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MANAGEMENT DISCUSSION SECTION

Operator: Hello and welcome to The Greenbrier Companies' Second Quarter of Fiscal Year 2008 Earnings Release Conference Call. Following today's presentation we will conduct a question-and-answer session. [Operator Instructions]. At the request of Greenbrier Companies, this conference is being recorded for instant replay purposes. At this time I would like turn the conference over to Mr. Mark Rittenbaum, Executive Vice President, Chief Financial Officer and Treasurer. Mr. Rittenbaum, you may begin.

Mark J. Rittenbaum, Senior Vice President and Treasurer

Thank you and good morning. And welcome to our second fiscal quarter conference call. After we review our earnings release and Bill Furman, our CEO and I make a few remarks about the quarter that just ended and the outlook for 2008 and beyond, we'll open it up for your questions.

First as always, matters discussed in this conference call include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of '95. Throughout our discussion today we will describe some of the important factors that could cause Greenbrier's actual results in 2008 and beyond to differ materially from those expressed in any forward-looking statement made by or on behalf of Greenbrier. Today Greenbrier recorded fiscal second quarter 2008 results. Our GAAP net earnings were $0.09 per share on revenues of $260 million, compared to net loss of $0.38 per share on revenues of 240 million in the second quarter of 2007.

Our 2008 quarterly earnings were negatively impacted by $0.19 per share, due to the impact of special charges and other costs associated with our Canadian manufacturing facility TrentonWorks. Also, our tax rate for the quarter was an unusual 112%, due to revisions to our projected mix of geographic in earnings and losses for the year, which also revised our expected tax rate for the year. Operations in Europe, Canada and our Mexican joint venture are currently generating losses with no related accrual of the tax benefit. Of course, when these operations turn profitable the reverse will be true and the earnings will not be tax effective until these loss carry forwards are fully utilized.

Subsequent to quarter-end, we announced two refurbishment and parts acquisitions, AARE and RBI, with combined revenues in excess of $100 million and EBITDA of $16 million on a combined basis. After these acquisitions our marine, refurbishment & parts and leasing & services businesses, now generate about $700 million in annual revenues.

As we look into the second half of fiscal 2008 the drag on earnings from TrentonWorks is now behind us and the tax rate is expected to run around 63% for the year. Obviously, this is a very high tax rate overall, again due to the geographic mix of earnings and we are currently seeking ways to more efficiently manage our tax situation.

We expect the second half of the year to be better than the first half, as the result of continued strong performance and acquisition growth in our refurbishment & parts segment, a lower tax rate and elimination of the TrentonWorks drag. All of these factors will positively impact our financial performance. We have entered a difficult macroeconomic environment and the new railcar market has become increasingly competitive. Our strategic initiatives, which we have been implementing for the past couple of years, have resulted in the diversification of our revenue and earnings. As a result our financial results now demonstrate much less volatility, if we were so heavily depended on railcar manufacturing.

I will now provide some color and highlights for the quarter. First, turning to manufacturing. New railcar deliveries for the quarter were 1,300 units compared to 1,200 units in the second quarter of 2007. Year-to-date deliveries are 3,200 units, the same as last year. Last quarter we said we

anticipated new railcar deliveries for the year would be around 7,500 to 8,000 units. As our earnings release notes we have renegotiated a contract whereby a lesser number of higher unit value cars will be produced at comparable margins to the cars that were substituted. Due to the substitution we now expect fiscal year '08 deliveries to be around 7,000 units, rather than 7,500 to 8,000 units. Our manufacturing revenues, however for the year again to the change in the mix, higher value units is pretty much unchanged.

Our February 9 – our February quarter-end backlog includes 3,600 units that will be produced during the balance of 2008. The difference between the 3,600 units and the 3,200 units delivered during the quarter is cars hung up in our balance sheet on assets held for sale.

Manufacturing margin for the quarter was 4.2%, down sequentially from Q1 due to the start-up in inefficiencies of our Mexican joint venture and the pricing environment in which we are operating. As I previously mentioned, we are experiencing start-up losses, in our Mexican joint venture, which were $856,000 this quarter, or about $0.05 a share, that being our share of the losses, as we shift our manufacturing footprint to lower-cost facilities.

