GREENBRIER COMPANIES INC
Form S-4
July 28, 2005

As filed with the Securities and Exchange Commission on July 27, 2005.

Registration No.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

The Greenbrier Companies, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**3743**	**93-0816972**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

CO-REGISTRANTS AND SUBSIDIARY GUARANTORS

Autostack Corporation	Oregon	3743	93-0981840
Greenbrier-Concarril, LLC	Delaware	3743	93-1262344
Greenbrier Leasing Corporation	Delaware	3743	31-0789836
Greenbrier Leasing, L.P.	Delaware	3743	91-1960693
Greenbrier Leasing Limited Partner, LLC	Delaware	3743	93-1266038
Greenbrier Management Services, LLC	Delaware	3743	93-1266040
Greenbrier Railcar, Inc.	Delaware	3743	93-0971066
Gunderson, Inc.	Oregon	3743	93-0180205
Gunderson Marine, Inc.	Oregon	3743	93-1127982
Gunderson Rail Services, Inc.	Oregon	3743	93-1123815
Gunderson Specialty Products, LLC	Delaware	3743	93-0180205

The Greenbrier Companies, Inc. One Centerpointe Drive, Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000	Autostack Corporation One Centerpointe Drive Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000	Greenbrier-Concarril, LLC One Centerpointe Drive Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000	Greenbrier Leasing Corporation One Centerpointe Drive Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000
Greenbrier Leasing L.P. One Centerpointe Drive, Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000	Greenbrier Leasing Limited Partner, LLC One Centerpointe Drive Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000	Greenbrier Management Services, LLC One Centerpointe Drive Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000	Greenbrier Railcar, Inc. One Centerpointe Drive Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000

Gunderson, Inc. 4350 NW Front Avenue Portland, Oregon 97210 (503) 972-5700	Gunderson Marine, Inc. 4350 NW Front Avenue Portland, Oregon 97210 (503) 972-5700	Gunderson Rail Services, Inc. One Centerpointe Drive Suite 200 Lake Oswego, Oregon 97035-8612 (503) 684-7000	Gunderson Specialty Products, LLC 4350 NW Front Avenue Portland, Oregon 97210 (503) 972-5700

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Norris M. Webb, Esq. **Executive Vice President and General Counsel** **The Greenbrier Companies, Inc.** **One Centerpointe Drive, Suite 200** **Lake Oswego, Oregon 97035-8612** **(503) 684-7000**	**Copy to:** **Jeffrey J. Margulies, Esq.** **Squire, Sanders & Dempsey L.L.P.** **4900 Key Tower** **127 Public Square** **Cleveland, Ohio 44114-1304** **(216) 479-8500**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
$8^{3}/8$% Senior Notes due 2015(2)	$175,000,000	100%	$175,000,000	$20,598

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933, as amended.

(2) Including the guarantees of the $8^{3}/8$% Senior Notes due 2015.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Prospectus

Offer to Exchange
$8^{3}/8$% Senior Notes due 2015
(Registered under the Securities Act of 1933)
for all outstanding
$8^{3}/8$% Senior Notes due 2015
($175 million aggregate principal amount outstanding)
of
(All Notes Guaranteed by Subsidiary Guarantors)

The exchange offer will expire at 5:00 p.m., New York City time, on , 2005, unless extended.

The exchange notes are being registered with the Securities and Exchange Commission and are being offered in exchange for the original notes that were previously issued in an offering exempt from the registration requirements under the federal securities laws. The terms of the exchange offer are summarized below and more fully described in this prospectus.

We will exchange all original notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

You may withdraw tenders of original notes at any time prior to the expiration of the exchange offer.

The terms of the exchange notes will be substantially identical to the terms of the original notes, except that the exchange notes are registered under the Securities Act and the transfer restrictions and registration rights applicable to the original notes will not apply to the exchange notes.

Our restricted material domestic subsidiaries guaranteed the original notes and will guarantee the exchange notes.

We will not receive any proceeds from the exchange offer.

See Risk Factors beginning on page 13 for a discussion of the risks that should be considered by holders prior to tendering original notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2005.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any person to provide you with any information or represent anything about us or this offering that is different. If given or made, any such other information or representation should not be relied upon as having been authorized by us. We are not making an offer to exchange the exchange notes for the original notes in any jurisdiction where such an offer is not permitted.

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NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-b of the New Hampshire Revised Statutes Annotated, 1955, as amended, with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state that any document filed under RSA 421-b is true, complete and not misleading. Neither any such fact nor the fact that any exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

MARKET AND INDUSTRY DATA

Market, industry and other similar data is contained in or incorporated by reference into this prospectus. Such data reflect estimates and are based on management s own estimates, independent industry publications or other published independent sources. While we believe these estimates are reasonable, we have not independently verified the data or any of the assumptions or raw data on which the estimates are based and the data may prove to be inaccurate. As a result, you should be aware that any such market, industry or other similar data may not be reliable.

FORWARD-LOOKING STATEMENTS

This prospectus, including information incorporated by reference, contains statements that we believe are forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, including statements as to our expectations, beliefs and strategies regarding the future. Statements made in or incorporated by reference into this prospectus that are not statements of historical fact are forward-looking statements. You can identify these forward-looking statements by forward-looking words such as expect, anticipate, believe, intend, plan, seek, forecast, estimate, continue, may, will, would, could, likely and similar exp forward-looking statements are subject to risks and uncertainties that are difficult to predict, may be beyond our control and could cause actual results to differ materially from those currently anticipated. Important factors that could cause actual results to differ materially from those currently anticipated or suggested by these forward-looking statements and that could adversely affect our future financial performance and stockholder value are identified in Risk Factors and may also include the following:

- continued industry demand at current levels for railcar products, given substantial price increases;
- industry overcapacity and our manufacturing capacity utilization;
- ability to utilize beneficial tax strategies;
- decreases in carrying value of assets due to impairment;
- changes in future maintenance requirements;
- effects of local statutory accounting conventions on compliance with covenants in certain loan agreements;
- delays in receipt of orders, risks that contracts may be canceled during their term or not renewed and that customers may not purchase as much equipment under existing contracts as anticipated; and
- ability to replace maturing lease revenue and earnings with revenue and earnings from additions to the lease fleet and management services.

Any forward-looking statement should be considered in light of these factors and reflects our belief only at the time the statement is made. We assume no obligation to update or revise any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting the forward-looking statements.

INCORPORATION OF DOCUMENTS BY REFERENCE

We are incorporating by reference into this prospectus the documents we file with the SEC. This means that we are disclosing important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information contained in this prospectus. We are incorporating by reference the following documents.

- Our Annual Report on Form 10-K for the year ended August 31, 2004, filed with the SEC on November 12, 2004 (except as it relates to Item 8);
- Our Quarterly Report on Form 10-Q for the quarter ended November 30, 2004, filed with the SEC on January 10, 2005;
- Our Quarterly Report on Form 10-Q for the quarter ended February 28, 2005, filed with the SEC on March 31, 2005;

Our Quarterly Report on Form 10-Q for the quarter ended May 31, 2005, filed with the SEC on July 1, 2005;

Our Current Report on Form 8-K filed with the SEC on October 8, 2004;

Our Current Report on Form 8-K filed with the SEC on November 15, 2004;

Our Current Report on Form 8-K filed with the SEC on December 7, 2004;

Our Current Report on Form 8-K filed with the SEC on December 16, 2004;

Our Current Report on Form 8-K filed with the SEC on February 1, 2005;

Our Current Report on Form 8-K filed with the SEC on February 9, 2005;

Our Current Report on Form 8-K filed with the SEC on April 20, 2005;

Our Current Report on Form 8-K filed with the SEC on April 21, 2005 (Accession No. 0001104659-05-017381);

Our Current Report on Form 8-K filed with the SEC on April 21, 2005 (Accession No. 0000891020-05-000121);

Our Current Report on Form 8-K filed with the SEC on April 26, 2005;

Our Current Report on Form 8-K filed with the SEC on April 29, 2005;

Our Current Report on Form 8-K filed with the SEC on May 11, 2005;

Our Current Report on Form 8-K filed with the SEC on May 13, 2005;

Our Current Report on Form 8-K filed with the SEC on July 6, 2005;

Our Current Report on Form 8-K filed with the SEC on July 8, 2005;

Our Current Report on Form 8-K filed with the SEC on July 22, 2005;

Our Current Report on Form 8-K filed with the SEC on July 27, 2005; and

All documents filed by us with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the completion of the exchange offer made pursuant to this prospectus.

Any statement contained in a document incorporated by reference in this prospectus shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference in this prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Information that we file with the SEC after the date of this prospectus will automatically modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information.

We will provide without charge, upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this prospectus, other than exhibits to such documents unless such exhibits are specifically incorporated by reference in such documents. You may request a copy of these filings at the following address and telephone:

The Greenbrier Companies, Inc.
One Centerpointe Drive, Suite 200
Lake Oswego, Oregon 97035
Attention: Investor Relations
Telephone: (503) 684-7000

WHERE YOU CAN OBTAIN ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission in accordance with the Securities Exchange Act of 1934. You can inspect and copy, at prescribed rates, these reports, proxy statements and other information at the public reference facilities of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on its public reference room. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants that file electronically with the SEC at http:/ /www.sec.gov. You can also inspect reports and other information that we file at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed a registration statement on Form S-4 with the SEC, of which this prospectus is a part, covering the exchange notes offered by this prospectus. As allowed by SEC rules, this prospectus does not contain all the information set forth in the registration statement and the related exhibits. We refer you to the registration statement and related exhibits for further information, and this prospectus is qualified in its entirety by such other information.

PROSPECTUS SUMMARY

This summary highlights selected information contained in or incorporated by reference into this prospectus. This summary may not contain all of the information that may be important to you. We urge you to read carefully this entire prospectus, all documents incorporated by reference, including the financial statements and the notes to the financial statements, and the Risk Factors section. Unless the context requires otherwise, references in this prospectus to we, us and our refer to The Greenbrier Companies, Inc. and its subsidiaries.

Our Business

We are one of the leading designers, manufacturers and marketers of railroad freight car equipment in North America and Europe and a leading provider of leasing and other services to the railroad and related transportation industries in North America. Our mission is to deliver complete freight car solutions to our customers through a comprehensive set of high quality freight car products and related services.

In North America, we operate an integrated business model that combines freight car manufacturing, repair and refurbishment, leasing and fleet management services to provide customers with a comprehensive set of freight car solutions. This model allows us to exploit synergies between our various business activities and to generate enhanced returns by providing creative solutions to a customer s freight car needs, while capturing profits at multiple points during the transaction.

For the years ended August 31, 2004 and 2003, we generated total revenue of $729.5 million and $532.3 million and earnings from continuing operations of $20.0 million and $4.3 million, respectively. For the nine months ended May 31, 2005 and May 31, 2004, we generated revenue of $759.0 million and $527.1 million and earnings from continuing operations of $19.2 million and $12.8 million, respectively.

Through our integrated business model, we offer our customers the following products and services:

Railcar Manufacturing

We are the leading North American manufacturer of intermodal railcars with an average market share of 60% over the last five years. In addition to our strength in intermodal railcars, we build a broad array of other railcar types in North America and have demonstrated an ability to capture high market shares in the car types we build. We have commanded an average market share of 41% in flat cars and 33% in boxcars over the last five years. Our three North American plants have a combined annual production capacity of approximately 12,000 new railcars.

Our European manufacturing operation produces a variety of railcar types, including pressurized tank cars, non-pressurized tank cars, flat cars, coil cars, coal cars, gondolas, sliding wall cars and rolling highway cars. Although no formal statistics are available for the European market, we believe we are the second largest new freight car manufacturer with an estimated 20% market share. Our European operation has an annual production capacity of approximately 1,800 railcars.

Railcar deliveries for the nine months ended May 31, 2005 were 9,900 units, compared to 7,800 units for the nine months ended May 31, 2004. We anticipate new railcar deliveries of 13,000 units in 2005, compared to 10,800 units in 2004 and 6,500 units in 2003. Our new railcar manufacturing backlog stands at 11,500 units valued at approximately $650.0 million at May 31, 2005.

Railcar Repair and Refurbishing

We believe we operate one of the largest repair and refurbishment networks in North America with 16 facilities nationwide. Our network of railcar repair and maintenance shops competes in three primary markets: heavy railcar repair and refurbishment, routine railcar maintenance, and railcar wheel and axle servicing.

Marine Vessel Fabrication

We fabricate a variety of marine barges, including conventional deck barges, double-hull tank barges, railcar/deck barges, barges for aggregates and ocean-going dump barges.

Railcar Leasing and Services

Our leasing and services business owns approximately 10,200 railcars and provides a comprehensive range of fleet management services for approximately 127,500 additional railcars owned by railroads, other leasing companies and shippers. We also originate leases with railroads and shippers and may subsequently sell a portion of these leases to financial institutions to which we then provide management services. Our fleet management services include revenue collection, maintenance management, administration of car hire receivables and payables, remarketing and other services.

Attractive Industry Market Trends

Our largest business is the production of new railcars for North America. Demand for new railcars is strong and deliveries are projected to average over 57,000 railcars per year through 2010, according to Global Insight. We believe the key trends affecting demand for new railcars in North America are:

- Long-term demand for new railcars is supported by continued growth in demand for rail freight that offers cost efficiencies when used over long distances;
- Demand for intermodal railcars is expected to grow at a faster pace than overall freight car demand due to increased international trade and growth in domestic containerization;
- Long-term replacement demand for railcars is underpinned by an aging fleet; and
- Railroads are shifting ownership of railcars to shippers and leasing companies and are outsourcing services.

Competitive Strengths

Leading market positions in intermodal and non-intermodal railcars.

We are the leading manufacturer of intermodal railcars in North America. In addition, we are one of the leading manufacturers of non-intermodal freight cars with an extensive portfolio of proven product designs. We currently have strong competitive positions in flat cars and boxcars in North America, and we believe we also hold a leading market position in the manufacturing of railcars in Europe.

Integrated business model providing competitive advantage.

In North America, we operate an integrated business model that combines freight car manufacturing, repair and refurbishment, leasing and fleet management services to provide customers with a comprehensive set of freight car solutions. We believe that the quality of our products, in conjunction with our marketing and lease origination capabilities, enhances demand for our products. We can also take advantage of opportunities, especially during economic downturns, by adding new and used railcars to our own lease fleet at attractive asset valuations.

Outstanding product quality, on-time delivery and product reliability.

We are the only manufacturer of new railcars in North America to have earned the prestigious TTX Excellent Supplier award every year since it was introduced 15 years ago. Each of our wheel shops servicing TTX Company has earned the award every year for 14 years. We believe our customers value our quality and service and have demonstrated a willingness to make purchasing decisions based in part on these factors.

