$ 505,241 | \$ 885,190 |
| Wheels & Parts | 86,624 | 102,640 | 189,264 |
| Leasing & Services | 28,485 | 22,268 | 50,753 |
| | 495,058 | 630,149 | 1,125,207 |
| Cost of revenue | | | |
| Manufacturing | 316,037 | 403,227 | 719,264 |
| Wheels & Parts | 76,872 | 92,768 | 169,640 |

| | | | |
|---|------------------|------------------|------------------|
| Leasing & Services | 14,081 | 8,844 | 22,925 |
| | 406,990 | 504,839 | 911,829 |
| Margin | 88,068 | 125,310 | 213,378 |
| Selling and administrative expense | 33,729 | 32,899 | 66,628 |
| Net gain on disposition of equipment | (83) | (121) | (204) |
| Earnings from operations | 54,422 | 92,532 | 146,954 |
| Other costs | | | |
| Interest and foreign exchange | 3,141 | 1,929 | 5,070 |
| Earnings before income tax and earnings (loss) from unconsolidated affiliates | 51,281 | 90,603 | 141,884 |
| Income tax expense | (16,054) | (29,372) | (45,426) |
| Earnings before earnings (loss) from unconsolidated affiliates | 35,227 | 61,231 | 96,458 |
| Earnings (loss) from unconsolidated affiliates | 755 | (185) | 570 |
| Net earnings | 35,982 | 61,046 | 97,028 |
| Net earnings attributable to noncontrolling interest | (3,196) | (10,695) | (13,891) |
| Net earnings attributable to Greenbrier | \$ 32,786 | \$ 50,351 | \$ 83,137 |
| Basic earnings per common share ⁽¹⁾ | \$ 1.19 | \$ 1.86 | \$ 3.04 |
| Diluted earnings per common share ⁽¹⁾ | \$ 1.01 | \$ 1.57 | \$ 2.57 |

(1) Quarterly amounts do not total to the year to date amount as each period is calculated discretely. Diluted earnings per common share includes the dilutive effect of the 2026 Convertible Notes using the treasury stock method when dilutive and the dilutive effect of shares underlying the 2018 Convertible Notes using the "if converted" method in which debt issuance and interest costs, net of tax, were added back to net earnings.

THE GREENBRIER COMPANIES, INC.

SUPPLEMENTAL INFORMATION

(In thousands, except per share amounts, unaudited)

Operating Results by Quarter for 2014 are as follows:

| | First | Second | Third | Fourth | Total |
|---------------------------------------|------------|------------|------------|------------|--------------|
| Revenue | | | | | |
| Manufacturing | \$ 359,473 | \$ 347,755 | \$ 425,583 | \$ 492,105 | \$ 1,624,916 |
| Wheels & Parts ⁽¹⁾ | 113,401 | 136,540 | 140,663 | 105,023 | 495,627 |
| Leasing & Services | 17,481 | 17,921 | 27,039 | 20,978 | 83,419 |
| | 490,355 | 502,216 | 593,285 | 618,106 | 2,203,962 |
| Cost of revenue | | | | | |
| Manufacturing | 311,440 | 306,572 | 351,829 | 404,167 | 1,374,008 |
| Wheels & Parts ⁽¹⁾ | 107,975 | 127,940 | 129,825 | 98,198 | 463,938 |
| Leasing & Services | 9,381 | 9,853 | 14,856 | 9,706 | 43,796 |
| | 428,796 | 444,365 | 496,510 | 512,071 | 1,881,742 |
| Margin | 61,559 | 57,851 | 96,775 | 106,035 | 322,220 |
| Selling and administrative expense | 26,109 | 28,125 | 34,800 | 36,236 | 125,270 |
| Net gain on disposition of equipment | (3,651) | (5,416) | (5,619) | (353) | (15,039) |
| Restructuring charges | 879 | 540 | 56 | - | 1,475 |
| Gain on contribution to joint venture | - | - | - | (29,006) | (29,006) |
| Earnings from operations | 38,222 | 34,602 | 67,538 | 99,158 | 239,520 |
| Other costs | | | | | |
| Interest and foreign exchange | 4,744 | 4,099 | 5,437 | 4,415 | 18,695 |