We are seeing efficiency improvements in cost reductions in the near-term and this operation is improving on a daily basis. And on a longer-term basis we are much better positioned for the long term. Manufacturing margin expectations for the balance of the year are more muted than they were on our last call, as the macro-economic and pricing environment has weakened.

Turning now to TrentonWorks, our manufacturing facility in Canada. As I mentioned, the drag on earnings this quarter was $0.19 a share, compared to $0.10 in the prior quarter. The increase this quarter is due to a $0.09 a share special charge for severance benefits incurred as a result of a lost arbitration. After our quarter-end, and attempts to sell this facility, we placed TrentonWorks in bankruptcy on March 13th. We have not guaranteed any of the obligations of TrentonWorks.

Since we no longer control the operations, starting in Q3 the results of TrentonWorks will no longer be included in Greenbrier's consolidated results and no additional charges related to this operation are expected. Conversely, we now have a negative investment of – a negative net investment of about $13 million on our books. Once the bankruptcy process is fully completed, if there is any remaining negative investment on our books, it will flow back through the P&L as an income pickup.

Our marine, refurbishment & parts, and leasing & services businesses continue to perform well and we anticipate this momentum should continue throughout 2008. Including our two new acquisitions, again these businesses that generate about 700 million in annual revenues, and when we combine our European operations, these combined business units can generate about 900 million in annual revenues.

Turning specifically to refurbishment and parts segments, our revenues for this year should now approach about $500 million. We believe the margins for the balance of the year should remain at about 15 to 16%. Our leasing & services segment, which has 9,000 owned railcars and a managed fleet of 138,000 cars continues to perform well too. Our lease fleet utilization for the quarter remained unchanged at about 97% and we expect this strong utilization to continue during the year.

Recently, we have seen firming of lease rates and at times some very aggressive pricing in the market, on certain new railcar transactions. It is possible that in this environment we could see some decline in utilization. The current quarter includes 1.2 million in gains on equipment sales compared to 2.6 million in Q2 of 2007 and 0.8 million in Q1 of 2008. As we continuously state equipment sales are hard to forecast, as they are opportunistic in nature. However, we continue to expect gains on sales this quarter – or this year to be down significantly from 13 million realized in 2007.

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Decline is due to less trading activity rather than reduction in asset values. While the secondary market for selling leased assets remains liquid, we observe some contraction in market liquidity during the quarter, is to be expected given the difficult financial markets. When you pull out the gains on equipment sales, the leasing and servicing margins were 46% of revenues this period comparable to last quarter and again we expect this to continue throughout 2008.

Our near-term financial focus is on cost reductions, paying down debt and strategies to reduce our tax rate. We are continuously and aggressively looking to take costs out of the system and eliminate discretionary CapEx. We continue to look at driving down about 10 million of G&A in overhead costs and this will be a part of our focus going forward. We expect our net leasing CapEx somewhere around about 40 million to $45 million this year and we expect our manufacturing CapEx to be about 30 million and refurbishment & parts around 10 million. Our D&A expense should run around 35 million this year.

The current operating environment is challenging but we remain optimistic about the long-term fundamentals of the rail industry and we believe that we are well positioned both in the near and long-term to successfully compete in changing environments as a result of our strategic decisions. I will now turn it over to Bill and then we will open it up for your questions.

William A. Furman, President and Chief Executive Officer

Thank you, Mark. Well, this has been a very active quarter and a number of very important activities. We are disappointed in the quarter's results but I believe that in light of the activities that we sustained during the last two quarters that these results are understandable. There are many positive things that have occurred and I would like to put some of these short-term numbers in financial perspective.

As Mark has outlined, we concluded two important bolt-on acquisitions for our Greenbrier rail services segment. These acquisitions have trailing revenues of about $100 million and EBITDA of about 16 million. But our most recent one, Roller Bearings Industries is especially important, because while smaller it builds on the platform we already have in wheel services, and adds to the American Allied and former Meridian businesses in important ways. Currently the GRS Wheel Services division consumes approximately 430,000 reconditioned bearings per year. American Allied has a run-rate of about 60,000 bearings and that's included in that total. This is approximately 35% of the total reconditioned bearing market. There are normal operations and through those operations we generate cores of bearings which we sell through a re-conditioner and in turn that re-conditioner has sold those back to us after doing the work.