Track record of product innovation.

We have been a leading innovator in the freight car industry for over two decades, as evidenced by our numerous innovations in both intermodal and non-intermodal railcar designs. We devote substantial effort to developing and testing freight cars that improve the operating economics of rail transport for our customers.

Flexible supply chain and low-cost manufacturing network.

Our network of domestic and foreign sourcing agreements provides us with dependable access to low-cost parts, sub-assemblies, castings and fabrications. Our supply chain includes a number of important relationships that provide us with multiple cost competitive sourcing options. In addition, we believe our use of outsourced sub-assemblies and fabricated components allows us to maintain higher levels of output at our manufacturing plants.

We are the only builder of new railcars serving the North American market with production facilities in all three NAFTA countries, which allows us to allocate production among our facilities after taking into account the costs of production and capacity at each facility.

Seasoned management team and experienced workforce.

Our senior management team is highly experienced with an average of 21 years experience in the railcar manufacturing and leasing industries. Supervisors in our manufacturing operations have an average of approximately 17 years of railcar manufacturing experience. We believe our management and workforce have the experience and knowledge to successfully grow our business by leveraging the existing business platform and by identifying and pursuing new growth opportunities.

Our Strategy

Maintain our leadership in intermodal freight cars.

We intend to maintain our leadership position in the North American intermodal marketplace. Our double-stack units currently constitute approximately 60% of the entire installed base of double-stack units in the North American fleet. We believe we have the broadest intermodal product portfolio and intend to continue our innovative design efforts to support our leadership position.

Build on our strong market position in non-intermodal cars.

We also intend to build on our historically strong market position in non-intermodal railcars, particularly in the boxcar and flat car markets where we are one of the leading manufacturers. We expect to continue to develop and introduce new generations of flat cars, boxcars and other conventional railcars through new designs and product offerings with load capacities and configurations designed to improve operating economics of rail transport for our customers.

Expand our leasing and services business.

We intend to accelerate the growth of our leasing and services business. We have demonstrated an ability to originate attractive lease transactions for both used and new railcars produced by us and other manufacturers. Our management services business offers a broad range of services that complement our lease origination activities. Our objective is to become one of the leading providers of these services in North America and to take advantage of economies of scale as our leasing business grows.

Leverage our integrated business model to deliver superior returns.

We will continue to leverage our unique combination of integrated railcar manufacturing, repair, refurbishment, leasing and management services businesses to increase the volume of business transacted with our customers. Through our extensive product and comprehensive service offerings, we believe we are well-positioned to capitalize on changing industry trends, reduce our exposure to any single product line or customer and better serve the diverse needs of our customers in any economic environment.

Reduce manufacturing costs while maintaining our reputation for quality.

We intend to continue to develop our domestic and international supply chain to reduce our manufacturing costs and selectively expand our manufacturing capacity through investment in existing facilities or through the addition of new capacity. We intend to maintain our focus on product quality, on-time delivery and product reliability through the application of Total Quality processes. Our goal is to improve our quality, cost competitiveness and manufacturing margins through the application of Lean Manufacturing practices.

Exploit international growth opportunities in core railcar manufacturing business.

The European railcar fleet is old and the replacement rate is below required levels to maintain fleet efficiency. We believe our European operations are well-positioned to capitalize on any increased demand due to our reputation as a high-quality manufacturer with an extensive portfolio of designs, a modernized facility, favorable geographic location and access to low-cost labor.

Our recently formed strategic alliance with Zhuzhou Rolling Stock Works in China includes a collaboration agreement for the co-operative development of global commercial opportunities combining the technology, engineering and designs of both companies in the North American, European and Chinese markets.

Pursue strategic acquisitions to supplement growth.

We believe that consolidation within our industry will present opportunities for us to expand our product portfolio, add manufacturing capacity, grow our fleet of leased railcars, enhance our global supply chain, add to our repair and refurbishment network and participate in further industry consolidation.

We will continue to identify and pursue strategic transactions that create value for our shareholders and offer returns in excess of our cost of capital.

Recent Developments

Replacement of Credit Facilities.

We have replaced certain of our credit facilities with a new $150.0 million five-year senior secured credit facility. See Recent Developments Replacement of Credit Facilities.

Settlement Agreement and New Equity Issuance.

On April 20, 2005, we entered into a settlement agreement with the Estate of Alan James, a former member of our board of directors, that provided for the purchase of shares of our common stock owned by the Estate and Mr. William A. Furman, who is a director and our President and Chief Executive Officer, with the net proceeds of an offering of up to 4,500,000 shares of our common stock, plus shares sold pursuant to the exercise of an overallotment option by the underwriters for such offering, which offering of common stock was made concurrently with the offering of the original notes. The settlement agreement also contained provisions relating to the rights and obligations of the Estate and us and with respect to shares of our common stock owned by the Estate following completion of the offering of common stock. See Recent Developments New Equity Issuance and Recent Developments Settlement with the Estate of Alan James.

Reorganization of Subsidiaries.

On or prior to August 31, 2005, we expect to change the status of some of our subsidiaries from corporations to limited liability companies. Autostack Corporation, Gunderson, Inc., Gunderson Marine, Inc., Gunderson Rail Services, Inc., Greenbrier Leasing Corporation and Greenbrier Railcar, Inc., each of which is a subsidiary guarantor, are expected to be converted into limited liability companies. Each limited liability company would assume all of the existing assets and obligations of the respective corporation, including the guarantee of the notes.

The Exchange Offer

On May 11, 2005, we completed the private offering of $175.0 million aggregate principal amount of $8^3/8$% Senior Notes due 2015. As part of that offering of original notes, we agreed to undertake an exchange offer for the original notes. The following summary contains basic information about the exchange offer. It may not contain all the information that is important to you. For a more complete understanding of the exchange offer, we encourage you to read this entire prospectus and the other documents to which we refer.

Securities Offered	$175.0 million aggregate principal amount of new $8^3/8$% Senior Notes due 2015, which have been registered under the Securities Act. The form and terms of these exchange notes are identical in all material respects to those of the original notes. The exchange notes, however, will not contain transfer restrictions and registration rights applicable to the original notes.
The Exchange Offer	We are offering to exchange $1,000 principal amount of our new $8^3/8$% Senior Notes due 2015, which have been registered under the Securities Act, for each $1,000 principal amount of our outstanding $8^3/8$% Senior Notes due 2015. In order to be exchanged, an original note must be properly tendered and accepted. All original notes that are validly tendered and not withdrawn will be exchanged. As of the date of this prospectus, there is $175.0 million in aggregate principal amount of original notes outstanding.
Expiration Date	5:00 p.m., New York City time, on , 2005 unless we extend the expiration date.
Accrued Interest on the Exchange Notes and Original Notes	The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes, or if no interest has been paid on the original notes, from the date of issue of the original notes.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions. We may assert or waive these conditions in our sole discretion. If we materially change the terms of the exchange offer, we will resolicit tenders of the original notes. See The Exchange Offer Conditions to the Exchange Offer for more information regarding conditions to the exchange offer.
Procedures for Tendering Original Notes	Except as described under the heading The Exchange Offer Guaranteed Delivery Procedures, a tendering holder must, on or prior to the expiration date: transmit a properly completed and duly executed letter of transmittal, together with all other documents required by the letter of transmittal, to U.S. Bank National Association at the address listed in this prospectus; or if original notes are tendered in accordance with the book-entry procedures described in this prospectus, the tendering holder must transmit an agent s message to the exchange agent at the address listed in this prospectus. See The Exchange Offer Procedures for Tendering.

Special Procedures for Beneficial Holders	If you are the beneficial holder of original notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender original notes in the exchange offer, you should promptly contact the person in whose name your original notes are registered and instruct that person to tender on your behalf. See The Exchange Offer Procedures for Tendering.
Guaranteed Delivery Procedures	If you wish to tender your original notes and you cannot deliver your original notes, the letter of transmittal or any other required documents to the exchange agent before the expiration date, you may tender your original notes by following the guaranteed delivery procedures under the heading The Exchange Offer Guaranteed Delivery Procedures.
Withdrawal Rights	Tenders of original notes may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date.
Acceptance of Original Notes and Delivery of Exchange Notes	Subject to the conditions stated under the heading The Exchange Offer Conditions to the Exchange Offer, we will accept for exchange any and all original notes that are properly tendered in the exchange offer before 5:00 p.m., New York City time, on the expiration date. The exchange notes will be delivered promptly after the expiration date. See The Exchange Offer Terms of the Exchange Offer.
United States Federal Income Tax Considerations	We believe that your exchange of original notes for exchange notes in the exchange offer will not result in any gain or loss to you for U.S. federal income tax purposes. See United States Federal Income Tax Considerations.
Exchange Agent	U.S. Bank National Association is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are listed under the heading The Exchange Offer Exchange Agent.
Use of Proceeds	We will not receive any proceeds from the issuance of exchange notes in the exchange offer. We will pay all expenses incident to the exchange offer. See Use of Proceeds.

The Exchange Notes

The form and terms of the exchange notes and the original notes are identical in all material respects, except that transfer restrictions and registration rights applicable to the original notes will not apply to the exchange notes. The exchange notes will evidence the same debt as the original notes and will be governed by the same indenture. Where we refer to notes in this prospectus, we are referring to both the original notes and the exchange notes.

Issuer	The Greenbrier Companies, Inc.
Exchange Notes Offered	\$175.0 million in aggregate principal amount of $8^3/8\%$ Senior Notes due 2015.
Maturity Date	May 15, 2015.
Interest	$8^3/8\%$ per annum, payable semiannually in arrears on May 15 and November 15, commencing November 15, 2005.
Subsidiary Guarantees	The original notes are, and the exchange notes will be, jointly and severally guaranteed on a senior unsecured basis by all of our existing and future restricted material domestic subsidiaries. The aggregate sales, EBITDA and assets as of and for the year ended August 31, 2004 of our subsidiaries that will not guarantee the notes represented approximately 43.7%, 12.3% and 14.8%, respectively, of our total sales, EBITDA and assets as of and for the year ended August 31, 2004. For a description of EBITDA, see Summary Consolidated Financial and Operating Data.
Ranking	The notes and the related subsidiary guarantees rank, and the exchange notes and related subsidiary guarantees, will rank: equally in right of payment with all of our and the guarantors existing and future unsubordinated unsecured indebtedness, including trade payables; effectively junior in right of payment to all of our and the guarantors existing and future secured indebtedness, including any borrowings under our and their credit facilities, to the extent of the assets securing such indebtedness; effectively junior to all of the liabilities of our subsidiaries that have not guaranteed the notes; and senior in right of payment to any future subordinated indebtedness of ours and the guarantors. At May 31, 2005, the notes and the subsidiary guarantees would have ranked junior to: \$20.8 million of secured indebtedness of entities guaranteeing the notes; and \$102.9 million of liabilities, including trade payables but excluding intercompany obligations, of our non-guarantor subsidiaries.
Optional Redemption	We may redeem, in whole or in part, any of the notes at any time on or after May 15, 2010, in cash at the redemption prices described in this prospectus, plus accrued and unpaid interest to the date of redemption.

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	At any time prior to May 15, 2008, we may redeem up to 35% in aggregate principal amount of the notes with the proceeds of one or more public offerings of our common stock at a redemption price of 108.375% of the principal amount of the notes, together with accrued and unpaid interest, if any, to the date of redemption. See Description of Notes Optional Redemption.
Change of Control	If we experience a change of control, we may be required to offer to purchase the notes at a purchase price equal to 101% of the aggregate principal amount of notes tendered plus accrued and unpaid interest, if any, thereon.
Certain Covenants	The indenture contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: incur additional indebtedness and guarantees; make distributions or dividends and repurchase our stock; make other restricted payments, including, without limitation, certain restricted investments; enter into sale and leaseback transactions; create liens; enter into agreements that restrict dividends from subsidiaries; sell or otherwise dispose of assets, including capital stock of subsidiaries; engage in transactions with affiliates; enter into mergers, consolidations or sales of substantially all of our assets; and enter into new lines of business. These limitations are subject to a number of important qualifications and exceptions. For more details, see Description of Notes Certain Covenants. Several of these covenants will be suspended before the notes mature if the specified rating agencies both assign the notes investment grade ratings in the future and no event of default exists under the indenture. However, if the notes are subsequently downgraded from an investment grade rating, the covenants will be reinstated. For more details, see Description of Notes Certain Covenants Effectiveness of Covenants.
Resales	Based on interpretations by the staff of the SEC, as detailed in a series of no-action letters issued by the SEC to third parties, we believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:

you are acquiring the exchange notes in the ordinary course of your business;

you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes; and

you are not an affiliate of ours.

If you are an affiliate of ours, are engaged in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the exchange notes:

you cannot rely on the applicable interpretations of the staff of the SEC; and

you must comply with the registration requirements of the Securities Act in connection with any resale transaction.

Each broker or dealer that receives exchange notes for its own account in exchange for original notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer to resell, resale, or other transfer of the exchange notes issued in the exchange offer, including the delivery of a prospectus that contains information with respect to any selling holder required by the Securities Act in connection with any resale of the exchange notes.

Furthermore, any broker-dealer that acquired any of its original notes directly from us:

may not rely on the applicable interpretations of the staff of the SEC contained in Exxon Capital Holdings Corp., SEC no-action letter (May 13, 1988); Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991); and Shearman & Sterling, SEC no-action letter (July 2, 1993); and

must also be named as a selling noteholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

Risk Factors

See Risk Factors immediately following this summary for a discussion of risks that should be considered by holders prior to tendering original notes in the exchange offer.

Additional Information

Our principal executive offices are located at One Centerpointe Drive, Suite 200, Lake Oswego, Oregon 97035-8612, and our telephone number is (503) 684-7000.

The principal executive offices of Gunderson, Inc., Gunderson Marine, Inc. and Gunderson Specialty Products, LLC are located at 4350 NW Front Avenue, Portland, Oregon 97210, and their telephone number is (503) 972-5700. All of our other subsidiary guarantors share our principal executive offices and telephone number.

Summary Consolidated Financial and Operating Data

Our summary consolidated financial data as of and for the years ended August 31, 2000, 2001, 2002, 2003 and 2004 are derived from our audited consolidated financial statements. Our summary consolidated financial data as of and for the nine months ended May 31, 2004 and May 31, 2005 have been derived from our unaudited consolidated financial statements. Our consolidated financial statements as of August 31, 2003 and 2004 and May 31, 2004 and May 31, 2005 and for the years ended August 31, 2002, 2003 and 2004 and for the nine months ended May 31, 2004 and May 31, 2005 and the related notes are incorporated by reference into this prospectus. Our unaudited financial statements have been prepared on a basis consistent with our audited financial statements and include all adjustments, which are normal recurring adjustments (except for special charges) that, in the opinion of our management, are necessary for a fair presentation of the financial position and operating results for the periods indicated. Our interim results are not necessarily indicative of our operating results for the entire year nor are our historical results necessarily indicative of our operating results to be expected in the future.