| | | | | | |
|---|------------------|------------------|------------------|------------------|-------------------|
| Earnings before income tax and earnings (loss) from unconsolidated affiliates | 33,478 | 30,503 | 62,101 | 94,743 | 220,825 |
| Income tax expense | (10,522) | (9,883) | (16,303) | (35,693) | (72,401) |
| Earnings before earnings (loss) from unconsolidated affiliates | 22,956 | 20,620 | 45,798 | 59,050 | 148,424 |
| Earnings (loss) from unconsolidated affiliates | 41 | (67) | 298 | 1,083 | 1,355 |
| Net earnings | 22,997 | 20,553 | 46,096 | 60,133 | 149,779 |
| Net earnings attributable to noncontrolling interest | (7,609) | (4,966) | (12,508) | (12,777) | (37,860) |
| Net earnings attributable to Greenbrier | \$ 15,388 | \$ 15,587 | \$ 33,588 | \$ 47,356 | \$ 111,919 |
| Basic earnings per common share ⁽²⁾ | \$ 0.54 | \$ 0.55 | \$ 1.20 | \$ 1.69 | \$ 3.97 |
| Diluted earnings per common share ⁽²⁾ | \$ 0.49 | \$ 0.50 | \$ 1.03 | \$ 1.43 | \$ 3.44 |

- (1) Wheels & Parts (previously known as Wheels, Repair & Parts) included our repair operations through July 18, 2014, at which time we and Watco, our joint venture partner, contributed our respective repair operations to GBW, an unconsolidated 50/50 joint venture. After July 18, 2014, the results of GBW are included in Earnings (loss) from unconsolidated affiliates as we account for our interest in GBW under the equity method of accounting.
- (2) Quarterly amounts do not total to the year to date amount as each period is calculated discretely. Diluted earnings per common share includes the dilutive effect of the 2026 Convertible Notes using the treasury stock method when dilutive and the dilutive effect of shares underlying the 2018 Convertible Notes using the "if converted" method in which debt issuance and interest costs, net of tax, were added back to net earnings.

THE GREENBRIER COMPANIES, INC.

SUPPLEMENTAL INFORMATION

(In thousands, unaudited)

Segment Information

Three months ended February 28, 2015:

| | Revenue | | | Earnings (loss) from operations | | |
|--------------------|-------------------|--------------|-------------------|---------------------------------|--------------|------------------|
| | External | Intersegment | Total | External | Intersegment | Total |
| Manufacturing | \$ 505,241 | \$ 81 | \$ 505,322 | \$ 90,876 | \$ 9 | \$ 90,885 |
| Wheels & Parts | 102,640 | 5,934 | 108,574 | 7,976 | 653 | 8,629 |
| Leasing & Services | 22,268 | 18,627 | 40,895 | 9,811 | 18,627 | 28,438 |
| Eliminations | - | (24,642) | (24,642) | - | (19,289) | (19,289) |
| Corporate | - | - | - | (16,131) | - | (16,131) |
| | <u>\$ 630,149</u> | <u>\$ -</u> | <u>\$ 630,149</u> | <u>\$ 92,532</u> | <u>\$ -</u> | <u>\$ 92,532</u> |

Three months ended November 30, 2014:

| | Revenue | | | Earnings (loss) from operations | | |
|--------------------|-------------------|--------------|-------------------|---------------------------------|--------------|------------------|
| | External | Intersegment | Total | External | Intersegment | Total |
| Manufacturing | \$ 379,949 | \$ 7,420 | \$ 387,369 | \$ 52,051 | \$ 786 | \$ 52,837 |
| Wheels & Parts | 86,624 | 6,911 | 93,535 | 7,932 | 784 | 8,716 |
| Leasing & Services | 28,485 | 13,184 | 41,669 | 11,042 | 13,184 | 24,226 |
| Eliminations | - | (27,515) | (27,515) | - | (14,754) | (14,754) |
| Corporate | - | - | - | (16,603) | - | (16,603) |
| | <u>\$ 495,058</u> | <u>\$ -</u> | <u>\$ 495,058</u> | <u>\$ 54,422</u> | <u>\$ -</u> | <u>\$ 54,422</u> |

| | Total assets | |
|---------------|-------------------|-------------------|
| | February 28, 2015 | November 30, 2014 |
| Manufacturing | \$ 663,567 | \$ 585,240 |

| | | |
|--------------------|---------------------|---------------------|
| Wheels & Parts | 291,358 | 301,300 |
| Leasing & Services | 516,835 | 493,048 |
| Unallocated | 218,649 | 189,794 |
| | <u>\$ 1,690,409</u> | <u>\$ 1,569,382</u> |

The results of operations for GBW, which are shown below, are not reflected in the above tables as the investment is accounted for under the equity method of accounting.

| | As of and for the Three Months Ended | |
|---------------------------------|---|----------------------|
| | February 28, 2015 | November 30, 2014 |
| Revenue | \$ 83,300 | \$ 82,500 |
| Earnings (loss) from operations | \$ (2,000) | \$ 300 |
| Total assets | \$ 217,400 | \$ 231,300 |

THE GREENBRIER COMPANIES, INC.