By entering this business we will not only take out the middleman but we will substantially reduce our cost by internalizing bearing reconditioning margins. It will improve our competitiveness throughout this segment and match the abilities of any other party in the industry. RBI, Roller Bearing Industries, owns a 52,000 square foot facility on 3 acres in Elizabethtown, Kentucky and is supported by other – our other facilities. We expect this to move very smoothly and be a very positive acquisition.

During the quarter we also concluded a lengthy negotiation with a major customer which has the effect of stabilizing our manufacturing backlog at our Portland and Mexico facilities at a run-rate. But, while disappointing in terms of the short-term financial performance and particularly the effect it has had in our first half, will assist us greatly in the long haul sustaining these facilities through difficult economic times. This is very important and the brunt of the financial drag the company has been taken in the first half. We know have finally come to the end of the costs in distraction from closing our Canadian facility and we've re-deployed to cheaper facilities both in Mexico and continuing our core facility here in Portland, Oregon.

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We sustained at our GIMSA facility very good quality covered hopper cars and while manufacturing CapEx will be up this year and while the short-term performance as can be expected in starting up a new facility is a drag on earnings we believe that this will be an exciting and successful venture and we appreciate the confidence our partner at GIMSA has placed in us. Our project is proceeding online, and while all this has come at a cost, we believe that it will pay important dividends in the very near-term.

Meanwhile, as you know, in February, Carl Icahn and the affiliated companies took a 9.45% stake in Greenbrier stock and stated an interest in a possible business combination between Greenbrier and railcar manufacturer ARI, which is controlled by Mr. Icahn.

As you would expect, we've had some conversations in response to this request from him on this topic. We have made other investments with ARI, and with Mr. Icahn, and respect him and his companies. Our interest is, however, to serve our stockholders. We're not going to comment further on this time and undertake no obligation to update on this subject.

The markets in the rail industry continue to be weak. Overall car loadings have declined 3% in 2007. This decline is expected to continue in 2008. However, we are entering this downturn, if that is the appropriate term to use for it, in good condition with a strong backlog. We do have some concentration in our backlog, and we are managing the risks of concentration aggressively, as has been evidenced in this last quarter. The re-employment of the rail car backlog, and the building of cars, that are more in marketing, and in market demand.

There are some very bright spots in the economy for the railroad business, and for railroad suppliers. Increased fuel prices continue to drive traffic from truck to rail. The lower dollar is, while driving commodity prices higher, increasing the competitiveness of U.S. export, and we expect growth in those areas of cars where exports can be served.

Our two substantial markets, forest products and international container loadings, have been hit early with the softened weakness, and there are stored cars in both areas. However, we have been successful in redeploying our product mix. We're building cars that are in demand, and we believe we can sustain at this point our backlog at the current run rates.

Additionally, not all things are rosy in this environment. Even though we have expanded greatly our GRS network, strengthened our integrated business model, in the maintenance area there are some risks. We're concerned about the movement of Class I Railroads toward pushing costs and risks down, downward in the supply chain at a time when the owners of cars and railroads do not own the majority of these cars at a time when the supply chain and its owners cannot assume these burdens.

We have recently terminated one maintenance agreement with a significant customer in order to resist this trend where it most affects us. Our backlog is substantial but it is concentrated, as I said earlier, and we intend to spend more resources in the area of risk management. And perhaps we'll resist this trend that I spoke about as we have in the past. But we believe that our integrated business model is going to be successful in the near-term and we're very pleased with the activities of the last quarter and the quarter before in re-deploying our business emphasis.

Looking at the last three years, we have dramatically changed the mix of revenue and the mix of margin contribution from what was predominately new car manufacturing to today a balanced mix of revenue from leasing, refurbishment & parts and from a continuing contribution of manufacturing. Particularly in the area of marine, we have a strong backlog and good prospects and today less than 20% of our total margin contribution is coming from all manufacturing segments, about 50% from refurbishment & parts and 32% from leasing. Manufacturing will continue to be a very important part of our business and I think the steps we have taken to re-deploy from Canada into cheaper facilities with high-quality products will be successful in the long-term.