This summary consolidated financial data should be read in conjunction with Selected Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus, and with our financial statements and the related notes incorporated by reference into this prospectus.

	Year Ended August 31,					Nine Months Ended May 31,	
	2000	2001	2002	2003	2004	2004	2005(1)
	(in thousands, except per share, unit and percentage data)						
Statement of Operations Data:							
Revenue							
Manufacturing	$ 528,240	$ 513,012	$ 295,074	$ 461,882	$ 653,234	$ 473,164	$ 700,295
Leasing & services	91,189	80,986	72,250	70,443	76,217	53,888	58,701
Total Revenue	619,429	593,998	367,324	532,325	729,451	527,052	758,996
Cost of revenue							
Manufacturing	466,348	470,376	278,007	424,378	595,026	432,857	642,149
Leasing & services	46,711	43,295	44,694	43,609	42,241	31,542	30,512
Total cost of revenue	513,059	513,671	322,701	467,987	637,267	464,399	672,661
Margin	106,370	80,327	44,623	64,338	92,184	62,653	86,335
Other costs							
Selling and administrative	54,202	49,547	39,053	39,962	48,288	33,336	41,392
Interest and foreign exchange	21,165	22,257	18,998	13,618	11,468	8,136	9,639
Special charges			33,802(2)		1,234(3)	1,234(3)	2,913(4)
Total other costs	75,367	71,804	91,853	53,580	60,990	42,706	53,944
Earnings (loss) before income tax, minority interest and equity in unconsolidated	31,003	8,523	(47,230)	10,758	31,194	19,947	32,391

subsidiaries							
Income tax benefit (expense)	(16,053)	(6,806)	23,587	(4,543)	(9,119)	(5,446)	(12,833)
Earnings (loss) before minority interest and equity in unconsolidated subsidiaries	14,950	1,717	(23,643)	6,215	22,075	14,501	19,558
Minority interest	(1,650)	43	127				
Equity in earnings (loss) of unconsolidated subsidiaries	1,054	(641)	(2,578)	(1,898)	(2,036)	(1,734)	(322)
Earnings (loss) from continuing operations	14,354	1,119	(26,094)	4,317	20,039	12,767	19,236
Earnings from discontinued operations (net of tax)					739(5)		
Net earnings (loss)	$ 14,354	$ 1,119	$ (26,094)	$ 4,317	$ 20,778	$ 12,767	$ 19,236
Basic earnings (loss) per common share:							
Continuing operations	$ 1.01	$ 0.08	$ (1.85)	$ 0.31	$ 1.38	$ 0.88	$ 1.29
Net earnings (loss)	$ 1.01	$ 0.08	$ (1.85)	$ 0.31	$ 1.43	$ 0.88	$ 1.29
Diluted earnings (loss) per common share:							
Continuing operations	$ 1.01	$ 0.08	$ (1.85)	$ 0.30	$ 1.32	$ 0.84	$ 1.24
Net earnings (loss)	$ 1.01	$ 0.08	$ (1.85)	$ 0.30	$ 1.37	$ 0.84	$ 1.24
Weighted average common shares outstanding							
Basic	14,227	14,151	14,121	14,138	14,569	14,500	14,957
Diluted	14,241	14,170	14,121	14,325	15,199	15,111	15,564
Cash dividends paid per share	$ 0.36	$ 0.36	$ 0.06	$ 0.00	$ 0.06	$ 0.06	$ 0.08

	Year Ended August 31,					Nine Months Ended May 31,	
	2000	2001	2002	2003	2004	2004	2005(1)
	(in thousands, except per share, unit and percentage data)						
Other Operating Data:							
New railcar units delivered(6)	8,100	8,600	4,100	6,500	10,800	7,800	9,900
New railcar units backlog(6)	7,800	3,700	5,200	10,700	13,100	9,700	11,500
Estimated value of new railcar backlog	$ 440,000	$ 200,000	$ 280,000	$ 580,000	$ 760,000	$ 600,000	$ 650,000
Lease fleet:							
Units managed	20,488	26,306	35,562	114,701	122,676	121,597	127,514
Units owned	16,735	16,319	14,317	12,015	10,683	11,435	10,230
Percent utilized (owned units)	93%	93%	94%	97%	97%	98%	97%
Cash Flow Data:							
Depreciation and amortization:							
Manufacturing	$ 9,847	$ 12,631	$ 13,903	$ 9,081	$ 9,399	$ 6,982	$ 8,823
Leasing & services	10,509	9,765	9,594	9,630	11,441	8,547	8,017
Total	$ 20,356	$ 22,396	$ 23,497	$ 18,711	$ 20,840	$ 15,529	$ 16,840
Capital expenditures:							
Manufacturing	$ 19,476	$ 10,761	$ 4,294	$ 7,390	$ 7,161	$ 3,477	$ 10,203
Leasing & services	74,515	62,575	18,365	4,505	35,798	29,800	39,275
Total	$ 93,991	$ 73,336	$ 22,659	$ 11,895	$ 42,959	$ 33,277	$ 49,478
Reconciliation of EBITDA from net cash provided by (used in) operating activities:							
Net cash provided by (used in) operating activities	$ (28,289)	$ 41,416	$ 22,638	$ 28,339	$ (14,055)	$ (33,495)	$ (44,315)
Changes in working capital	68,703	(19,500)	(8,232)	(1,631)	67,884	65,794	77,269
Special charges			(33,802)		(1,234)	(1,234)	2,913
Deferred income taxes	(7,604)	(1,682)	13,097	(2,304)	(9,472)	(2,046)	(679)
Gain on sales of equipment	4,527	1,390	910	454	629	236	4,300

Other	(2,627)	1,891	2,792	(1,830)	(2,873)	(959)	(499)
Income tax expense	16,053	6,806	(23,587)	4,543	9,119	5,446	12,833
Interest and foreign exchange	21,165	22,257	18,998	13,618	11,468	8,136	9,639
EBITDA(7)	$ 71,928	$ 52,578	$ (7,186)	$ 41,189	$ 61,466	$ 41,878	$ 61,461
Balance Sheet Data (as of end of period):							
Cash and cash equivalents	$ 12,819	$ 77,205	$ 67,596	$ 77,298	$ 12,110	$ 13,793	$ 67,288
Accounts and notes receivable	66,150	50,555	54,778	80,197	120,007	111,762	125,135
Inventory	127,484	94,581	96,173	105,652	113,122	91,667	179,458
Leased equipment(8)	246,854	253,702	221,867	181,162	183,502	187,968	186,861
Total assets	584,109	606,180	527,446	538,948	508,753	486,027	654,893
Revolving notes	13,019	32,986	25,820	21,317	8,947	24,362	16,443
Accounts payable and accrued liabilities	141,311	113,423	116,609	150,874	178,550	153,818	194,194
Notes payable	159,363	177,575	144,131	117,989	97,513	102,429	215,739
Subordinated debt	37,748	37,491	27,069	20,921	14,942	15,966	9,785
Total debt(9)	210,130	248,052	197,020	160,227	121,402	142,757	241,967
Stockholders equity	$ 141,615	$ 134,109	$ 103,139	$ 111,142	$ 139,289	$ 128,684	$ 162,994

Pro Forma Financial Data for the twelve months ended May 31, 2005:	
EBITDA to as adjusted interest(10)	3.5x
Total debt to EBITDA	3.0x
Net debt to EBITDA	2.2x

(1) The Mexican operation, previously accounted for under the equity method, is consolidated for financial reporting purposes beginning in December 2004 upon our acquisition of our partner s interest in the joint venture.

(2) Consists of the $3.0 million for severance costs associated with North America operations and legal professional fees, $2.3 million associated with a restructuring plan to decrease operating expenses, consolidate offices and reduce the scale of European operations, a $14.8 million pre-tax impairment write-down of European railcar designs and patents and $13.7 million adjustment of European assets to net realizable value.

(3) Consists of $7.5 million write-off of the remaining balance of European railcar designs and patents partially offset by a $6.3 million reduction of purchase price liabilities associated with the settlement of arbitration on the acquisition of European railcar designs and patents.

(4) Consists of debt prepayment penalties and costs associated with settlement of interest rate swap agreements.

(5) Relates to a reduction in loss contingency associated with the settlement of litigation relating to the logistics business that was discontinued in 1998. See Note 3 to our 2004 Consolidated Financial Statements.

(6) New railcar delivery and backlog information includes subcontracted production and our Mexico facility that until our December 2004 acquisition of our partner s interest was a joint venture that was accounted for by the equity method.

(7) EBITDA is not a financial measure under United States generally accepted accounting principles, or GAAP. We define EBITDA as earnings from continuing operations before interest and foreign exchange, income taxes, depreciation and amortization. We consider net cash provided by (used in) operating activities to be the most directly comparable GAAP financial measure. EBITDA is a liquidity measurement tool commonly used by rail supply companies and we use EBITDA in that fashion. You should not consider EBITDA in isolation or as a substitute for cash flow from operations or other cash flow statement data determined in accordance with GAAP. In addition, because EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, the EBITDA measure presented in this prospectus may differ from and may not be comparable to similarly titled measures used by other companies.

(8) Includes investment in direct finance leases and equipment on operating leases.

(9) Consists of revolving notes, notes payable and subordinated debt.

(10) The ratio of EBITDA to pro forma interest expense is calculated by dividing EBITDA for the twelve months ended May 31, 2005 by pro forma interest expense, which gives effect to the sale of the original notes and the application of proceeds as described in this prospectus as if the sale of the original notes and the application of the proceeds had occurred as of May 31, 2004. See Use of Proceeds, Capitalization and Description of Other Indebtedness.

RISK FACTORS

You should carefully consider the risks described below and all other information contained in or incorporated by reference into this prospectus before tendering your original notes.

Risks Related to Our Business

During economic downturns, the cyclical nature of our business results in lower demand for our products and reduced revenue.

The railcar business is cyclical. Overall economic conditions and the purchasing habits of railcar buyers have a significant effect upon our railcar manufacturing and leasing businesses due to the impact on demand for new, refurbished, used and leased products. As a result, during downturns, we operate with a lower level of backlog and may temporarily shut-down production at some or all of our facilities. Economic conditions that result in higher interest rates increase the cost of new leasing arrangements, which could cause some of our leasing customers to lease fewer of our railcars or demand shorter terms. An economic downturn or increase in interest rates may reduce demand for railcars, resulting in lower sales volumes, lower prices, lower lease utilization rates and decreased profits or losses.

The failure of the railcar business to grow as forecasted by industry analysts may have an adverse effect on our financial condition and results of operations.

Our future success depends in part upon continued growth in the railcar industry. If growth rates do not materialize as forecasted by industry analysts, railcar replacement rates do not increase or industry demand for railcar products does not continue at current levels due to price increases or other reasons, our financial condition and results of operations could be adversely affected.

We compete in a highly competitive and concentrated industry, and this competition or industry consolidation may adversely impact our financial results.

We face aggressive competition by a concentrated group of competitors in all geographic markets and each industry sector in which we operate. Some of these companies have significantly greater resources than we have. The effect of this competition could reduce our revenues and margins, limit our ability to grow, increase pricing pressure on our products, and otherwise affect our financial results. In addition, because of the concentrated nature of our competitors, customers and suppliers, we face a heightened risk that further consolidation in the industry among or between our competitors, customers and suppliers could adversely affect our revenues, cost of revenues and profitability.

We derive a significant amount of our revenue from a limited number of customers, the loss of one or more of which could have an adverse effect on our business.

A significant portion of our revenue is generated from two major customers, TTX Company (TTX) and BNSF Railway Company (BNSF). In 2004, revenues from TTX and BNSF accounted for approximately 39% and 12%, respectively, of our total revenues. Revenues from TTX accounted for 43% of our manufacturing revenues. Revenues from BNSF and Union Pacific Railroad Company accounted for approximately 30% and 15%, respectively, of our leasing and services revenue in 2004. Our European operations derive a significant amount of revenue from a limited number of customers. Although we have some long-term contractual relationships with our major customers, we cannot assure you that our customers will continue to use our products or services or that they will continue to do so at historical levels. In addition, due to our production schedule, any customer may account for a significantly higher percentage of our total, manufacturing or leasing revenue in any given period. A reduction in the purchase or leasing of our products or a termination of our services by one or more of our major customers could have an adverse effect on our business and operating results.

Fluctuations in the availability and price of steel and other raw materials could have an adverse effect on our ability to manufacture and sell our products on a cost-effective basis.

A significant portion of our business depends upon the adequate supply of steel at competitive prices and a small number of suppliers provide a substantial amount of our requirements. The cost of steel and all other materials (including scrap metal) used in the production of our railcars represented over 70% of our direct manufacturing costs per railcar in 2004. The price of steel increased in 2004 due to several factors, including a significant increase in scrap prices, increased demand, more exports to other countries, lack of foreign imports, reduced capacity due to consolidation and scarcity of other raw inputs. A weaker U.S. dollar and an increase in global freight rates have also affected the price we pay for steel. In 2004, approximately 50% of our domestic steel requirements were purchased from Oregon Steel Mills, Inc., approximately 40% of our Canadian steel requirements were purchased from Algoma Steel, Inc. and approximately 50% of our European steel requirements were purchased from Huta Katowice.

Our businesses depend upon the adequate supply of other raw materials, including castings and specialty components, at competitive prices. Although we believe we have multiple sources for these raw materials, due to industry consolidations and challenging economic conditions, the number of suppliers has generally declined. We cannot assure you that we will continue to have access to suppliers of necessary components for manufacturing railcars. Our ability to meet demand for our products could be adversely affected by the loss of access to any of these suppliers, the inability to arrange alternative access to any materials, or suppliers limiting allocation of materials to us. In addition, raw material shortages and allocations may result in inefficient operations and an inventory build-up, which could negatively affect our working capital position.

If the price of steel or other raw materials were to increase and we were unable to increase our selling prices or reduce operating costs to offset the price increases, our margins would be adversely affected. The loss of suppliers or their inability to meet our price, quality, quantity and delivery requirements could have an adverse effect on our ability to manufacture and sell our products on a cost-effective basis.

Our backlog may not be necessarily indicative of the level of our future revenues.

In this prospectus, we have described our new railcar backlog, which is the number of railcars for which we have written orders from our customers in various periods, and estimated potential revenue attributable to the backlog. Although we believe backlog is an indicator of our future revenues, our reported backlog may not be converted to sales in any particular period and actual sales from such contracts may not equal our backlog estimates. Therefore, our backlog may not be necessarily indicative of the level of our future revenues.

