# ~ Posts EPS of \$2.15

# ~~ Expands aggregate gross margin to 23%

LAKE OSWEGO, Ore., Jan. 7, 2016 / PRNewswire -- The Greenbrier Companies, Inc. (NYSE: GBX) today reported financial results for its first fiscal quarter ended November 30, 2015.

### **First Quarter Highlights**

- Net earnings attributable to Greenbrier for the quarter were a record \$69.4 million, or \$2.15 per diluted share, on record revenue of \$802.4 million.
- Adjusted EBITDA for the quarter was a record \$161.8 million, or 20.2% of revenue.
- New railcar backlog as of November 30, 2015 was 36,000 units with an estimated value of \$4.14 billion (average unit sale price of \$115,000), compared to 41,300 units with an estimated value of \$4.71 billion (average unit sale price of \$114,000) as of August 31, 2015.
- Diversified orders for 500 new railcars were received during the quarter. After quarter end,
  Greenbrier received orders for an additional 2,100 railcars, of which 1,300 units were
  disclosed in our order release on December 15, 2015. The aggregate value of the
  cumulative orders for 2,600 new railcars is nearly \$250 million, or an average sales price of
  approximately \$96,000 per railcar.
- New railcar deliveries totaled 6,900 units for the quarter, compared to 6,200 units for the quarter ended August 31, 2015.
- Marine backlog as of November 30, 2015 was approximately \$36 million.
- Board declares a quarterly dividend of \$0.20 per share payable on February 10, 2016 to shareholders of record as of January 20, 2016.
- Repurchased 521,626 shares of common stock at a cost of \$19.1 million during the quarter.
   Since inception of the share repurchase program in October 2013, 2,673,165 shares have been repurchased at a cost of \$123.7 million. Board authorization for approximately \$101.3 million remains available for further share repurchases.

# **Progress on Longer Term Financial Goals**

- Aggregate gross margin expanded to 23.0%, compared to 22.8% in the prior quarter, continuing above the goal of at least 20% gross margin by the second half of fiscal 2016.
- First quarter annualized ROIC of 34.0% reflects record operating results. We remain on track to reach the goal of at least 25% ROIC for the second half of fiscal 2016.

William A. Furman, Chairman and CEO said, "Greenbrier's first quarter results are the fourth consecutive quarter we have produced record-breaking performance. This accomplishment is a testament to the value of our integrated business model and our strategy to diversify our product

offerings, create efficient, flexible manufacturing capacity in low-cost facilities and drive more value through our lease syndication model. Aggregate gross margin hit an all-time high of 23.0%, up 520 bps year-over-year, with our manufacturing and lease syndication activities continuing to lead the way."

Furman added, "We anticipate and are prepared for market conditions in which order and backlog levels will likely come down from their elevated energy-driven peak. We see positive continuing demand for a range of non-energy related railcars including automotive carrying railcars, large cube covered hoppers, non-energy tank cars and boxcars. We believe our strong backlog, geographic diversity and manufacturing flexibility will lead to another solid year of earnings and free cash flow in fiscal 2016."

Furman concluded, "While the markets where we compete may transition over the course of this year and into 2017, we have built a solid foundation for Greenbrier's future growth. Now serving customers on four continents, we are further diversifying our revenue base by growing our business outside North America. Greenbrier is a much different company today than it was just a couple of years ago. I strongly believe that Greenbrier has a great future ahead."

#### **Business Outlook**

Based on current business trends, industry forecasts and production schedules for fiscal 2016, Greenbrier reaffirms previously provided guidance for:

- Deliveries of approximately 20,000 22,500 units
- Revenue will exceed \$2.8 billion
- Diluted EPS will be in the range of \$5.65 to \$6.15

We expect financial results to be weighted towards the first half of the year primarily due to line changeovers, product mix changes and lower production rates on certain lines in the second half of fiscal 2016.