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Mark, I'll turn it back to you.

Mark J. Rittenbaum, Senior Vice President and Treasurer

Thank you, Bill and operator we'll now open it up for questions, please.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. Our first question is from Steve Barger with Keybanc Capital Markets. Sir, your line is open.

<Q – Steve Barger>: Hi. Good morning.

<A – Mark Rittenbaum>: Hi, Good morning.

<Q – Steve Barger>: Back to your prepared comments, can you tell me what that means to spend more resources in the area of risk management? What will that really entail?

<A – Mark Rittenbaum>: I think that it's important to participate in industry groups that are also studying the issue of transfer of risks from Class I Railroads to the rest of the supply chain network. We're active in several of these and I think it's an important subject. And that's the area that I was referring to.

<Q – Steve Barger>: Have you already started that process? Have you found ways in those industry groups to offset some of those risks of Class I pushing costs down?

<A – Mark Rittenbaum>: Yes. I think that while it's a trend it's not something that is shifting rapidly. It's just a longer-term thing that I think we have to be conscious of.

<Q – Steve Barger>: Okay. Quarter to date, 3Q '08, can you talk about order activity, any activity so far?

<A – Mark Rittenbaum>: Yes, we – there is activity out there. We do have orders subsequent to quarter-end and so there's still activity and obviously the market environment that – we described the market environment in our prepared remarks as being an increasingly difficult market environment.

<Q – Steve Barger>: Okay. For your total backlog of 19,000 cars, what's deliverable in 2009 from that? Can you – do you have that number?

<A – Mark Rittenbaum>: We don't break out the backlog by year other than the current year's production.

<Q – Steve Barger>: Okay. And last question, I'll jump back in line. We know that grain prices are near all-time highs. So are diesel and fertilizer costs. You talked some about transportation. Given those dynamics, can you tell me what you think utilization rates are for the covered hopper fleet in general, and are you seeing customers talking about dialing back CapEx budgets due to input cost inflation?

<A – William Furman>: Most of our CapEx budget – and I know you're talking about customers, but I want to take the opportunity to say it – most of our CapEx budget is on expansion and efficiency enhancement in our Mexico joint venture facility. We believe there remains very decent demand for covered hopper cars of several types, but I think that grain is still – there's still a lot of activity in grain. Some of the stimulus package that was put together probably favors orders this year and there are a couple of major transactions in the market. Having said that, we're seeing both substantial competition. We are seeing the pressures in the short run on pricing, which are toward fixed price deals. And the market is generally not tremendously positive and this was reflected in our financial performance.

<Q – Steve Barger>: Right. I will ask one more, since you mentioned fixed price contracts. Can you talk about your steel buy? Are you protected under contract on that or how much of your steel buy is open to spot market?

<A – William Furman>: We are in the current year and under our multi-year agreements, protected for a large part of our backlog. We are observing the activity of our competitors in the current year to quote on a fixed price basis, so there is some exposure there. And we don't have – we're not prepared to discuss the full amount, but all of our multi-year agreements are covered with escalators and a substantial portion of our 2008 costs are committed as well.

<Q – Steve Barger>: Okay. Thanks. I'll hop back in line.

Operator: Thank you. Our next question is from Frank Magdlen with The Red Robins Group. Your line is open now.

<Q – Frank Magdlen>: Good morning, Bill.

<A – William Furman>: Good morning.

<Q – Frank Magdlen>: I'm losing sight, because there is so much noise. What is a comparable margin going forward in new car manufacturing?

<A – William Furman>: I think for the current year, Frank, I think that we – I think we are probably looking in the mid-single digits to the – probably the 4 to 6% range for the balance of this year.

<A – Mark Rittenbaum>: Let me add a little more color to that, Frank. The container car and our automotive car are both attractive cars for margin and this is generally known by those of you guys who follow us. We are running double-stack container cars at our Gunderson facility through the balance of this year. And we have then redeployed into backlog in Mexico, which will have a cheap base for our Auto-Max car. So, the mix is confusing and it varies quarter-to-quarter. So, there is going to be a lot of – a lot of it will be depending on revenue recognition and the timing of actual closings and transactions, particularly those cars that are hung up on our balance sheet and attached to leases and are for – attached to leases and we are in the syndication market to sell them.