The timing of our lease remarketing and railcar sales may cause significant differences in our quarterly results.

We may build railcars that are leased to a customer and ultimately sold to a third-party leasing company. The difference in timing of production of the railcars and of the sale to the leasing company could cause a fluctuation in our quarterly results. As a result, comparisons of our quarterly revenues and income between quarterly periods within one year and between comparable periods in different years may not be meaningful and should not be relied upon as indicators of our future performance.

A change in our product mix or failure of our new products or technologies to achieve market acceptance could have an adverse effect on our profitability and competitive position.

We manufacture and repair a variety of railcars. The demand for specific types of these railcars varies from time to time. These shifts in demand may affect our margins and could have an adverse effect on our profitability.

We continue to introduce new railcar products and technologies. We cannot ensure that any new products or technologies will achieve sustained market acceptance. In addition, new technologies or products that our competitors introduce may render our products obsolete or less competitive. As a result, our ability to compete effectively could be harmed.

We may be unable to remarket leased railcars on favorable terms upon lease termination or realize the expected residual values, which could reduce our revenue and decrease our overall return.

We re-lease or sell railcars we own upon the expiration of existing lease terms. The total rental payments we receive under our operating leases do not fully amortize the acquisition costs of the leased equipment, which exposes us to risks associated with remarketing the railcars. Our ability to remarket leased railcars profitably is dependent upon several factors, including, among others:

market and industry conditions;

cost of and demand for newer models;

the costs associated with the refurbishment of the railcars; and

interest rates.

Our inability to re-lease or sell leased railcars on favorable terms could result in reduced revenues and decrease our overall return.

A reduction in negotiated or arbitrated car hire rates could reduce future car hire revenue.

A significant portion of our leasing and services revenue is derived from car hire, which is a fee that a railroad pays for the use of railcars owned by other railroads or third parties. Until 1992, the Interstate Commerce Commission directly regulated car hire rates by prescribing a formula for calculating these rates. The system of government prescribed rates has been superseded by a system known as deprescription, whereby railcar owners and users have the right to negotiate car hire rates. If the railcar owner and railcar user cannot come to an agreement on a car hire rate, then either party has the right to call for arbitration, in which either the owner s or user s rate is selected by the arbitrator to be effective for a one-year period. Substantially all railcars in our fleet are subject to deprescription. There is a risk that car hire rates could be negotiated or arbitrated to lower levels in the future. A reduction in car hire rates could reduce future car hire revenue and adversely affect our financial results.

Risks related to our operations outside of the United States could adversely impact our operating results.

Our operations outside of the United States are subject to the risks associated with cross-border business transactions and activities. Political, legal, trade or economic changes or instability could limit or curtail our foreign business activities and operations. Some foreign countries in which we operate have regulatory authorities that regulate railroad safety, railcar design and railcar component part design, performance and manufacturing. If we fail to obtain and maintain certifications of our railcars and railcar parts within the various foreign countries where we operate, we may be unable to market and sell our railcars in those countries. In addition, unexpected changes in regulatory requirements, tariffs and other trade barriers, more stringent rules relating to labor or the environment, adverse tax consequences and price exchange controls could limit operations and make the manufacture and distribution of our products difficult. The uncertainty of the legal environment in these and other areas could limit our ability to enforce our rights effectively. Any international expansion or acquisition that we undertake could amplify these risks related to operating outside of the United States.

Fluctuations in foreign currency exchange rates may lead to increased costs and lower profitability.

Outside of the United States, we operate in Canada, Mexico, Germany and Poland, and our non-U.S. businesses conduct their operations in local currencies and other regional currencies. We also source materials worldwide. Fluctuation in exchange rates may affect demand for our products in foreign markets or our cost competitiveness and may adversely affect our profitability. Although we attempt to mitigate a portion of our exposure to changes in currency rates through currency rate hedges, similar financial instruments and other activities, these efforts cannot fully eliminate the risks associated with the foreign currencies. In addition, some of our borrowings are in foreign currency, giving rise to risk from fluctuations in exchange rates. A material or adverse change in exchange rates could result in significant deterioration of profits or in losses for us.

We have potential exposure to environmental liabilities, which may increase costs or have an adverse effect on results of operations.

We are subject to extensive national, state, provincial and local environmental laws and regulations concerning, among other things, air emissions, water discharge, solid and hazardous substances handling and disposal and employee health and safety. These laws and regulations are complex and frequently change. We may incur unexpected costs, penalties and other civil and criminal liability if we fail to comply with environmental laws. We also may incur costs or liabilities related to off-site waste disposal or cleaning up soil or groundwater contamination at our properties. In addition, future environmental laws and regulations may require significant capital expenditures or changes to our operations.

Our Portland facility is located adjacent to a portion of the Willamette River that has been designated as a federal National Priority List or Superfund site for contaminated sediments. As a result of this classification of the Willamette River, we have incurred, and expect to incur in the future, costs associated with an EPA-mandated remedial investigation and the State of Oregon s mandate to control groundwater discharges. Because this work is still underway, we are unable to determine the amount of our ultimate liability relating to these matters. Based on the results of the pending investigations and future assessments of natural resource damages, we may be required to incur costs associated with additional phases of investigation or remedial action, and we may be liable for damages to natural resources. In addition, we may be required to perform periodic maintenance dredging in order to continue to launch vessels from our launch ways on the river, and the river s classification as a Superfund site could result in some limitations on future dredging and launch activities. The outcome of these matters could have an adverse effect upon our business, results of operations and on our ability to realize value from a potential sale of the land.

Our manufacturer s warranties expose us to potentially significant claims.

We offer our customers limited warranties for many of our products. Accordingly, we may be subject to significant warranty claims in the future, such as multiple claims based on one defect repeated throughout our production process or claims for which the cost of repairing the defective part is highly disproportionate to the original cost of the part. These types of warranty claims could result in costly product recalls, customers seeking monetary damages, significant repair costs and damage to our reputation.

If warranty claims are not recoverable from third-party component manufacturers due to their poor financial condition or other reasons, we may be subject to warranty claims and other risks for using these materials on our railcars. We and one of our European customers have raised performance concerns regarding a component we have installed in 372 railcars produced in Europe. The supplier of the component has effectively filed for the United Kingdom equivalent of a bankruptcy protection. Our customer is seeking a price adjustment on the railcars that have been delivered and is resisting further deliveries. Given the financial condition of the supplier, our recourse against the supplier may be limited or of no value.

We may be liable for physical damage or product liability claims that exceed our insurance coverage.

The nature of our business subjects us to physical damage and product liability claims, especially in connection with the repair and manufacture of products that carry hazardous or volatile materials. We maintain reserves and liability insurance coverage at commercially reasonable levels compared to similarly-sized heavy equipment manufacturers. However, an unusually large physical damage or product liability claim or a series of claims based on a failure repeated throughout our production process may exceed our insurance coverage or result in damage to our reputation.

Some of our employees belong to labor unions and strikes or work stoppage could adversely affect our operations.

We are a party to collective bargaining agreements with various labor unions in Canada and Poland, representing approximately 35% of our workforce. Disputes with regard to the terms of these agreements or our potential inability to negotiate acceptable contracts with these unions in the future could result in, among other things, strikes, work stoppages or other slowdowns by the affected workers. We cannot assure you that our relations with our workforce will remain positive or that union organizers will not be successful in future attempts to organize at some of our other facilities. If our workers were to engage in a strike, work stoppage or other slowdown, or other employees were to become unionized or the terms and conditions in future labor agreements were renegotiated, we could experience a significant disruption of our operations and higher ongoing labor costs. In addition, we could face higher labor costs in the future as a result of severance or other charges associated with lay-offs, shutdowns or reductions in the size and scope of our operations.

We depend on a third party to provide most of the labor services for our Mexico operations and if such third party fails to provide the labor, it could adversely effect our operations.

In Mexico, we depend on a third party to provide us with most of the labor services for our Mexico operations under a services agreement with a term of four years expiring on December 1, 2008, with two three-year options to renew. All of the labor provided is subject to collective bargaining agreements with the third party, over which we have no control. If the third party fails to provide us with the services required by our agreement for any reason, including labor stoppages or strikes or a sale of facilities owned by the third party, our operations could be adversely effected. In addition, we do not have significant experience in hiring labor in Mexico and, if required to provide our own labor, could face significantly higher labor costs, which also could have an adverse effect on our operations.

Our relationships with our alliance partners may not be successful, which could adversely affect our business.

In recent years, we have entered into several agreements with other companies to increase our sourcing alternatives, reduce costs, and pursue opportunities for growth through design improvements. We may seek to expand our relationships or enter into new agreements with other companies. If these relationships are not successful in the future, our manufacturing costs could increase, we could encounter production disruptions, or growth opportunities may not materialize, any of which could adversely affect our business.

We may have difficulty integrating the operations of any companies that we acquire, which may adversely affect our results of operations.

The success of our acquisition strategy will depend upon our ability to successfully complete acquisitions and integrate any businesses that we acquire into our existing business. The integration of acquired business operations could disrupt our business by causing unforeseen operating difficulties, diverting management s attention from day-to-day operations and requiring significant financial resources that would otherwise be used for the ongoing development of our business. The difficulties of integration may be increased by the necessity of coordinating geographically dispersed organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures. In addition, we may not be effective in retaining key employees or customers of the combined businesses. We may face integration issues pertaining to the internal controls and operational functions of the acquired companies and we also may not realize cost efficiencies or synergies that we anticipated when selecting our acquisition candidates. Any of these items could adversely affect our results of operations.

If our competitors are able to obtain materials at better prices than us, our competitive position in the industry and financial condition could be adversely affected.

If one of our competitors enters into supply arrangements with one or more of our key suppliers at preferential prices, we could be at a competitive disadvantage, which could negatively affect our operating results. If we are unable to negotiate competitive prices with those suppliers, we may have to find alternative suppliers, which could impact the prices we pay and the quality of the products that we produce. This could have an adverse effect on our competitive position within the industry and our financial condition.

We may not be able to procure insurance on a cost-effective basis in the future.

The ability to insure our businesses, facilities and rail assets are important aspects of our ability to manage risk. As there is only one provider of this insurance to the railcar industry, there is no guarantee that such insurance will be available on a cost-effective basis in the future.

An adverse outcome in any pending or future litigation could negatively impact our business and results of operations.

We are a defendant of several pending cases in various jurisdictions. If we are unsuccessful in resolving these claims, our business and results of operations could be adversely affected. In addition, future claims that may arise relating to any pending or new matters could distract management s attention from business operations and increase our legal and defense costs, which may also negatively impact our business and results of operations.

Our failure to comply with regulations imposed by federal and foreign agencies could negatively affect our financial results.

Our railcar operations are subject to extensive regulation by governmental regulatory and industry authorities and by federal and foreign agencies. These organizations establish rules and regulations for the railcar industry, including construction specifications and standards for the design and manufacture of railcars; mechanical, maintenance and related standards; and railroad safety. New regulatory rulings and regulations from these federal or foreign agencies may impact our financial results and the economic value of our assets. In addition, if we fail to comply with the requirements and regulations of these agencies, we could face sanctions and penalties that could negatively affect our financial results.

Our governing documents contain some provisions that may prevent or make more difficult an attempt to acquire us.

Our Restated Certificate of Incorporation and Amended and Restated By-Laws, as currently in effect, contain some provisions that may be deemed to have antitakeover effects, including:

- a classified board of directors;
- a supermajority vote to amend certain provisions of our Restated Certificate of Incorporation;
- no less than 40 days advance notice of matters to be voted on by stockholders other than by or at the direction of the board of directors; and
- the calling of special meetings of stockholders only by the president or a majority of the board of directors.

In addition, we maintain a stockholder rights plan pursuant to which each stockholder has received a dividend distribution of one preferred stock purchase right per share of common stock owned. The stockholder rights plan and the other provisions discussed above may have antitakeover effects because they may delay, defer or prevent an unsolicited acquisition proposal that some, or a majority, or our stockholders might believe to be in their best interests or in which stockholders might receive a premium for their common stock over the then-prevailing market price.

Risks Related to the Notes

Our increased level of indebtedness could adversely affect our financial condition.

As of May 31, 2005, we had approximately $242.0 million of indebtedness, representing approximately 59.8% of our total capitalization.

Our indebtedness could have adverse consequences to us, including:

- our ability to obtain additional financing for working capital, capital expenditures and strategic transactions;
- a substantial portion of our cash flow from operations may have to be dedicated to the payment of the principal of, and/or interest on, our indebtedness;
- our leverage may make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures; and

we may have a higher level of indebtedness than some of our competitors, which could put us at a competitive disadvantage and reduce our flexibility in planning for, or responding to, changing conditions in our industry, including increased competition or regulation.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our existing and future credit arrangements in an amount sufficient to enable us to make payments on our indebtedness, including the notes, or to fund our other liquidity needs.

Despite our increased leverage, we will be able to incur more debt, which may intensify the risks associated with our increased leverage.

Our existing debt arrangements permit us, subject to certain conditions, to incur a significant amount of additional indebtedness. As of June 29, 2005, we replaced all of our North American credit facilities with a $150.0 million five-year senior secured credit facility, of which $96.0 million was available for additional borrowing. As of May 31, 2005, lines of credit totalling $19.8 million were available for European operations, of which $16.4 million was outstanding. See Description of Other Indebtedness. The indenture under which the original notes are, and the exchange notes will be, issued permits us to incur additional indebtedness. If we incur additional indebtedness, the risks associated with our increased leverage, including our ability to service our debt, could intensify.

The operating and financial restrictions imposed by our debt agreements, including our credit facilities and the indenture relating to the notes, may limit our ability to finance operations and capital needs or engage in other business activities.

Our existing and future debt agreements may contain covenants that restrict our ability to:

incur additional indebtedness (including guarantees);

incur liens;

dispose of assets;

make certain acquisitions;

pay dividends and make other restricted payments;

enter into sale and leaseback transactions;

make loans and investments;

enter into new lines of business; and

engage in transactions with affiliates.

In addition, our credit facilities require us to comply with specified financial ratios.

Our ability to comply with these covenants and requirements in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions. Our breach or failure to comply with any of these covenants could result in a default under our credit facilities or the indenture governing the notes. If we default under our credit facilities, the lenders could cease to make further extensions of credit, cause all of our outstanding obligations under these credit facilities to become due and payable, require us to apply all of our available cash to repay the indebtedness under these credit facilities, prevent us from making debt service payments on, or cause an event of default under or acceleration of, any other indebtedness we owe and/or proceed against the collateral granted to them to secure repayment of those amounts. If a default under the indenture occurs, the holders of the notes could elect to declare the notes immediately due and payable. If our payment obligations in respect of our indebtedness are accelerated, we may not have sufficient assets to repay amounts due under our debt agreements, other debt securities then outstanding or the notes.