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**

	Q1 FY16	Q4 FY15	Sequential Comparison – Main Drivers
Revenue	\$802.4M	\$765.5M	Up 4.8% primarily due to increased deliveries
Gross margin	23.0%	22.8%	Up 20 bps due to favorable product mix, favorable pricing and improved production efficiencies in the manufacturing segment
Selling and administrative expense	\$36.5M	\$39.6M	Down 7.8% primarily due to timing of employee-related costs

Gain on	\$0.3M	\$0.4M	Timing of sales fluctuates and is opportunistic
disposition			
of equipment			
Adjusted	\$161.8M	\$147.6M	Up 9.6% driven by higher deliveries and gross margin
EBITDA			
Effective tax rate	31.3%	26.9%	Reflects a change in the geographic mix of earnings and in GIMSA JV earnings,
			and the effects of discrete items
Net earnings	\$29.3M	\$31.1M	Driven by timing of deliveries and margin from our GIMSA JV
attributable			
to noncontrolling			
interest			
Net earnings	\$69.4M	\$66.9M	
Diluted EPS	\$2.15	\$2.02	

# **Segment Summary**

	Q1 FY16	Q4 FY15	Sequential Comparison – Main Drivers
Manufacturing	1 1 10	1113	
Revenue	\$698.7M	\$657.5M	Up 6.3% primarily due to increased deliveries
Gross margin	23.7%	23.0%	Up 70 bps due to favorable product mix, favorable pricing and improved efficiencies
Operating margin <sup>(1)</sup>	22.0%	21.0%	
Deliveries	6,900	6,200	
Wheels & Parts	•	•	
Revenue	\$78.7M	\$84.6M	Down 7.0% primarily attributable to lower wheel and component volumes
Gross margin	7.3%	10.8%	Down 350 bps primarily due to lower volumes and a decrease in scrap metal prices
Operating margin (1)	4.3%	7.8%	
Leasing & Services	•	Į.	
Revenue	\$25.0M	\$23.4M	Up 6.8% primarily due to higher volume of maintenance management railcars
Gross margin	53.6%	62.0%	Down 840 bps primarily due to railcar transportation and storage costs
Operating margin (1) (2)	39.8%	43.6%	
Lease fleet utilization	89.0%	96.6%	Impacted by tank cars and recent portfolio acquisition; utilization is 97% excluding these items

<sup>(1)</sup> See supplemental segment information on page 10 for additional information.

### **Conference Call**

Greenbrier will host a teleconference to discuss its first quarter 2016 results. In conjunction with this news release, Greenbrier has posted a supplemental earnings presentation to our website. Teleconference details are as follows:

- January 7, 2016
- 8:00 a.m. Pacific Standard Time
- Phone: 1-630-395-0143, Password: "Greenbrier"
- Real-time Audio Access: ("Newsroom" at <a href="http://www.gbrx.com">http://www.gbrx.com</a>)

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

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

#### **About Greenbrier**

Greenbrier (www.gbrx.com), headquartered in Lake Oswego, Oregon, is a leading supplier of transportation equipment and services to the railroad industry. Greenbrier builds new railroad freight cars in manufacturing facilities in the U.S., Mexico and Poland and marine barges at our U.S. manufacturing facility. Greenbrier sells reconditioned wheel sets and provides wheel services at locations throughout the U.S. We recondition, manufacture and sell railcar parts at various U.S. sites. Through GBW Railcar Services, LLC, a 50/50 joint venture with Watco Companies, LLC, freight cars are repaired and refurbished at over 30 locations across North America, including more than 10 tank car repair and maintenance facilities certified by the Association of American Railroads. Greenbrier owns a lease fleet of over 10,000 railcars and performs management services for over 250,000 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 adjust manufacturing capacity, restructuring plans, new railcar delivery volumes and schedules, changes 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; sovereign risk to contracts, exchange rates or property rights; 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, costs or inefficiencies associated with expansion, start-up or

changing of production lines or changes in 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, 2015, 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.

#### **Consolidated Balance Sheets**

(In thousands, unaudited)

THE GREENBRIER COMPANIES, INC.

	November	August 31,	May 31,	February 28,	November 30,	
	30, 2015	2015	2015	2015	2014	
Assets Cash and cash equivalents	\$ 197,633	\$ 172,930	\$ 122,783	\$ 145,512	\$ 118,958	