<Q – Frank Magdlen>: Okay. What was your actual production then for the quarter?

<A – Mark Rittenbaum>: If you give me a second -

<Q – Frank Magdlen>: And also maybe, what was the marine barge revenues? And are there about 11 of them in your backlog now?

<A – Mark Rittenbaum>: There are – I believe the number, Frank, is 13 in backlog. Our actual production this quarter was a little under 2,000 units. Some of those, again, are hung up on the balance sheet and some of those went into our lease fleet. As you recall, when we record – report deliveries, it's only the third-party deliveries, nothing that goes into our lease fleet.

<Q – Frank Magdlen>: And then should we still expect about another 2 million or so gain on sale for the balance of the year?

<A – Mark Rittenbaum>: Again, that's a little harder to predict, because it's opportunistic. I'd say, from what we see today, that's kind of in the ballpark, but that can be a pretty volatile number. That's probably a little bit on the lower end of what we might expect.

<Q – Frank Magdlen>: Okay and then, marine revenue in the quarter?

<A – Mark Rittenbaum>: I think that's about in the neighborhood of $15 million. We still see marine being about a $60 million or 60 plus million dollar business for the year as a whole.

<Q – Frank Magdlen>: All right. Thank you very much.

Operator: Thank you. Our next question is from Art Hatfield with Morgan Keegan. Your line is open.

<Q – Arthur Hatfield>: Thank you. Good morning, gentlemen.

<A – William Furman>: Good morning.

<Q – Arthur Hatfield>: Mark, were you able to do anything, you had mentioned some tax strategies. Have you been able to do anything that should impact this year? Or are those more issues for 2000 and beyond?

<A – Mark Rittenbaum>: I think the guidance of the tax rate for the year, as a whole, that reflects what we've done to date and what we haven't been able to do to date. So, 63% is where we are now. We are looking at methods to improve that and bring that rate down for the year.

<Q – Arthur Hatfield>: Okay, materially different? Or how should we be thinking about the tax rate for the back half of the year?

<A – Mark Rittenbaum>: I think our guidance now is 63%.

<Q – Arthur Hatfield>: For the back half of the year?

<A – Mark Rittenbaum>: For the back half of the year, yes.

<Q – Arthur Hatfield>: Okay, okay. Thank you. I must have just missed that. Secondly, in the quarter, on the charges, the $0.19, you had broken those out as $0.13 special charge and $0.06 kind of other cost related to Nova Scotia. Where did that hit the income statement?

<A – Mark Rittenbaum>: I'm sorry, where did which hit the income statement?

<Q – Arthur Hatfield>: $0.06 number, I'm sorry. Is that an SG&A number?

<A – Mark Rittenbaum>: Yes, yes it is. So, the part that's not in special charges is in G&A.

<Q – Arthur Hatfield>: Okay. And was that – the $0.06, was that – obviously the net number, but is there any tax benefit or implication? If that number were pre-tax, would it have been say 9 or $0.10?

<A – Mark Rittenbaum>: No. All the losses up in Canada goes straight to the bottom line.

<Q – Arthur Hatfield>: Okay. That's helpful. And then just a couple more. On the 3,600 in deliveries for the balance of the year, are those pretty evenly split between Q3 and Q4?

<A – Mark Rittenbaum>: It is pretty evenly split between the two. But I want to verify the mix for you as well, because we talked about – as Bill talked...

<Q – Arthur Hatfield>: All right.

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<A – Mark Rittenbaum>: ...about the mixes. So, we would expect the dollar value of the mix to be a little bit higher in Q3. So, if you look at the back – if you are looking on a quarterly basis, that would imply as well both the number of deliveries in Q – or the dollar value of the deliveries in Q3 and the product mix itself in Q3 is a little bit more favorable than Q4 as we see it right now.

<Q – Arthur Hatfield>: Okay. And you had mentioned since the quarter ended, you have seen a little bit of order activity. Is there anything out there that – and I don't want you to commit to anything, but is there anything that you see that may give you some confidence that there's a possibility you could actually plug some cars in some slots in Q3 and Q4?