We may not be able to fulfill our repurchase obligation for the notes upon a change of control.

Upon a change of control event, if we do not redeem the notes, each holder of the notes will have the right to require us to repurchase its notes at 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. Our ability to repurchase the notes upon a change of control event will be limited by the terms of our debt agreements, including our credit facilities. Upon a change of control event, we may be required to repay immediately the outstanding principal, and any accrued interest or any other amounts, owed by us under our credit facilities. We may not be able to repay these amounts or obtain the necessary consents under these credit facilities to repurchase the notes. The source of funds for any purchase of notes would be our available cash or cash generated from other sources. However, we may not have enough available funds or be able to generate the necessary funds upon a change of control to make any required repurchases of tendered notes. This may result in our having to refinance our outstanding indebtedness, which we may not be able to do on favorable terms or at all.

In addition, the change of control provision contained in the indenture will not necessarily afford you protection in the event of a highly leveraged transaction that may adversely affect you, including a reorganization, restructuring, merger or other similar transaction involving us. These transactions may not involve a change in voting power or beneficial ownership, or, even if they do, may not involve a change of the magnitude required under the definition of change of control in the indenture to trigger these provisions. Except as described under Description of Notes Repurchase at the Option of Holders Change of Control, the indenture does not contain provisions that permit the holders of the notes to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

We are a holding company with no independent operations. Our ability to meet our obligations depends upon the performance of our subsidiaries and their ability to make distributions to us.

As a holding company, we are dependent on the earnings and cash flows of, and dividends, distributions, loans or advances from, our subsidiaries to generate the funds necessary to meet certain of our obligations, including the payment of principal of, premium, if any, and interest on debt obligations, including the notes. Any payment of dividends, distributions, loans or advances to us by our subsidiaries could be subject to statutory restrictions on dividends or repatriation of earnings under applicable local law and monetary transfer restrictions in the jurisdictions in which our subsidiaries operate. In addition, some of our subsidiaries are parties to agreements that contain restrictions on the timing and amount of any payment of dividends, distributions, loans or advances that our subsidiaries may make to us. Under certain circumstances, some or all of our subsidiaries may be prohibited from making any such payments.

We cannot assure you that an active trading market will develop for the exchange notes.

You may find it difficult to sell your exchange notes because an active trading market for the exchange notes may not develop. The exchange notes are being offered to the holders of the original notes, which were issued on May 11, 2005 primarily to a small number of institutional investors.

Currently, there is no established trading market for the exchange notes. We do not intend to list the exchange notes on any national securities exchange or to seek the admission of the exchange notes for quotation on the National Association of Securities Dealers Automated Quotation System. The initial purchasers have advised us that, subject to any legal or regulatory restrictions, they may make a market in the exchange notes, but they are not obligated to do so and may discontinue any such market making at any time. We cannot assure you as to the development or liquidity of any markets for the exchange notes, the ability of holders of the exchange notes to sell their exchange notes or the price at which holders would be able to sell their exchange notes. If any active public market does not develop, the market price and liquidity of the exchange notes may be adversely affected. If any of the exchange notes are traded after we issue them, they may trade at a discount, depending on prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our financial condition and performance.

The market price for the exchange notes may be volatile.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the exchange notes. The market for the exchange notes, if any, may be subject to similar disruptions. Any such disruptions may adversely affect the value of the exchange notes.

You may have difficulty selling original notes you do not exchange.

If you do not exchange your original notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your original notes described in the legend on your original notes. These restrictions on transfer are applicable because we issued the original notes under exemptions from the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the original notes if they are registered under the Securities Act and applicable state securities laws or offered and sold under an exemption from these requirements. We do not intend to register the original notes under the Securities Act. To the extent original notes are tendered and accepted in the exchange offer, the trading market, if any, for any remaining untendered original notes may be adversely affected. See The Exchange Offer Consequences of Exchanging or Failing to Exchange Original Notes.

Broker-dealers or noteholders may become subject to the registration and prospectus delivery requirements of the Securities Act.

Any broker-dealer that:

- exchanges its original notes in the exchange offer for the purpose of participating in a distribution of the exchange notes; or
- resells exchange notes that were received by it for its own account in the exchange offer,

may be deemed to have received restricted securities and may be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by that broker-dealer. Any profit on the resale of the exchange notes and any commission or concessions received by a broker-dealer may be deemed to be underwriting compensation under the Securities Act.

In addition to broker-dealers, any noteholder that exchanges its original notes in the exchange offer for the purpose of participating in a distribution of the exchange notes may be deemed to have received restricted securities and may be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by the noteholder.

Not all of our subsidiaries guarantee our obligations under the notes, and the assets of the non-guarantor subsidiaries may not be available to make payments on the notes.

Our present and future material domestic subsidiaries guarantee the original notes and will guarantee the exchange notes, except material domestic subsidiaries that may be designated as unrestricted with respect to the indenture. Our present and future foreign subsidiaries are not guarantors of the original notes and will not be guarantors of the exchange notes. Payments on the notes will be required to be made only by us and the guarantors. The historical consolidated financial statements incorporated by reference into this prospectus are presented on a consolidated basis, including our domestic and foreign subsidiaries. The aggregate sales, EBITDA and assets as of and for the year ended August 31, 2004 of our subsidiaries that do not and will not guarantee the notes represented approximately 43.7%, 12.3% and 14.8%, respectively, of our total sales, EBITDA and assets as of and for the year ended August 31, 2004. For a description of EBITDA, see Prospectus Summary Summary Consolidated Financial and Operating Data.

In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness, including their trade creditors, will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As a result, the notes are effectively subordinated to the indebtedness of our non-guarantor subsidiaries.

Certain events may delay payment on, lead to the subordination of or void our and our subsidiaries obligations under the notes.

In the event of a bankruptcy, liquidation or reorganization, you would likely not receive any payment of principal or interest due under the notes so long as such cases were pending. In addition, the notes and the subsidiary guarantees may be subject to review under federal, state and similar foreign fraudulent conveyance laws if a bankruptcy, reorganization, liquidation or rehabilitation case or a lawsuit, including circumstances in which bankruptcy is not involved, were commenced by, or on behalf of, our unpaid creditors or unpaid creditors of our guarantors at some future date. Courts, under specific circumstances, may void the notes and the subsidiary guarantees and require holders of the notes to return payments received from us or the guarantors.

An unpaid creditor or representative of creditors could file a lawsuit claiming that the issuance of the notes or the making of the subsidiary guarantees constituted a fraudulent conveyance. To make such a determination, a court would have to find that we or the relevant guarantor did not receive fair consideration or reasonably equivalent value for the notes or the giving of the subsidiary guarantees, and that, at the time the notes or the subsidiary guarantees were issued, we or the relevant guarantors:

- were insolvent;
- were rendered insolvent by the issuance of the notes or subsidiary guarantee;
- were engaged or were about to engage in a business or transaction for which our or the guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that we or the guarantor would incur, debts (including contingent obligations) beyond our or its ability to repay those debts as they matures.

If a court were to make such a finding, it could void all or a portion of our and our subsidiaries obligations under the notes or the subsidiary guarantees, subordinate the claim in respect of the notes or the subsidiary guarantees to our other existing and future indebtedness or take other actions detrimental to you as a holder of the notes, including in credit circumstances, invalidating the notes and permitting recovery of prior payments received with respect to the notes and the subsidiary guarantees. Moreover, regardless of solvency, a court could void an incurrence of indebtedness, including the notes or the subsidiary guarantees, if it determined that the transaction was made with intent to hinder, delay or defraud creditors, or a court could subordinate the indebtedness, including the notes or the subsidiary guarantees, to the claims of all existing and future creditors on similar ground.

Furthermore, although the subsidiary guarantees provide the holders of the notes with a direct claim against the assets of the guarantors, enforcement of the subsidiary guarantees against any guarantor would be subject to suretyship defenses available to guarantors generally. Enforcement could also be subject to other defenses available to the guarantors. To the extent that the subsidiary guarantees are not enforceable, the notes would be effectively subordinated to all liabilities of the guarantors, including trade payables.

Our financial failure or the financial failure of any of our subsidiaries may result in our assets and the assets of any or all of our subsidiaries becoming subject to the claims of our creditors and the creditors of all of our subsidiaries.

A financial failure by us or our subsidiaries could affect payment of the notes if a bankruptcy court were to substantively consolidate us and our subsidiaries. If a bankruptcy court substantively consolidated us and our subsidiaries, the assets of each entity would be subject to the claims of creditors of all consolidated entities. This would expose holders of the notes not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the notes could occur through the cram-down provision of the bankruptcy code. Under this provision, the notes could be restructured over the objections of the holders of the notes as to their general terms, including interest rate and maturity.

RECENT DEVELOPMENTS

Replacement of Credit Facilities

We have replaced a substantial portion of our consolidated indebtedness, which was structured as obligations of our various North American operating subsidiaries.

On June 29, 2005, we and our Canadian subsidiary, TrentonWorks Limited, entered into a senior secured credit facility for approximately $150.0 million. This new credit arrangement includes a $125.0 million, five-year revolving credit facility guaranteed by all of our material domestic subsidiaries. The arrangement also includes a five-year revolving credit facility for our Canadian manufacturing operations for CDN$30.0 million, which we guarantee. The credit facility replaces our three existing North American credit facilities of a similar aggregate amount. Available borrowings are based on defined levels of inventory, receivables, leased equipment and property, plant and equipment. Advances bear interest at rates that depend on the type of borrowing and the ratio of debt to total capitalization, as defined in the credit agreement.

New Equity Issuance

On May 11, 2005, we sold an aggregate of 5,175,000 shares of our common stock, including 675,000 shares sold pursuant to the exercise of an over-allotment option by the underwriters for such offering. As described below, we used the net proceeds from such equity issuance to purchase shares of our common stock from the Estate of Alan James and Mr. Furman.

Settlement with the Estate of Alan James

Subsequent to the time of Mr. James death on January 28, 2005, we engaged in discussions with the representatives of his Estate regarding the Estate s desire to dispose of its shares of our common stock. As of May 11, 2005, the Estate owned approximately 26% of our outstanding common stock. On April 20, 2005, we entered into a settlement agreement with the Estate to, among other things, resolve outstanding litigation that was filed on July 26, 2004 by Mr. James, then a member of our board of directors, in the Court of Chancery of the State of Delaware, against us and all of our directors serving on July 26, 2004, other than Mr. James. The settlement agreement, to which Mr. Furman was also a party, provided that we would publicly offer 4,500,000 shares of our common stock (plus the shares issuable upon exercise of the underwriters over-allotment option) and use proceeds from the offering to purchase 3,166,667 shares of our common stock owned by the Estate and 1,500,000 shares of our common stock owned by Mr. Furman (plus additional shares from the proceeds of any exercise of the underwriters overallotment option). In addition, as part of the settlement, the Estate agreed to cause the dismissal, with prejudice, of all claims in the Delaware litigation initiated by Mr. James, and on April 20, 2005, the parties to the litigation filed with the Delaware court the order approving the stipulation and dismissal of the Delaware litigation. The Delaware court granted that order on April 21, 2005. The settlement agreement also provided for the mutual release by the Estate of all claims the Estate may have had against us, Mr. Furman and our directors, and Mr. Furman, we and our directors have released all claims that he, we or they may have had against the Estate. In addition, FTI Consulting Inc., which was engaged by Mr. James to investigate alleged accounting improprieties relating to the 2003 and 2004 reserves of our European operations, provided to the Estate its completed report of its investigation. The report stated that nothing came to FTI s attention to indicate that the 2003 or 2004 reserves of our European operations were accounted for improperly. See Certain Relationships and Related Party Transactions for a discussion of the Delaware litigation.

In accordance with the settlement agreement, we used the net proceeds from the equity offering (not including the exercise of the underwriters over-allotment option) to purchase (1) 1,500,000 shares from each of the Estate and Mr. Furman at a per share price equal to the net offering price, which was the public offering price for the equity offering, less underwriting discounts and commissions and a fee payable by us to the Estate s financial advisor, and less our other documented, reasonable out-of-pocket expenses directly related to the equity offering (not exceeding 1% of the gross proceeds of the equity offering) and (2) 1,666,667 shares from the Estate at a price per share equal to 90% of the net offering price. These purchases were made pursuant to a stock purchase agreement the Estate and Mr. Furman entered into concurrently with the settlement agreement and occurred on May 12, 2005. The underwriters exercised their over-allotment option, and we used the additional proceeds to purchase 337,500 additional shares from each of the Estate and Mr. Furman on May 12, 2005. Following the completion of the equity offering and our purchase of shares from the Estate and Mr. Furman, the Estate owns 413,833 shares and Mr. Furman owns 2,080,500 shares of our common stock. Each of the Estate and Mr. Furman waived the applicability of the right of first refusal provisions in the Stockholders Agreement between them with respect to our purchase of shares pursuant to the stock purchase agreement. See Management Stockholders Agreement.

The Estate and Mr. Furman remain subject to some limitations on sales of any shares of our common stock that they continue to own. Each of the Estate and Mr. Furman agreed to a 90-day lockup on any shares of our common stock held by them (excluding the shares purchased by the Company with the net proceeds of the equity offering). Sales of shares by the Estate are subject to a new right of first refusal agreement (which replaced the right of first refusal in the Stockholders Agreement) in favor of us and Mr. Furman. The Stockholders Agreement and the right of first refusal therein terminated upon the closing of the purchase of shares from the Estate and Mr. Furman on May 12, 2005. See Management Stockholders Agreement.

The settlement agreement provided that we would not purchase or offer to purchase additional shares from Mr. Furman unless we also concurrently offered to purchase the same number of shares from the Estate (or, if less, the remaining shares held by the Estate) upon the same terms and conditions and at the same price per share. We also have agreed that we will not file a registration statement covering the sale of shares by Mr. Furman prior to the earliest of (1) the first anniversary of the completion of the equity offering, (2) 60 days after the date upon which the Estate owns less than 500,000 shares of our common stock, or (3) the date upon which Mr. Furman ceases to serve as both an officer and, if applicable, our Chairman (other than in a non-executive capacity).

As indicated above, we agreed to pay a financial advisor to the Estate a fee equal to 0.3% of the aggregate proceeds of the equity offering (including the underwriters overallotment option) as partial reimbursement of the Estate for the fee payable by the Estate to its financial advisor.

The foregoing description is a summary of the material provisions of the settlement and is qualified in its entirety by reference to the settlement agreement and the form of other agreements attached as exhibits to our Current Report on Form 8-K filed with the SEC on April 21, 2005.