Restricted cash       9,818       8,869       8,912       8,722       9,170         Accounts receivable, net       237,213       196,029       214,890       207,488       191,532         Inventories       444,023       445,535       426,655       418,590       372,039         Leased railcars for syndication       238,911       212,534       213,197       198,010       177,221         Equipment on operating leases,       252,641       255,391       257,962       261,234       264,615         Property, plant and equipment,       307,196       303,135       285,570       271,977       258,303         Investment in unconsolidated affiliates       86,658       87,270       91,217       71,225       72,342
Inventories 444,023 445,535 426,655 418,590 372,039 Leased railcars for syndication 238,911 212,534 213,197 198,010 177,221 Equipment on operating leases, net 252,641 255,391 257,962 261,234 264,615 Property, plant and equipment, net 307,196 303,135 285,570 271,977 258,303 Investment in unconsolidated
Inventories 444,023 445,535 426,655 418,590 372,039 Leased railcars for syndication 238,911 212,534 213,197 198,010 177,221 Equipment on operating leases, net 252,641 255,391 257,962 261,234 264,615 Property, plant and equipment, net 307,196 303,135 285,570 271,977 258,303 Investment in unconsolidated
Leased railcars for syndication       238,911       212,534       213,197       198,010       177,221         Equipment on operating leases,       252,641       255,391       257,962       261,234       264,615         Property, plant and equipment,       307,196       303,135       285,570       271,977       258,303         Investment in unconsolidated       307,196       303,135       285,570       271,977       258,303
Equipment on operating leases, net 252,641 255,391 257,962 261,234 264,615 Property, plant and equipment, net 307,196 303,135 285,570 271,977 258,303 Investment in unconsolidated
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Investment in unconsolidated
affiliates 86,658 87,270 91,217 71,225 72,342
Intangibles and other assets, net 76,157 65,554 62,664 64,386 61,937
Goodwill 43,265 43,265 43,265 43,265 43,265
\$1,893,515 \$1,790,512 \$1,727,115 \$1,690,409 \$1,569,382
Liabilities and Equity
Revolving notes \$ 163,888 \$ 50,888 \$ 92,507 \$ 90,563 \$ 46,527
Accounts payable and accrued
liabilities 384,670 455,213 405,544 417,844 374,509
Deferred income taxes 63,483 60,657 75,572 77,632 81,808
Deferred revenue 42,351 33,836 24,209 28,287 27,067
Notes payable 324,668 326,429 346,279 441,326 443,303
Total equity - Greenbrier 771,945 732,838 672,396 541,491 519,884
· ·
Noncontrolling interest 142,510 130,651 110,608 93,266 76,284
Total equity 914,455 863,489 783,004 634,757 596,168
\$ 1,893,515 \$ 1,790,512 \$ 1,727,115 \$ 1,690,409 \$ 1,569,382

# THE GREENBRIER COMPANIES, INC.

# **Consolidated Statements of Operations**

(In thousands, except per share amounts, unaudited)

### Three Months Ended November 30

	MOVEILLE	EI 30	
	2015		2014
Revenue			
Manufacturing	\$ 698,661	\$	379,949
Wheels & Parts	78,729		86,624
Leasing & Services	24,999		28,485
	 802,389		495,058
Cost of revenue			
Manufacturing	533,033		316,037
Wheels & Parts	73,002		76,872
Leasing & Services	11,589		14,081
	 617,624		406,990
Margin	184,765		88,068
Selling and administrative	36,549		33,729
Net gain on disposition of equipment	(269)		(83)
Earnings from operations	 148,485		54,422
Other costs			
Interest and foreign exchange	5,436		3,141
Earnings before income tax and earnings from unconsolidated	 		
affiliates	143,049		51,281
Income tax expense	(44,719)		(16,054)

Earnings before earnings from unconsolidated affiliates Earnings from unconsolidated affiliates		35,227 755		
Net earnings Net earnings attributable to noncontrolling interest		98,713 (29,280)		35,982 (3,196)
Net earnings attributable to Greenbrier	\$	69,433	\$	32,786
Basic earnings per common share:	\$	2.36	\$	1.19
Diluted earnings per common share:	\$	2.15	\$	1.01
Weighted average common shares: Basic Diluted		29,391 32,578		27,665 33,713
Dividends declared per common share	\$	0.20	\$	0.15

# THE GREENBRIER COMPANIES, INC.

### **Consolidated Statements of Cash Flows**

(In thousands, unaudited)