<A – Mark Rittenbaum>: I think we are more focused, as Bill talked about earlier, a stable production and a stabilizing production for the longer term, rather than looking at squeezing in cars for this year. Our production rates are pretty much set for this year and so, while the number I gave before, the 7,000 units, is a ballpark. Yes, that's a ballpark figure, about 7,000. But I don't think we'd expect anything to move the dial dramatically from that. That's not where our focus is.

<Q – Arthur Hatfield>: Okay. And that's helpful. And as we think about that, historically your earnings were highly cyclical because of the mix related to railcar manufacturing. Because of the mix now, are you more comfortable and just focusing on longer-term profitability out of the railcar manufacturing business?

<A – William Furman>: Let me say it slightly differently. We are focused on stabilizing our production rate for a longer pull through 2009, so that we can have a stable platform in manufacturing with cheaper and efficient – more efficient facilities. We had major redeployments in the first half. We've redeployed assets into Mexico. We've engaged in startup activities there on two important lines. A lot of execution to do with that and we have totally restructured our backlog with one significant multi-year contract to stabilize our Gunderson facility. So, I'm not looking during these uncertain economic times for upside in the short term. I'm looking for the ability to sustain a long distance run. And I think anyone who takes an alternate policy in this kind of uncertain economic environment is running a great danger. If we see opportunities to put in profitable business at these facilities that would affect quarter-to-quarter profits, we certainly would take advantage of that. But the manufacturing business is a good business. It's a core part of our activity and it's highly cyclical. What we've been doing is moving toward a balanced model that enhances our ability to take a hit. We have – we're going into this downturn, if that's what it is, with a – the biggest backlog we have ever had, albeit with a concentration to several important customers.

<Q – Arthur Hatfield>: Great. That's great color, Bill, and then one last question. Mark, you had mentioned in the pricing – stability and lease rates, but you had seen some aggressive pricing on some new lease deals. Is that a – I don't – you don't need to mention any names, but is that kind of broad based, or are you just seeing that from a small set of competitors in the leasing business?

<A – Mark Rittenbaum>: I would say it is the latter, a smaller set. I would not say it's endemic to the industry as a whole. I think, in fact, there's some of us that – I think that some of this defies explanation.

<Q – Arthur Hatfield>: Okay. And then that leads me, I guess, to your comment about utilization possibly declining. That's just a function of you not willing to get into some bad lease contracts or bad lease renewals. Is that a fair statement?

<A – Mark Rittenbaum>: I think it's that. I also think when you look at the rail, that is correct. Also, when you look at rail loadings overall, loadings are down. And so -

<Q – Arthur Hatfield>: The needs of the industry at this stage.

<A – Mark Rittenbaum>: Right.

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<**Q – Arthur Hatfield>:** Right. Okay. Thank you very much. That was great color. Thank you.

Operator: Our next question is from Peter Nesvold with Bear Stearns. Your line is open now.

<**Q – Waymond Harris>:** Good morning. It's actually Waymond Harris in for Peter.

<**A – Mark Rittenbaum>:** Hi, Waymond.

<**A – William Furman>:** Hi.

<**Q – Waymond Harris>:** Just a couple of very quick questions. Realize that during the quarter you said you had roughly 200 or so cars that went into railcars held for sale. It still, though, appears that line increased fairly significantly during the quarter. Can you just talk about – given the environment that you see right now, how are we going to kind of see inventories trend from here?

<**A – Mark Rittenbaum>:** Well, let's correct, Waymond. I'm not – the comment was that we produced about – we produced close to 2,000 cars this year and our deliveries this quarter were 1,300 units. So, the difference of roughly 700 units partly went into the lease fleet and part went into assets held for sale. So, I perhaps during the course of this conversation, I'll dig up what amount went into each piece of this.

<**Q – Waymond Harris>:** Okay.

<**A – Mark Rittenbaum>:** But it wasn't – it's a higher number of the two. I believe it's a higher number than 200 that went into assets held for sale.

<**Q – Waymond Harris>:** So – and we'll see that reversed out throughout in the course of this year.