Reorganization of Subsidiaries.

On or prior to August 31, 2005, we expect to change the status of some of our subsidiaries from corporations to limited liability companies. Autostack Corporation, Gunderson, Inc., Gunderson Marine, Inc., Gunderson Rail Services, Inc., Greenbrier Leasing Corporation and Greenbrier Railcar, Inc., each of which is a subsidiary guarantor, are expected to be converted into limited liability companies. Each limited liability company would assume all of the existing assets and obligations of the respective corporation, including the guarantee of the notes.

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. In consideration for the exchange notes, we will receive the original notes of like principal amount, the terms of which are identical in all material respects to the exchange notes. The original notes surrendered for the exchange notes will be retired and canceled. Accordingly, issuance of the exchange notes will not result in any increase in our indebtedness. We have agreed to bear the expenses of the exchange offer. No underwriter is being used in connection with the exchange offer.

On May 11, 2005, we issued and sold the original notes. We used the net proceeds from that offering, which after discounts to the initial purchasers and other transaction fees and expenses paid by us, approximated $170.6 million, to pay off certain of our existing term debt, to pay off certain of our revolving credit facilities and for general corporate purposes including short-term investments pending use for general corporate purposes.

We used approximately $58.6 million of the proceeds to pay off certain of our existing term debt and pay prepayment penalties and other fees associated with the repayment of these loans. As part of such $58.6 million of payments, we paid approximately $46.4 million outstanding on all of our equipment loans, comprised of a loan with Export Development Corporation that bore interest at an effective rate of 5.69% with a maturity date of March 19, 2013, and three tranches of notes under our note agreement with The Prudential Insurance Company of America and Pruco Life Insurance Company with maturity dates of June 14, 2006. Two of these tranches bore interest at an effective rate of 9.46%, and the other tranche bore interest at an effective rate of 6.48%. We also paid off a $9.4 million outstanding term loan with Key Bank National Association, which bore interest at an effective rate of 7.35% and had a maturity date of August 1, 2008.

We also used approximately $56.4 million of the proceeds to paid off our North American revolving credit facilities. Borrowings under those revolving credit facilities bore interest at rates based upon varying index rates and ranged from 4.5% to 6.5% per annum as of May 11, 2005.

CAPITALIZATION

The following table summarizes our cash and capitalization as of May 31, 2005.

The table should be read in conjunction with Recent Developments, Use of Proceeds and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus and our consolidated financial statements and related notes incorporated by reference into this prospectus.

	May 31, 2005 (in thousands)
Cash	$ 67,288
Debt:	
Revolving notes	$ 16,443
Term loans	40,739
Subordinated notes	9,785
Senior notes	175,000
Total debt	$ 241,967
Stockholders equity:	
Common stock ($.001 par value)	$ 15
Preferred stock ($.001 par value)	
Additional paid in capital	60,761
Retained earnings	104,598
Accumulated other comprehensive loss	(2,380)
Total stockholders equity	162,994
Total capitalization	$ 404,961

SELECTED CONSOLIDATED FINANCIAL DATA

Our selected consolidated financial data as of and for the years ended August 31, 2000, 2001, 2002, 2003 and 2004 are derived from our audited consolidated financial statements. Our selected consolidated financial data as of and for the nine months ended May 31, 2004 and 2005 have been derived from our unaudited consolidated financial statements. Our consolidated financial statements as of August 31, 2003 and 2004 and May 31, 2004 and 2005 and for the years ended August 31, 2002, 2003 and 2004 and for the nine months ended May 31, 2004 and 2005 and the related notes are incorporated by reference into this prospectus. Our unaudited financial statements have been prepared on a basis consistent with our audited financial statements and include all adjustments, which are normal recurring adjustments (except for special charges) that, in the opinion of our management, are necessary for a fair presentation of the financial position and operating results for the periods indicated. Our interim results are not necessarily indicative of our operating results for the entire year nor are our historical results necessarily indicative of our operating results to be expected in the future.

The selected financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus, and with our financial statements and the related notes incorporated by reference into this prospectus.

	Year Ended August 31,					Nine Months Ended May 31,	
	2000	**2001**	**2002**	**2003**	**2004**	**2004**	**2005(1)**
	(In thousands, except per share, unit and percentage data)						
Statement of Operations Data:							
Revenue							
Manufacturing	$ 528,240	$ 513,012	$ 295,074	$ 461,882	$ 653,234	$ 473,164	$ 700,295
Leasing & services	91,189	80,986	72,250	70,443	76,217	53,888	58,701
Total Revenue	619,429	593,998	367,324	532,325	729,451	527,052	758,996
Cost of revenue							
Manufacturing	466,348	470,376	278,007	424,378	595,026	432,857	642,149
Leasing & services	46,711	43,295	44,694	43,609	42,241	31,542	30,512
Total cost of revenue	513,059	513,671	322,701	467,987	637,267	464,399	672,661
Margin	106,370	80,327	44,623	64,338	92,184	62,653	86,335
Other costs							
Selling and administrative	54,202	49,547	39,053	39,962	48,288	33,336	41,392
Interest and foreign exchange	21,165	22,257	18,998	13,618	11,468	8,136	9,639
Special charges			33,802(2)		1,234(3)	1,234(3)	2,913(4)
Total other costs	75,367	71,804	91,853	53,580	60,990	42,706	53,944
Earnings (loss) before income tax, minority interest and equity in unconsolidated	31,003	8,523	(47,230)	10,758	31,194	19,947	32,391

subsidiaries							
Income tax benefit (expense)	(16,053)	(6,806)	23,587	(4,543)	(9,119)	(5,446)	(12,833)
Earnings (loss) before minority interest and equity in unconsolidated subsidiaries	14,950	1,717	(23,643)	6,215	22,075	14,501	19,558
Minority interest	(1,650)	43	127				
Equity in earnings (loss) of unconsolidated subsidiaries	1,054	(641)	(2,578)	(1,898)	(2,036)	(1,734)	(322)
Earnings (loss) from continuing operations	14,354	1,119	(26,094)	4,317	20,039	12,767	19,236
Earnings from discontinued operations (net of tax)					739(5)		
Net earnings (loss)	$ 14,354	$ 1,119	$ (26,094)	$ 4,317	$ 20,778	$ 12,767	$ 19,236

	Year Ended August 31,					Nine Months Ended May 31,	
	2000	2001	2002	2003	2004	2004	2005(1)
	(In thousands, except per share, unit and percentage data)						
Basic earnings (loss) per common share:							
Continuing operations	$ 1.01	$ 0.08	$ (1.85)	$ 0.31	$ 1.38	$ 0.88	$ 1.29
Net earnings (loss)	$ 1.01	$ 0.08	$ (1.85)	$ 0.31	$ 1.43	$ 0.88	$ 1.29
Diluted earnings (loss) per common share:							
Continuing operations	$ 1.01	$ 0.08	$ (1.85)	$ 0.30	$ 1.32	$ 0.84	$ 1.24
Net earnings (loss)	$ 1.01	$ 0.08	$ (1.85)	$ 0.30	$ 1.37	$ 0.84	$ 1.24
Weighted average common shares outstanding							
Basic	14,227	14,151	14,121	14,138	14,569	14,500	14,957
Diluted	14,241	14,170	14,121	14,325	15,199	15,111	15,564
Cash dividends paid per share	$ 0.36	$ 0.36	$ 0.06	$ 0.00	$ 0.06	$ 0.06	$ 0.08
Other Operating Data:							
New railcar units delivered(6)	8,100	8,600	4,100	6,500	10,800	7,800	9,900
New railcar units backlog(6)	7,800	3,700	5,200	10,700	13,100	9,700	11,500
Estimated value of new railcar backlog	$ 440,000	$ 200,000	$ 280,000	$ 580,000	$ 760,000	$ 600,000	$ 650,000
Lease fleet:							
Units managed	20,488	26,306	35,562	114,701	122,676	121,597	127,514
Units owned	16,735	16,319	14,317	12,015	10,683	11,435	10,230
Percent utilized (owned units)	93%	93%	94%	97%	97%	98%	97%
Cash Flow Data:							
Depreciation and amortization:							
Manufacturing	$ 9,847	$ 12,631	$ 13,903	$ 9,081	$ 9,399	$ 6,982	$ 8,823
Leasing & services	10,509	9,765	9,594	9,630	11,441	8,547	8,017
Total	$ 20,356	$ 22,396	$ 23,497	$ 18,711	$ 20,840	$ 15,529	$ 16,840
Capital expenditures:							
Manufacturing	$ 19,476	$ 10,761	$ 4,294	$ 7,390	$ 7,161	$ 3,477	$ 10,203

Leasing & services	74,515	62,575	18,365	4,505	35,798	29,800	39,275
Total	$ 93,991	$ 73,336	$ 22,659	$ 11,895	$ 42,959	$ 33,277	$ 49,478

Reconciliation of EBITDA from net cash provided by (used in) operating activities:

Net cash provided by (used in) operating activities	$ (28,289)	$ 41,416	$ 22,638	$ 28,339	$ (14,055)	$ (33,495)	$ (44,315)
Changes in working capital	68,703	(19,500)	(8,232)	(1,631)	67,884	65,794	77,269
Special charges			(33,802)		(1,234)	(1,234)	2,913
Deferred income taxes	(7,604)	(1,682)	13,097	(2,304)	(9,472)	(2,046)	(679)
Gain on sales of equipment	4,527	1,390	910	454	629	236	4,300
Other	(2,627)	1,891	2,792	(1,830)	(2,873)	(959)	(499)
Income tax expense	16,053	6,806	(23,587)	4,543	9,119	5,446	12,833
Interest and foreign exchange	21,165	22,257	18,998	13,618	11,468	8,136	9,639
EBITDA(7)	$ 71,928	$ 52,578	$ (7,186)	$ 41,189	$ 61,466	$ 41,878	$ 61,461
Ratio of earnings to fixed charges(8)	2.21	1.29	(0.86)	1.52	2.84	2.54	3.51

	Year Ended August 31,					Nine Months Ended May 31,	
	2000	2001	2002	2003	2004	2004	2005(1)
	(In thousands, except per share, unit and percentage data)						
Balance Sheet Data (as of end of period):							
Cash and cash equivalents	$ 12,819	$ 77,205	$ 67,596	$ 77,298	$ 12,110	$ 13,793	$ 67,288
Accounts and notes receivable	66,150	50,555	54,778	80,197	120,007	111,762	125,135
Inventory	127,484	94,581	96,173	105,652	113,122	91,667	179,458
Leased equipment(9)	246,854	253,702	221,867	181,162	183,502	187,968	186,861
Total assets	584,109	606,180	527,446	538,948	508,753	486,027	654,893
Revolving notes	13,019	32,986	25,820	21,317	8,947	24,362	16,443
Accounts payable and accrued liabilities	141,311	113,423	116,609	150,874	178,550	153,818	194,194
Notes payable	159,363	177,575	144,131	117,989	97,513	102,429	215,739
Subordinated debt	37,748	37,491	27,069	20,921	14,942	15,966	9,785
Total debt(10)	210,130	248,052	197,020	160,227	121,402	142,757	241,967
Stockholders equity	$ 141,615	$ 134,109	$ 103,139	$ 111,142	$ 139,289	$ 128,684	$ 162,994

(1) The Mexican operation, previously accounted for under the equity method, is consolidated for financial reporting purposes beginning in December 2004 upon our acquisition of our partner s interest in the joint venture.

(2) Consists of the $3.0 million for severance costs associated with North America operations and legal professional fees, $2.3 million associated with a restructuring plan to decrease operating expenses, consolidate offices and reduce the scale of European operations, a $14.8 million pre-tax impairment write-down of European railcar designs and patents and $13.7 million adjustment of European assets to net realizable value.

(3) Consists of $7.5 million write-off of the remaining balance of European railcar designs and patents partially offset by a $6.3 million reduction of purchase price liabilities associated with the settlement of arbitration on the acquisition of European railcar designs and patents.

(4) Consists of debt prepayment penalties and costs associated with settlement of interest rate swap agreements.

(5) Relates to a reduction in loss contingency associated with the settlement of litigation relating to the logistics business that was discontinued in 1998. See Note 3 to our 2004 Consolidated Financial Statements.

(6) New railcar delivery and backlog information includes subcontracted production and our Mexico facility that until our December 2004 acquisition of our partner s interest was a joint venture that was accounted for by the equity method.

(7) EBITDA is not a financial measure under United States generally accepted accounting principles, or GAAP. We define EBITDA as earnings from continuing operations before interest and foreign exchange, income taxes,

depreciation and amortization. We consider net cash provided by (used in) operating activities to be the most directly comparable GAAP financial measure. EBITDA is a liquidity measurement tool commonly used by rail supply companies and we use EBITDA in that fashion. You should not consider EBITDA in isolation or as a substitute for cash flow from operations or other cash flow statement data determined in accordance with GAAP. In addition, because EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, the EBITDA measure presented in this prospectus may differ from and may not be comparable to similarly titled measures used by other companies.

(8) The ratio of earnings to fixed charges is computed by dividing earnings before fixed charges by fixed charges. Earnings before fixed charges consist of earnings (loss) before income tax, minority interest and equity in unconsolidated subsidiaries, plus fixed charges. Fixed charges consist of interest expensed, amortization of debt issuance costs and the portion of rental expense which we believe is representative of the interest component of lease expense. For the year ended August 31, 2002, there was a deficiency of earnings to fixed charges of $47.2 million.

(9) Includes investment in direct finance leases and equipment on operating leases.

(10) Consists of revolving notes, notes payable and subordinated debt.

THE EXCHANGE OFFER

Terms of the Exchange Offer

As of the date of this prospectus, $175.0 million aggregate principal amount of the original notes is outstanding. This prospectus, together with the letter of transmittal, is being sent to all holders of original notes known to us. Our obligation to accept original notes for exchange in the exchange offer is subject to the conditions described below under Conditions to the Exchange Offer.

Upon the terms and conditions described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange original notes that are properly tendered on or before the expiration date and not withdrawn as permitted below. For each original note accepted for exchange, the holder of the original note will receive an exchange note having a principal amount equal to that of the surrendered original note. Original notes tendered in the exchange offer must be in denominations of the principal amount of $1,000 and any integral multiple of $1,000.

As used in this prospectus, the term expiration date means 5:00 p.m., New York City time, on , 2005. However, if we, in our sole discretion, extend the period of time for which the exchange offer is open, the term expiration date means the latest time and date to which we extend the exchange offer. We reserve the right to extend the period of time during which the exchange offer is open. If the exchange offer period is extended, we would give notice of the extension to the holders of original notes by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date. During any extension period, all original notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any original notes not accepted for exchange will be returned to the tendering holder after the expiration or termination of the exchange offer.

