THE GREENBRIER COMPANIES

Greenbrier exits wheelset roller bearing reconditioning business

Long-term supply agreement ensures cost-competitive supply of wheelset roller bearings; Sale furthers strategy to reduce non-core assets to enhance earnings and capital return

LAKE OSWEGO, Ore., Feb. 28, 2013 /PRNewswire/ -- The Greenbrier Companies, Inc. [NYSE:GBX] announced today it has entered an asset purchase agreement with The Timken Company [NYSE:TKR] for sale of substantially all the equipment utilized in Greenbrier's reconditioned wheelset roller bearing operations in Elizabethtown, Kentucky ("Elizabethtown"). Concurrent with the sale, Greenbrier will enter into a long-term supply agreement with Timken for reconditioned and new bearings. The companies did not disclose the asset purchase price. Closing of the transaction is expected before the conclusion of Greenbrier's fiscal third quarter ending May 31, 2013.

Greenbrier acquired Elizabethtown in 2008 to provide reconditioned wheel bearings for use in Greenbrier's Wheel Services, Refurbishment & Parts segment. Elizabethtown has employed an average of 100 people during Greenbrier's last two fiscal years and is Greenbrier's only wheelset roller bearing reconditioning facility. The operation is profitable. However, recent changes in rules related to reconditioned components and a constrained availability of certain key materials has diminished the strategic value of this operation rendering it a non-core asset to Greenbrier. As a global bearing manufacturer with four rail bearing reconditioning facilities in the US, Timken brings scale and experience to the supply agreement. This ensures Greenbrier a steady, long-term supply of new and reconditioned bearings, while eliminating Greenbrier's costs of maintaining an internal operation to meet its supply needs.

The effects of eliminating internal production of bearings and entering into the supply agreement are expected to be accretive to Greenbrier's earnings and liberate approximately $10 million in capital. It is consistent with Greenbrier's corporate strategy to reduce non-core or underperforming capital assets and improve capital efficiency, while also increasing capital available for reinvestment opportunities that enhance the performance of Greenbrier's integrated business model. These efforts are designed to increase Greenbrier's return on invested capital, improve gross margins and enhance value to shareholders. This strategy will be described in greater detail when Greenbrier announces its financial results in early April for its second fiscal quarter ending on February 28, 2013.

"With the completion of this transaction, we are well positioned to focus on our core strengths of heavy railcar repair, refurbishment, complete wheel services and routine railcar maintenance and pursue the growth opportunities that these areas offer," said Timothy A. Stuckey, president of Greenbrier Rail Services. "We are pleased to partner with Timken to ensure that our requirements for new and reconditioned wheelset roller bearings will continue without interruption."

"Like Greenbrier, Timken is committed to improving the productivity, safety and efficiency of our rail customers," said Brian Ruel, vice president of off-highway, light vehicle systems and rail for Timken. "This agreement aligns with our strategy to grow our services portfolio and invest in the rail business."

To complete the asset purchase transaction, Greenbrier and Timken will complete a transition plan over the course of Greenbrier's fiscal third quarter. This will include preparing equipment and remaining inventory for transfer to Timken facilities. The land and buildings owned by Greenbrier at Elizabethtown are not included in the asset purchase agreement and will be listed for sale by Greenbrier after completion of the transition plan.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This 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, 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," "contemplates," "expects," "intends," "plans," "seeks," "estimates," "could," "would," "will," "may," "can," 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 is not indicative of our financial results; turmoil 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, changing technologies, production of new railcar types, or non-performance of subcontractors or suppliers; ability to obtain suitable contracts for the sale of leased equipment and risks related to car hire and residual values; difficulties associated with governmental regulation, including environmental liabilities; integration of current or future acquisitions; succession planning; 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, 2012, 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.

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 its four manufacturing facilities in the U.S. and Mexico and marine barges at its U.S. facility. It also repairs and refurbishes freight cars and provides wheels and railcar parts at 39 locations across North America. Greenbrier builds new railroad freight cars and refurbishes freight cars for the European market through both its operations in Poland and various subcontractor facilities throughout Europe. Greenbrier owns approximately 11,000 railcars, and performs management services for approximately 219,000 railcars.

The Timken Company (NYSE: TKR; www.timken.com), a global industrial technology leader, applies its deep knowledge of materials, friction management and power transmission to improve the reliability and efficiency of industrial machinery and equipment all around the world. The company engineers, manufactures and markets mechanical components and high-performance steel. Timken® bearings, engineered steel bars and tubes—as well as transmissions, gearboxes, chain, related products and services—support diversified markets worldwide. With sales of $5.0 billion in 2012 and approximately 20,000 people operating from 30 countries, Timken makes the world more productive and keeps industry in motion.

SOURCE The Greenbrier Companies, Inc. (GBX)

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