(In thousands, unaudited)	7	Three Month Novemb				
	2	015	2	014		
Cash flows from operating activities:						
Net earnings	\$	98,713	\$	35,982		
Adjustments to reconcile net earnings to net cash						
used in operating activities:						
Deferred income taxes		3,019		607		
Depreciation and amortization		12,974		12,050		
Net gain on disposition of equipment		(269)		(83)		
Stock based compensation expense		5,301		3,411		
Noncontrolling interest adjustments		262		12,952		
Other		637		152		
Decrease (increase) in assets:						
Accounts receivable, net		(40,889)		7,806		
Inventories		(274)		(67,642)		
Leased railcars for syndication		(61,059)		(54,732)		
Other		(3,578)		2,211		
Increase (decrease) in liabilities:		,				
Accounts payable and accrued liabilities		(77,605)		(13,032)		
Deferred revenue		(723)		6,488		
Net cash used in operating activities		(63,491)		(53,830)		
Cash flows from investing activities:						
Proceeds from sales of assets		41,353		2,073		
Capital expenditures		(15,595)		(31,314)		
Increase in restricted cash		(949)		(30)		
Cash distribution from unconsolidated affiliates		616		-		
Investment in and advances to unconsolidated affiliates		(1,866)		(2,500)		
Net cash provided by (used in) investing activities		23,559		(31,771)		
Cash flows from financing activities:						
Net changes in revolving notes with maturities of 90 days or less		113,000		15,000		
Proceeds from revolving notes with maturities longer than 90		-		23,056		
days						

Repayments of revolving notes with maturities longer than 90		
days	-	(4,610)
Repayments of notes payable	(1,761)	(1,758)
Debt issuance costs	(4,493)	
Decrease in restricted cash	-	11,000
Cash distribution to joint venture partner	(17,654)	(2,275)
Repurchase of stock	(20,203)	(21,730)
Dividends	(105)	-
Excess tax benefit from restricted stock awards	2,827	2,970
Other	(6)	-
Net cash provided by financing activities	 71,605	21,653
Effect of exchange rate changes	(6,970)	(2,010)
Increase (decrease) in cash and cash equivalents	24,703	(65,958)
Cash and cash equivalents		
Beginning of period	172,930	184,916
End of period	\$ 197,633	\$ 118,958

# THE GREENBRIER COMPANIES, INC.

# **Supplemental Information**

(In thousands, except per share amounts, unaudited)

# Operating Results by Quarter for 2015 are as follows:

	First	Second	Third	Fourth		Total
Revenue						
Manufacturing	\$ 379,949	\$ 505,241	\$ 593,376	\$ 657,485	\$ 2	2,136,051
Wheels & Parts	86,624	102,640	97,407	84,566		371,237
Leasing & Services	28,485	22,268	23,823	23,414		97,990
	495,058	630,149	714,606	765,465	2	2,605,278
Cost of revenue						
Manufacturing	316,037	403,227	465,658	506,492	1	1,691,414
Wheels & Parts	76,872	92,768	89,645	75,395		334,680
Leasing & Services	14,081	8,844	10,017	8,889		41,831
	406,990	504,839	565,320	590,776	2	2,067,925
Margin	88,068	125,310	149,286	174,689		537,353
Selling and administrative expense Net gain on disposition of	33,729	32,899	45,595	39,568		151,791
equipment	(83)	(121)	(720)	(406)		(1,330)
Earnings from operations	54,422	92,532	104,411	135,527		386,892
Other costs						
Interest and foreign exchange	3,141	1,929	4,285	1,824		11,179
Earnings before income tax and						
earnings (loss)						
from unconsolidated						
affiliates	51,281	90,603	100,126	133,703		375,713
Income tax expense	(16,054)	(29,372)	(30,783)	(35,951)		(112,160)
Earnings (loss) from	( -, ,	( - ) - /	(,,	(,,		( ,,
unconsolidated affiliates	755	(185)	982	204		1,756
Net earnings	35,982	61,046	70,325	97,956		265,309
Net earnings attributable to	•	,	,	,		•
noncontrolling interest	(3,196)	(10,695)	(27,514)	(31,072)		(72,477)
Net earnings attributable to Greenbrier	\$ 32,786	\$ 50,351	\$ 42,811	\$ 66,884	\$	192,832

Basic earnings per common share <sup>(1)</sup> Diluted earnings per common	\$ 1.19	\$ 1.86	\$ 1.54	\$ 2.23	\$ 6.85
share <sup>(1)</sup>	\$ 1.01	\$ 1.57	\$ 1.33	\$ 2.02	\$ 5.93

(1) Quarterly amounts may 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 and restricted stock units that are subject to performance criteria, for which actual levels of performance above target have been achieved, 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 November 30, 2015:

			Revenu	е		Earnings (loss) from operations						
	Externa		Intersegn	nent		Total	External		Intersegment			Total
Manufacturing Wheels &	\$	698,661	\$	-	\$	698,661	\$	153,704	\$	=	\$	153,704
Parts Leasing &		78,729	6,	816		85,545		3,403	ı	684		4,087
Services		24,999	6,	709		31,708		9,958	6,	709		16,667
Eliminations		=	(13,5	525)		(13,525)		-	(7,3	393)		(7,393)
Corporate						-		(18,580)				(18,580)
		\$ 802,389	\$		\$	802,389	\$	148,485	\$	-		\$ 148,485

Three months ended August 31, 2015:

	Revenue				Earnings (loss) from operations					3	
		External	Interseg	ment	Total	E	External	Intersegm	ent		Total
Manufacturing Wheels &	\$	657,485	\$	-	\$ 657,485	\$	138,319	\$	-	\$	138,319
Parts Leasing &		84,566	6	,807	91,373		6,577	5	85		7,162
Services		23,414	19	,067	42,481		10,210	19,0	67		29,277
Eliminations		-	(25,	874)	(25,874)		-	(19,6	52)		(19,652)
Corporate				-			(19,579)		-		(19,579)
		\$ 765,465	\$	-	\$ 765,465	\$	135,527	\$		\$	135,527

		ssets			
	No	ovember 30		August 31,	
(In thousands)		2015		2015	
Manufacturing	\$	656,505	\$	675,409	
Wheels & Parts		302,164		291,798	
Leasing &					
Services		631,699		549,073	
Unallocated		303,147		274,232	
	\$	1,893,515	\$	1,790,512	

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

	THIEE MOHUIS LINEU					
	N	lovember 30,	August 31,			
		2015	2015			
Revenue	\$	96,000	\$	95,200		
Earnings from operations	\$	2,400	\$	300		
Total assets	\$	245,700	\$	239,900		

#### THE GREENBRIER COMPANIES, INC.

#### **Supplemental Information**

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

#### Reconciliation of Net earnings to Adjusted EBITDA

	Three Months Ended					
				August		
	Noν	ember 30,		31,		
		2015		2015		
Net earnings	\$	98,713	\$	97,956		
Interest and foreign exchange Income tax expense Depreciation and amortization		5,436		1,824		
		44,719		35,951		
		12,974		11,898		
Adjusted EBITDA	\$	161,842	\$	147,629		

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 November 30, 2015
Backlog Activity (units) Beginning backlog Orders received Production held as Leased railcars for	41,300 500
syndication Production sold directly to third parties Ending backlog	(600) (5,200) 36,000

#### **Delivery Information (units)**

Production sold directly to third parties Sales of Leased railcars for syndication Total deliveries

5,200
1,700
6,900

#### THE GREENBRIER COMPANIES, INC.

#### **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		
	November 30,	August 31,	
	2015	2015	
Weighted average basic common shares outstanding (1)	29,391	30,040	
Dilutive effect of convertible notes (2)	3,177	3,192	
Dilutive effect of performance awards (3)	10	165	
Weighted average diluted common shares outstanding	32,578	33,397	

- (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.
- (3) Restricted stock units subject to performance criteria, for which actual levels of performance above target have been achieved, and are included in Weighted average diluted shares outstanding when the company is in a net earnings position.

Diluted earnings per share was calculated using the more dilutive of two approaches. The first approach includes the dilutive effect, using the treasury stock method, associated with shares underlying the 2026 Convertible notes and performance based restricted stock units that are subject to performance criteria, for which actual levels of performance above target have been achieved. 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 Mon	Three Months Ended				
	November	S .				
	30,	,				
	2015	2015				
	\$					
Net earnings attributable to Greenbrier Add back:	69,433	\$	66,884			
Interest and debt issuance costs on the 2018 Convertible						
notes, net of tax	496		744			

Earnings before interest and debt issuance costs on convertible notes	\$ 69,929	\$ 67,628
Weighted average diluted common shares outstanding	32,578	33,397
Diluted earnings per share	\$ 2.15	\$ 2.02

# SOURCE The Greenbrier Companies, Inc. (GBX)

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https://pressroom.gbrx.com/2016-01-07-Greenbrier-Reports-Record-First-Quarter-Results