We reserve the right to amend or terminate the exchange offer, and not to accept for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified below under Conditions to the Exchange Offer. We will give notice of any extension, amendment, non-acceptance or termination to the holders of the original notes as described above. If we materially change the terms of the exchange offer, we will resolicit tenders of the original notes and provide notice to the noteholders. If the change is made less than five business days before the expiration of the exchange offer, we will extend the offer so that the noteholders have at least five business days to tender or withdraw.

Our acceptance of the tender of original notes by a tendering holder will form a binding agreement upon the terms and subject to the conditions provided in this prospectus and in the accompanying letter of transmittal.

Procedures for Tendering

Except as described below, a tendering holder must, on or prior to the expiration date:

- transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to U.S. Bank National Association at the address listed below under the heading Exchange Agent ; or

- if original notes are tendered in accordance with the book-entry procedures listed below, the tendering holder must transmit an agent s message to the exchange agent at the address listed below under the heading Exchange Agent.

In addition:

- the exchange agent must receive, on or before the expiration date, certificates for the original notes or a timely confirmation of book-entry transfer of the original notes into the exchange agent s account at the Depository Trust Company, the book-entry transfer facility; or the holder must comply with the guaranteed delivery procedures described below.

The Depository Trust Company will be referred to as DTC in this prospectus.

The term agent s message means a message, transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

The method of delivery of original notes, letters of transmittal and all other required documents is at your election and risk. In all cases, you should allow sufficient time to assure timely delivery to the exchange agent. You should not send any letter of transmittal, original notes or other related documentation to us.

If you are a beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender original notes, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC s book-entry transfer facility system may make book-entry delivery of the original notes by causing DTC to transfer the original notes into the exchange agent s account.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed unless the original notes surrendered for exchange are tendered:

by a registered holder of the original notes who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal, or

for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an eligible institution. An eligible institution is a financial institution including most banks, savings and loan associations and brokerage houses that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program.

We will determine in our sole discretion all questions as to the validity, form and eligibility of original notes tendered for exchange. This discretion extends to the determination of all questions concerning the timing of receipts and acceptance of tenders. These determinations will be final and binding.

We reserve the right to reject any particular original note not properly tendered or which acceptance of might, in our judgment or our counsel s judgment, be unlawful. We also reserve the right to waive any defects or irregularities or conditions of the exchange offer as to any particular original note either before or after the expiration date, including the right to waive the ineligibility of any tendering holder. Our interpretation of the terms and conditions of the exchange offer as to any particular original note either before or after the expiration date, including the letter of transmittal and the instructions to the letter of transmittal, shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within a reasonable period of time. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defect or irregularity in any tender of original notes. Nor will we, the exchange agent or any other person incur any liability for failing to give notification of any defect or irregularity.

If the letter of transmittal is signed by a person other than the registered holder of original notes, the letter of transmittal must be accompanied by a written instrument of transfer or exchange in satisfactory form duly executed by the registered holder with the signature guaranteed by an eligible institution. The original notes must be endorsed or accompanied by appropriate powers of attorney. In either case, the original notes must be signed exactly as the name of any registered holder appears on the original notes.

If the letter of transmittal or any original notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By tendering, each holder will represent to us that, among other things,

the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not that person is the holder, and

neither the holder nor the other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes.

In the case of a holder that is not a broker-dealer, that holder, by tendering, will also represent to us that the holder is not engaged in and does not intend to engage in a distribution of the exchange notes.

If any holder or other person is an affiliate of ours, as defined under Rule 405 of the Securities Act, or is engaged in, or intends to engage in, or has an arrangement or understanding with any person to participate in, a distribution of the exchange notes, that holder or other person cannot rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where the original notes were acquired by it as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. See Plan of Distribution.

Acceptance of Original Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all original notes properly tendered and not withdrawn. We will issue the exchange notes promptly after acceptance of the original notes. See Conditions to the Exchange Offer below. For purposes of the exchange offer, we will deemed to have accepted properly tendered original notes for exchange when, as and if we have given oral or written notice to the exchange agent, with prompt written confirmation of any oral notice.

The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes, or if no interest has been paid on the original notes, from the date of issue of the original notes. Holders whose original notes are accepted for exchange will receive interest, as interest on the exchange notes, accrued from the date of issue of the original notes and will be deemed to have waived the right to receive interest accrued on the original notes.

Unaccepted or non-exchanged original notes will be returned without expense to the tendering holder of the original notes. In the case of original notes tendered by book-entry transfer in accordance with the book-entry procedures described below, the non-exchanged original notes will be credited to an account maintained with the book-entry transfer facility as promptly as practicable after the expiration or termination of the exchange offer.

Book-Entry Transfer

The exchange agent will make a request to establish an account for the original notes at DTC for purposes of the exchange offer promptly after commencement of the exchange offer. Any financial institution that is a participant in DTC s systems must make book-entry delivery of original notes by causing DTC to transfer those original notes into the exchange agent s account at DTC in accordance with DTC s procedure for transfer. The participant should transmit its acceptance to DTC on or prior to the expiration date or comply with the guaranteed delivery procedures described below. DTC will verify this acceptance, execute a book-entry transfer of the tendered original notes into the exchange agent s account at DTC and then send to the exchange agent confirmation of the book-entry transfer. The confirmation of the book-entry transfer will include an agent s message confirming that DTC has received an express acknowledgment from the participant that the participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against the participant. Delivery of exchange notes issued in the exchange offer may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent s message, with any required signature guarantees and any other required documents, must:

(1) be transmitted to and received by the exchange agent at the address listed below under Exchange Agent on or prior to the expiration date; or

(2) comply with the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

If a registered holder of original notes desires to tender the original notes, and the original notes are not immediately available, or time will not permit the holder s original notes or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer described above cannot be completed on a timely basis, a tender may nonetheless be made if:

the tender is made through an eligible institution;

prior to the expiration date, the exchange agent received from an eligible institution a notice of guaranteed delivery, substantially in the form provided by us, by facsimile transmission, mail or hand delivery,

(1) stating the name and address of the holder of original notes and the amount of original notes tendered,

(2) stating that the tender is being made and

(3) guaranteeing that within three New York Stock Exchange trading days after the expiration date, the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal, or a facsimile of the letter of transmittal and any other documents required by the letter of transmittal, will be deposited by the eligible institution with the exchange agent; and

the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, as the case may be, a properly completed and duly executed letter of transmittal, or a facsimile of the letter of transmittal and all other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange trading days after the expiration date.

Withdrawal Rights

Tenders of original notes may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated below under Exchange Agent before 5:00 p.m., New York City time, on the expiration date. Any notice of withdrawal must:

specify the name of the person, referred to as the depositor, having tendered the original notes to be withdrawn;

identify the original notes to be withdrawn, including the certificate number or numbers and principal amount of the original notes;

contain a statement that the holder is withdrawing its election to have the original notes exchanged;

be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the original notes register the transfer of the original notes in the name of the person withdrawing the tender; and

specify the name in which the original notes are registered, if different from that of the depositor.

If certificates for original notes have been delivered or otherwise identified to the exchange agent, then prior to the release of these certificates the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless this holder is an eligible institution. If original notes have been tendered in accordance with the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn original notes. We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any original notes so withdrawn will be deemed not to have been validly tendered for exchange. No exchange notes will be issued unless the original notes so withdrawn are validly re-tendered. Properly withdrawn original notes may be re-tendered by following the procedures described under Procedures for Tendering above at any time on or before 5:00 p.m., New York City time, on the expiration date.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer, we shall not be required to accept original notes for exchange, or to issue exchange notes in exchange for any original notes, and may terminate or amend the exchange offer, if at any time before the acceptance of the original notes for exchange or the issuance of the exchange notes for the original notes:

there has been instituted any proceeding seeking to restrain or prohibit the making or completion of the exchange offer, or assessing or seeking any damages as a result of the exchange offer, or resulting in a material delay in our ability to accept for exchange or exchange some or all of the original notes in the exchange offer; or

any action shall have been taken, proposed or threatened by any governmental authority, domestic or foreign, that in our sole judgment might directly or indirectly result in any of such consequences or, in our sole judgment, might result in the holders of exchange notes having obligations with respect to resales and transfers of exchange notes which are greater than those described in the interpretations of the SEC staff referred to in this prospectus, or would otherwise make it inadvisable to proceed with the exchange offer; or

there shall have occurred:

any general suspension of or general limitation on prices for, or trading in, securities on any national securities exchange or in the over-the-counter market; or

any limitation by a governmental authority which may adversely affect our ability to complete the transactions contemplated by the exchange offer; or

a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit; or

a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the preceding events existing at the time of the commencement of the exchange offer, a material acceleration or worsening of these calamities; or

any change, or any development involving a prospective change, shall have occurred or be threatened in our business, financial condition, operations or prospects and those of our subsidiaries taken as a whole that is or may be adverse to us, or we shall have become aware of facts that have or may have an adverse impact on the value of the original notes or the exchange notes; which in our sole judgment in any case makes it inadvisable to proceed with the exchange offer and/or with such acceptance for exchange or with such exchange.

These conditions to the exchange offer are to our sole benefit and we may assert them regardless of the circumstances giving rise to any of these conditions, or we may waive them in whole or in part in our sole discretion. If we do so, the exchange offer will remain open for at least five business days following any waiver of the preceding conditions. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any right.

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any original notes, if at that time any stop order is threatened or in effect relating to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939.

Exchange Agent

We have appointed U.S. Bank National Association as the exchange agent for the exchange offer. You should direct all executed letters of transmittal to the exchange agent at the address indicated below. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery to the exchange agent addressed as follows:

Delivery To: U.S. Bank National Association, *Exchange Agent*

By Hand Before 4:30 p.m.:
U.S. Bank National Association
100 Wall Street, Suite 1600
New York, NY 10005

By Registered or Certified Mail:
U.S. Bank National Association
100 Wall Street, Suite 1600
New York, NY 10005
Attention: *Bond Drop Window*

By Hand or Overnight Delivery after 4:30 p.m. on the Expiration Date:
U.S. Bank National Association
Specialized Finance
60 Livingston Avenue, Bond Drop Window
St. Paul, MN 55107
For Information Call: (651) 495-3511

By Facsimile Transmission (for Eligible Institutions only):
(651) 495-8158
Attention: *Customer Service*
Confirm by Telephone: 1-800-934-6802

If you deliver the letter of transmittal to an address other than the address indicated above or transmit instructions via facsimile other than to the facsimile number indicated, then your delivery or transmission will not constitute a valid delivery of the letter of transmittal.

Fees and Expenses

We will not make any payment to brokers, dealers, or others for soliciting acceptances of the exchange offer. The expenses to be incurred in connection with the exchange offer will be paid by us. These expenses will include reasonable and customary fees and out-of-pocket expenses of the exchange agent and reasonable out-of-pocket expenses incurred by brokerage houses and other fiduciaries in forwarding materials to beneficial holders in connection with the exchange offer.

Accounting Treatment

We will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will amortize the expense of the exchange offer over the term of the exchange notes under generally accepted accounting principles.

Transfer Taxes

Holders who tender their original notes for exchange will not be obligated to pay any related transfer taxes, except that holders who instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer taxes.

Consequences of Exchanging or Failing to Exchange Original Notes

Holders of original notes who do not exchange their original notes for exchange notes in the exchange offer will continue to be subject to the provisions in the indenture regarding transfer and exchange of the original notes and the restrictions on transfer of the original notes as described in the legend on the original notes. In general, the original notes may not be offered or sold, unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently anticipate that we will register original notes under the Securities Act.

Based on interpretations by the staff of the SEC, as described in no-action letters issued to third parties, we believe that exchange notes issued in the exchange offer in exchange for original notes may be offered for resale, resold or otherwise transferred by holders of the original notes, other than any holder which is an affiliate of ours within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, as long as the exchange notes are acquired in the ordinary course of the holders business and the holders have no arrangement or understanding with any person to participate in the distribution of the exchange notes. However, the SEC has not considered this exchange offer in the context of a no-action letter. We cannot assure you that the staff of the SEC would make a similar determination with respect to this exchange offer as in the other circumstances.

Each holder, other than a broker-dealer, must acknowledge that it is not engaged in, and does not intend to engage in, a distribution of exchange notes and has no arrangement or understanding to participate in a distribution of exchange notes. If any holder is an affiliate of ours, is engaged in or intends to engage in or has any arrangement or understanding with any person to participate in the distribution of the exchange notes to be acquired in the exchange offer, that holder could not rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes must acknowledge that the original notes were acquired by the broker-dealer as a result of market-making activities or other trading activities and that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. Furthermore, any broker-dealer that acquired any of its original notes directly from us:

- may not rely on the applicable interpretations of the staff of the SEC contained in Exxon Capital Holdings Corp., SEC no-action letter (May 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993) and

- must also be named as a selling noteholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

See Plan of Distribution.

In addition, to comply with state securities laws, the exchange notes may not be offered or sold in any state unless they have been registered or qualified for sale in such state or an exemption from registration or qualification, with which there has been compliance, is available. The offer and sale of the exchange notes to qualified institutional buyers, as defined under Rule 144A of the Securities Act, is generally exempt from registration or qualification under the state securities laws. We currently do not intend to register or qualify the sale of exchange notes in any state where an exemption from registration or qualification is required and not available.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis was contained in our Quarterly Report on Form 10-Q for the three months ended May 31, 2005 and our Annual Report on Form 10-K for the year ended August 31, 2004. Such information is presented in this prospectus for convenience of reference and has not been substantively updated since the date of each document. The following discussion and analysis should be read in conjunction with Selected Consolidated Financial Data, Risk Factors, Forward-Looking Statements and our consolidated financial statements and related notes, included or incorporated by reference into this prospectus.

Executive Summary

We currently have two primary business segments: manufacturing and leasing & services. These two business segments are operationally integrated. With operations in the United States, Canada, Mexico and Europe the manufacturing segment produces double-stack intermodal railcars, conventional railcars, tank cars, marine vessels and performs railcar repair, refurbishment and maintenance activities. We produce rail castings through an unconsolidated joint venture and also manufacture new freight cars through the use of unaffiliated subcontractors. At May 31, 2005, the leasing & services segment owned approximately 10,200 railcars and provided management services for approximately 127,500 railcars for railroads, shippers, carriers, and other leasing and transportation companies. Segment performance is evaluated based on margins.

In 2004, we benefited from the continued economic recovery and growth in demand for railroad freight cars. Improvements in the North American economy have created increased rail traffic, which combined with the aging of the industry s railcar fleet, has resulted in an increased demand for railcars.