<**A – Mark Rittenbaum>:** Yes. We expect, another way of stating this, we expect the assets held for sale of that line item that's about 100 million to go down to something closer to 50 million by the end of the year. Also, when you look at that line item, it's both railcars with leases attached that we would be selling. It's also finished goods wheel inventory that's included in that $100 million.

<**Q – Waymond Harris>:** Okay. Thank you. That's helpful. And then, actually, the only other question is on the minority interest line. How – can you just give any color on how we are supposed to look or think about that line through the remainder of the year? I realize that – I believe or if you could correct me, most of that is GIMSA, correct? Or is there something else going on in that line?

<**A – William Furman>:** That is the – that's our minority, our partner's share of the earnings and losses at GIMSA. We are – for the balance of the year, I think it obviously would reflect the results of GIMSA itself. We are looking for improvements in the second half of the year. Our share of the losses, this quarter were $850,000. But I wouldn't want to give specific guidance on the financial performance of GIMSA this year.

<**Q – Waymond Harris>:** Okay. Thank you. That's it. I'll get back in queue.

Operator: Thank you. Our next question is from J.B. Groh with D.A. Davidson, and your line is open now.

<**Q – Chris Denny>:** Good morning. This is Chris Denny in for J.B.

<**A – Mark Rittenbaum>:** Hi, Chris.

<Q – Chris Denny>: Just a real quick question. Have you guys seen any increased interest from customers contemplating orders due to the economic stimulus package?

<A – Mark Rittenbaum>: The answer would be yes. We are – some of the order activity out there were definitely – is definitely stimulus driven, whether it be from the Class Is or leasing companies or shippers.

<Q – Chris Denny>: Is it significant?

<A – Mark Rittenbaum>: Well, I think overall, we've described the price or described the environment out there. It's still a challenging environment. I think its meaningful compared to what the environment would be without the stimulus package, but you know, again, on the new railcar side, it's muted as compared to the last year.

<Q – Chris Denny>: Okay. And for your assets held for sale, could you please tell us how much of that is in transit?

<A – Mark Rittenbaum>: Very little of that is in transit inventory. The assets held for sale are again railcars we produce in one period where we have a lease attached to the railcar and we are planning to sell it to another – to package and then sell it to another leasing company in a different quarter. So, it has very little to do with in-transit inventory.

<Q – Chris Denny>: Okay, great. Thank you.

Operator: Our next question at this time is from Joe Champy with UBS. Your line is open now.

<Q>: Hi. Good morning. Sorry, if I may have missed this. What was the combined purchase price for the two acquisitions? Is it around 95 million? Is that about right?

<A – Mark Rittenbaum>: Yeah. That's in the ballpark. We didn't disclose the second – the purchase price of the second acquisition. The first acquisition was $83 million and as Bill talked about earlier, the second acquisition was relatively small in terms of the dollars involved then in terms of the – how better positions us in the refurbishment and parts business very meaningful.

<Q>: What – I guess if you guys bring that up, yeah you did talk about internalizing the reconditioning. Do you have a dollar cost estimate or is it kind of too early to go there?

<A – Mark Rittenbaum>: Of the -

<Q>: Of the benefits, I am sorry, from eternalizing the bearing reconditioning.

<A – William Furman>: We have estimated costs and they are significant, but or in that cost, but impact, financial impact but I think it's a premature to say anything about it.

<Q>: Okay.

<A – William Furman>: It's very positive.

<Q>: That's fair. So just going back quickly to the acquisitions, is it – did you fund that through the revolver?

<A – Mark Rittenbaum>: Yes, we did.

<Q>: Would you guys be able to walk kind of through your current liquidity, just with the availability is on the revolver as it stands now?

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<A – Mark Rittenbaum>: I think I will walk through if you give me a minute here, which I will – which you will see in our 10-Q when we file it later in the day that our available borrowings are based on all of our financial ratios at the end of the quarter would have been about $160 million at the end of the quarter. That would have gone down as a result of the draw downs for the acquisitions, but we are also in the process of amending our credit facilities to increase the liquidity back up to the levels that I just mentioned.

<Q>: Okay, great. That's helpful. Thank you.

Operator: Our next question is from Alan Robinson with RBC. Your line is open.