SUPPLEMENTAL INFORMATION

(In thousands, excluding backlog and delivery units, unaudited)

Reconciliation of Net earnings to Adjusted EBITDA

| | Three Months Ended | |
|-------------------------------|----------------------|----------------------|
| | February 28, 2015 | November 30, 2014 |
| Net earnings | \$ 61,046 | \$ 35,982 |
| Interest and foreign exchange | 1,929 | 3,141 |
| Income tax expense | 29,372 | 16,054 |
| Depreciation and amortization | 10,348 | 12,050 |
| Adjusted EBITDA | <u>\$ 102,695</u> | <u>\$ 67,227</u> |

Adjusted EBITDA is not a financial measure under generally accepted accounting principles (GAAP). We define Adjusted EBITDA as Net earnings before interest and foreign exchange, income tax expense, depreciation and amortization. Adjusted EBITDA is a performance measurement tool commonly used by rail supply companies and Greenbrier. You should not consider Adjusted EBITDA in isolation or as a substitute for other financial statement data determined in accordance with GAAP. In addition, because Adjusted EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, the Adjusted EBITDA measure presented may differ from and may not be comparable to similarly titled measures used by other companies.

| | Three Months Ended February 28, 2015 |
|--|--|
| Backlog Activity (units) | |
| Beginning backlog | 41,200 |
| Orders received | 10,100 |
| Production held as Leased railcars for syndication | (1,800) |
| Production sold directly to third parties | (3,500) |
| Ending backlog | <u>46,000</u> |
| Delivery Information (units) | |
| Production sold directly to third parties | 3,500 |
| Sales of Leased railcars for syndication | 1,700 |
| Total deliveries | <u>5,200</u> |

SUPPLEMENTAL INFORMATION*(In thousands, except per share amounts, unaudited)***Reconciliation of common shares outstanding and diluted earnings per share**

The shares used in the computation of the Company's basic and diluted earnings per common share are reconciled as follows:

| | Three Months Ended | |
|---|----------------------|----------------------|
| | February 28, 2015 | November 30, 2014 |
| Weighted average basic common shares outstanding ⁽¹⁾ | 27,028 | 27,665 |
| Dilutive effect of convertible notes ⁽²⁾ | 6,045 | 6,048 |
| Weighted average diluted common shares outstanding | 33,073 | 33,713 |

- (1) Restricted stock grants and restricted stock units, including some grants subject to certain performance criteria, are included in weighted average basic common shares outstanding when the Company is in a net earnings position.
- (2) The dilutive effect of the 2018 Convertible notes are included in the Weighted average diluted common shares outstanding as they were considered dilutive under the "if converted" method as further discussed below. The dilutive effect of the 2026 Convertible notes are included in the Weighted average diluted common shares outstanding as the average stock price during the period exceeded the conversion price of \$48.05.

Diluted earnings per share was calculated using the more dilutive of two approaches. The first approach includes the dilutive effect of outstanding warrants and shares underlying the 2026 Convertible notes in the share count using the treasury stock method. The second approach supplements the first by including the "if converted" effect of the 2018 Convertible notes issued in March 2011. Under the "if converted method" debt issuance and interest costs, both net of tax, associated with the convertible notes are added back to net earnings and the share count is increased by the shares underlying the convertible notes.

| | Three Months Ended | |
|--|----------------------|----------------------|
| | February 28, 2015 | November 30, 2014 |
| Net earnings attributable to Greenbrier | \$ 50,351 | \$ 32,786 |
| Add back: | | |
| Interest and debt issuance costs on the 2018 Convertible notes, net of tax | 1,416 | 1,416 |
| | \$ 51,767 | \$ 34,202 |
| Earnings before interest and debt issuance costs on convertible notes | | |
| Weighted average diluted common shares outstanding | 33,073 | 33,713 |
| | \$ | \$ |
| Diluted earnings per share | 1.57 | 1.01 |

SOURCE The Greenbrier Companies, Inc. (GBX)

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