<Q – Alan Robinson>: Good morning. Mark, regarding your focus on tax reduction over the next couple of years, how feasible do you think it is to get your taxes for FY '09 down towards a sort of low 40% rate that we've seen in the past?

<A – Mark Rittenbaum>: Well, I think part of this Alan is – the biggest part of this is still the geographic mix of earnings. So, to the extent that our Mexican operations turn profitable next year, to the extent that our European operations turn profitable next year, then that could pretend to even a lower tax rate than around 40%. Our U.S. tax rate is around 40. So, we haven't given an outlook for '09 yet, but I think as much as our tax strategies goes with the two key variables in driving the overall tax rate.

<Q – Alan Robinson>: Okay. That's helpful. And then in terms of European railcar manufacturing, could you give us some color on how the market is there, whether the downturn we've seen domestically is being reflected in Europe, whether Europe is lagging in anyway.

<A – William Furman>: The market in Europe has been robust. Our earnings have been affected by a lag affect on supply chain issues and in costs over there. But we see that is a more positive environment in 2009, while the growth rate in European economy may fall off. I think that the secular changes in Europe are going to continue to favor our reliable supply network, especially in Western Europe and there is quite an awful lot of activity going on in Eastern Europe and Russia that creates a lot of background noise. So generally I think the market over there is pretty positive.

<Q – Alan Robinson>: That's useful. Thank you.

Operator: Thank you. Our next question is from Steve Barger with Keybanc. Your line is open.

<Q – Steve Barger>: Hi. Sorry, if I missed this earlier, but it looks like you only spent about 1.5 million in the quarter on CapEx, which seems to be below your manufacturing maintenance CapEx level of – I think from past scores, you've talked about 12 million a year or 3 million a quarter. So, can you go through again what's happening with manufacturing CapEx and how we should think about that in the back half?

<A – Mark Rittenbaum>: Well, the guidance we gave for the year as a whole and I'd have to go with you offline on the reconciliation of the – of your million dollar number. But what we expect for the year as a whole in manufacturing is around $30 million principally related to Mexico and that is a gross number before our partner's contribution. So net of partner's contribution, that number is closer to the lower, 20 million is for Mexico and for manufacturing again principally related to Mexico, 10 million in refurbishment and parts and then about 40 to 45 million in net CapEx for leasing.

<Q – Steve Barger>: Okay, great. Thanks very much.

Operator: And our last question today is from Peter Nesvold with Bear Stearns. Your line is open.

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<Q – Waymond Harris>: Hi, guys. It's Waymond again. Just one quick follow up and sorry, if I have missed this. But – can you just remind us for the – for your order – large multi-year order with GE where you are going to build tank cars? Has any production started from that yet? And if – or when will it start, if you can remind us of that?

<A – Mark Rittenbaum>: We are in the advance stages of setting up the line. The project is on TAT and we expect it to start up in the summer.

<Q – Waymond Harris>: So, we should start seeing deliveries for this hit in the back half of the year?

<A – Mark Rittenbaum>: At back half, I'd say more back half of the calendar year.

<Q – Waymond Harris>: Okay.

<A – Mark Rittenbaum>: And I think that you'll really see it in the first fiscal quarter, although as you would expect the ramp, we are going to take it slow in the beginning. So, I do not really expect that, that you'd see a meaningful impact until the second quarter of next year, next fiscal year.

<A – William Furman>: Waymond, that is – that was essentially a fine existing facility, but a cold plant...

<Q – Waymond Harris>: Right.

<A – William Furman>: ...during the last half. We've ramped up covered hoppers. We've reached our quality and rate expectations out of the covered hoppers, and we've put a lot of energy and time in setting up tank car line. Things are moving ahead with a normal kind of issues, particularly with respect to financial performance that you would expect when you are starting up a cold plant. So, we think we are making good progress down there.

<Q – Waymond Harris>: Okay. Thank you, guys. That's it for me.

Operator: I have no further questions at this time. So, I'd like to turn the call back to Greenbrier management for closing comments.

Mark J. Rittenbaum, Senior Vice President and Treasurer

Thank you, Operator. And thank all of those you who participated in today's call. We appreciate your interest in Greenbrier, and have a good day.

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