Prices for steel, the primary component of railcars and barges, rose sharply in 2004 and were volatile as a result of increased costs of raw materials, strong demand, limited availability of scrap metal for steel processing and reduced capacity. Availability of scrap metal was further limited by exports to China. As a result, steel providers began charging scrap surcharges. In addition, the price and availability of other railcar components, which are a product of steel, were adversely affected by the steel issues. A portion of the sales agreements for railcars in backlog at August 31, 2004 were fixed price contracts which did not contain escalation clauses in the event of increased prices for steel or other component parts. In January 2004, we initiated a plan to aggressively manage steel and scrap surcharge issues with customers and suppliers through negotiation and pass-through of costs where possible.

Our manufacturing backlog of railcars for sale and lease as of May 31, 2005 was approximately 11,500 railcars with an estimated value of $650.0 million compared to 9,700 railcars valued at $600.0 million as of May 31, 2004. Substantially all our current backlog was priced to cover anticipated material price increases and surcharges. As these sales price increases are an anticipated pass-through of vendor material price increases and surcharges, they are not necessarily indicative of increased margins on future production. There is still risk that material prices could increase beyond amounts included in our sale contracts which would adversely impact margins in our backlog. Although the North American railcar market has recently improved, the European market is experiencing a decline in demand for railcars.

The available supply of rail castings to the industry continues to be adversely affected as a result of reorganization and consolidation of domestic suppliers. Our investment in a joint venture that operates castings production facilities has helped us maintain production despite industry-wide casting shortages. Shortages of other railcar components such as wheels, axles and couplers may impact production at our new railcar and refurbishment facilities.

In September 1998 we entered into a joint venture with Bombardier Transportation (Bombardier) to build railroad freight cars at a portion of Bombardier s existing manufacturing facility in Sahagun, Mexico. Each party held a 50% non-controlling interest in the joint venture. In December 2004, we acquired Bombardier s interest for $9.0 million payable over five years. We lease a portion of the plant from Bombardier and have entered into a service agreement under which Bombardier provides labor and manufacturing support. The

Mexican operations, previously accounted for under the equity method, are consolidated for financial reporting purposes beginning in December 2004.

On July 26, 2004, Alan James, a member of our board of directors, filed an action in the Court of Chancery of the State of Delaware against us and all of our directors serving on July 26, 2004, other than Mr. James. On December 16, 2004, we filed with the Securities and Exchange Commission a Current Report on Form 8-K detailing additional allegations and concerns which had been expressed by Mr. James. Mr. James passed away on January 28, 2005. On April 20, 2005, all of the estate s litigation claims and allegations against us were dismissed with prejudice.

On May 11, 2005, we issued 5,175,000 shares of our common stock at a price of $26.50 per share, less underwriting commissions, discounts and expenses. Proceeds were used to purchase 3,504,167 shares from the Estate of Alan James, a former member of the board of directors, and 1,837,500 shares from William Furman, President and Chief Executive Officer. After the offering, the Estate of Alan James owned 2.8% and William Furman owned 13.9% of our outstanding common stock.

On May 11, 2005, we issued, through a private placement, $175 million aggregate principal amount of $8^3/8$% senior unsecured notes due 2015. Payment on the notes is guaranteed by certain of our domestic subsidiaries. Interest will be paid semiannually in arrears commencing November 15, 2005. Portions of the proceeds from the notes were used to pay off certain outstanding revolving notes and notes payable.

Critical Accounting Policies

The preparation of financial statements in accordance with generally accepted accounting principles requires judgment on the part of management to arrive at estimates and assumptions on matters that are inherently uncertain. These estimates may affect the amounts of assets, liabilities, revenues and expenses reported in a given period. Estimates and assumptions are periodically evaluated and may be adjusted in future periods.

Impairment of long-lived assets When changes in circumstances indicate the carrying amount of certain long-lived assets may not be recoverable, the assets will be evaluated for impairment. If the forecast undiscounted future cash flows are less than the carrying amount of the assets, an impairment charge to reduce the carrying value of the assets to fair value will be recognized.

Income taxes For financial reporting purposes, income tax expense is estimated based on planned tax return filings. The amounts anticipated to be reported in those filings may change between the time the financial statements are prepared and the time the tax returns are filed. Further, because tax filings are subject to review by taxing authorities, there is also the risk that a position taken on a tax return may be challenged by a taxing authority. If the taxing authority is successful in asserting a position different than that taken by us, differences in tax expense or between current and deferred tax items may arise in future periods. Such differences, which could have a material impact on our financial statements, would be reflected in the financial statements when management considers them probable of occurring and the amount reasonably estimable. Valuation allowances reduce deferred assets to an amount that will more likely than not be realized. Management s estimates of the realization of deferred tax assets is based on the information available at the time the financial statements are prepared and may include estimates of future income and other assumptions that are inherently uncertain.

Maintenance obligations We are responsible for maintenance on a portion of the managed and owned lease fleet under the terms of maintenance obligations defined in the underlying lease or management agreement. The estimated maintenance liability is based on maintenance histories for each type and age of railcar. These estimates involve judgment as to the future costs of repairs and the types and timing of repairs needed over the lease term. As we cannot predict with certainty the prices, timing and volume of maintenance needed in the future on railcars under long-term leases, this estimate is uncertain and could be materially different from maintenance requirements. The liability is periodically reviewed and updated based on maintenance trends and known future repair or refurbishment requirements. Historically, we have not had material adjustments to these estimates as they are reviewed frequently and cover long-term contracts.

However, these adjustments could be material in the future due to the inability to predict future maintenance requirements.

Warranty accruals Warranty costs are estimated and charged to operations to cover a defined warranty period. The estimated warranty cost is based on historical warranty claims for each particular product type. For new product types without a warranty history, preliminary estimates are based on historical information for similar product types.

These estimates are inherently uncertain as they are based on historical data for existing products and judgment for new products. If warranty claims are made in the current period for issues that have not historically been the subject of warranty claims and were not taken into consideration in establishing the accrual or if claims for issues already considered in establishing the accrual exceed expectations, warranty expense may exceed the accrual for that particular product. Conversely, there is the possibility that claims may be lower than estimates. The warranty accrual is periodically reviewed and updated based on warranty trends. In aggregate, warranty costs have not been materially different from the estimates. However, as we cannot predict future claims, the potential exists for the difference to be material.

Contingent rental assistance We have entered into contingent rental assistance agreements on certain railcars, subject to leases, that have been sold to third parties. These agreements guarantee the purchasers a minimum lease rental, subject to a maximum defined rental assistance amount, over remaining periods that range from one to seven years. A liability is established when management believes that it is probable that a rental shortfall will occur and the amount can be estimated.

Revenue recognition Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured.

Railcars are generally manufactured, repaired or refurbished under firm orders from third parties, and revenue is recognized when the cars are completed, accepted by an unaffiliated customer and contractual contingencies removed. We may also manufacture railcars prior to receipt of firm orders, build railcars under lease which are then sold to a third-party leasing company and may also build railcars for our own lease fleet. Railcars produced in a given period may be delivered in subsequent periods, delaying revenue recognition. Revenue does not include sales of new railcars to, or refurbishment services performed for, the leasing & services segment since intercompany transactions are eliminated in preparing the Consolidated Financial Statements. The margin generated from such sales or refurbishment activity is realized by the leasing & services segment over the related life of the asset or upon sale of the equipment to a third party.

Marine revenues are either recognized on the percentage of completion method during the construction period or completed contract method based on the terms of the contract. Direct finance lease revenue is recognized over the lease term in a manner that produces a constant rate of return on the net investment in the lease. Operating lease revenue is recognized as earned under the lease terms. Certain leases are operated under car hire arrangements whereby revenue is earned based on utilization, car hire rates and terms specified in the lease agreement. Car hire revenue is reported from a third-party source two months in arrears; however, such revenue is accrued in the month earned based on estimates of use from historical activity and is adjusted to actual mileage earned as reported. Such adjustments have not significantly differed from the estimates.

Results of Operations

Nine Months Ended May 31, 2005 Compared to Nine Months Ended May 31, 2004

Overview

Total revenues for the nine months ended May 31, 2005 were $759.0 million, an increase of $231.9 million from revenues of $527.1 million for the nine months ended May 31, 2004. Net earnings were $19.2 million and $12.8 million for the nine months ended May 31, 2005 and 2004.

Our purchase on December 1, 2004 of Bombardier s equity interest in the railcar manufacturing joint venture in Mexico brought our ownership percentage to 100%. As a result, the financial results of the subsidiary, formerly accounted for under the equity method, are consolidated beginning December 1, 2004.

Manufacturing Segment

Manufacturing revenue for the nine months ended May 31, 2005 was $700.3 million compared to $473.2 million in the corresponding prior period, an increase of $227.1 million, or 48.0%. The increase is due to higher new railcar revenue of $176.3 million, a $10.3 million increase in marine revenue associated with the timing of revenue recognition, a $20.1 million improvement in repair and refurbishment activities and $20.4 million associated with differences in foreign currency translation rates between periods. The $176.3 million increase in railcar revenue is comprised of $91.1 million from higher deliveries and price increases and $85.2 million in revenue from our Mexican subsidiary which was accounted for under the equity method in the prior comparable period. New railcar deliveries were approximately 9,900 in the current period compared to 7,800 in the prior comparable period.

Manufacturing margin percentage for the nine months ended May 31, 2005 was 8.3% compared to 8.5% for the nine months ended May 31, 2004. As sales prices and costs increase by the same amount to cover surcharges, margins as a percentage of revenue decline. The realized benefits of higher margin railcar types and production efficiencies in the current period were somewhat offset by production issues in Europe, higher material costs on certain contracts produced in the first half of the year that did not contain escalation clauses to cover scrap surcharges and lower margin from the Mexican operation due to temporary production issues that occurred in the second quarter. The prior period margins were negatively impacted by costs to repair certain defective parts provided by third party vendors.

Leasing & Services Segment

Leasing & services revenue increased $4.8 million, or 8.9%, to $58.7 million for the nine months ended May 31, 2005 compared to $53.9 million for the nine months ended May 31, 2004. The increase is primarily a result of gains on the sale of equipment from the lease fleet of $4.3 million in the current period compared to $0.2 million in the prior comparable period, additional management fees resulting from performance incentives earned on certain management contracts, partially offset by a decline in finance lease revenue upon lease maturation.

Leasing & services operating margin percentage increased to 48.0% for the nine months ended May 31, 2005 from 41.5% for the nine months ended May 31, 2004. The increase was primarily a result of gains on sales from the lease fleet and rate adjustments due to increased utilization on certain management contracts.

Other Costs

Selling and administrative expense was $41.4 million for the nine months ended May 31, 2005 compared to $33.3 million for the comparable prior period, an increase of $8.1 million, or 24.3%. The increase in expense is primarily the result of a $5.0 million increase in employee-related costs, higher professional fees of $2.3 million associated with litigation, strategic initiatives and compliance with Sarbanes-Oxley legislation and the inclusion of $0.8 million in expenses from our Mexican operation that was accounted for under the equity method in the prior comparable period. Current period costs include $2.5 million in legal and professional fees associated with the resolution of and responses to litigation and allegations made by Alan James, a former member of the board of directors.

Interest expense and foreign exchange increased $1.5 million to $9.6 million for the nine months ended May 31, 2004, compared to $8.1 million in the prior comparable period. Prior period results include foreign exchange gains of $0.7 million compared to foreign exchange losses of $0.7 million in the nine months ended May 31, 2005. Interest increased $0.1 million as a result of increased borrowings.

The nine months ended May 31, 2005 include special charges of $2.9 million consisting of debt prepayment penalties and costs associated with settlement of interest rate swap agreements on certain debt that was refinanced with senior unsecured notes. The nine months ended May 31, 2004 include special charges totaling $1.2 million which consist of a $7.5 million write-off of the remaining balance of European designs and patents partially offset by a $6.3 million reduction of purchase price liabilities associated with the settlement of arbitration regarding the acquisition of European designs and patents.

Income Tax

Income tax for the nine months ended May 31, 2005 and 2004 represents a tax rate of 42.0% on United States operations and varying tax rates on foreign operations. The effective tax rate for the nine months ended May 31, 2005 and 2004 was 39.6% and 27.3%. The fluctuations in effective tax rate are due to the geographical mix of pre-tax earnings and losses. In addition, special charges in the nine months ended May 31, 2004 include a $6.3 million non-taxable purchase price adjustment relating to the purchase of European designs and patents.

Equity in Loss of Unconsolidated Subsidiaries

Equity in loss of unconsolidated subsidiaries was $0.3 million for the nine months ended May 31, 2005 compared to $1.7 million for the nine months ended May 31, 2004. Equity in earnings of the castings joint venture was $0.3 million for the nine months ended May 31, 2005 compared to a loss of $1.1 million in the prior comparable period. The loss in the prior period was primarily due to start-up costs and temporary plant shutdowns associated with equipment issues at the castings joint venture which began operation in September 2003.

The Mexican railcar manufacturing joint venture contributed approximately $0.6 million of the loss for the nine months ended May 31, 2005 and 2004. As a result of the buyout of our joint venture partner s interest in the venture, the financial results of the entity were consolidated beginning on December 1, 2004. Accordingly, the nine months ended May 31, 2005 only include results through November 30, 2004.

Liquidity and Capital Resources

We have been financed through cash generated from operations and borrowings. At May 31, 2005, cash and cash equivalents increased $55.2 million to $67.3 million from $12.1 million at August 31, 2004.

Cash used in operations for the nine months ended May 31, 2005 was $44.3 million compared to $33.5 million in the prior comparable period. Usage during the nine months ended May 31, 2005 was primarily related to a $16.8 million participation payment under an agreement with Union Pacific Railroad and a change in timing of working capital needs including increased accounts receivable as a result of current production for a customer with longer payment terms and a $21.4 million receivable from the sale of railcars held for sale.

Inventories increased $66.3 million from August 31, 2004 levels primarily as a result of $33.8 million associated with the consolidation of Mexican operations previously accounted for under the equity method and the addition of $31.6 million in railcars held for sale or refurbishment that will be sold to third parties in the normal course of business.

Cash used in investing activities was $12.8 million for the nine months ended May 31, 2005 compared to $15.9 for the prior comparable period. Cash utilization in the nine months ended May 31, 2005 was primarily for capital expenditures, offset partially by proceeds from sale of equipment of $23.1 million and $8.4 million of net cash acquired in the acquisition of the remaining joint venture interest in Mexico.

Capital expenditures totaled $49.5 million and $33.3 million for the nine months ended May 31, 2005 and 2004. Of these capital expenditures, approximately $39.3 million and $29.8 million were attributable to leasing & services operations. Leasing & services capital expenditures for 2005 are expected to be approximately $67.0 million. Capital expenditures have increased as we replace the maturing direct finance lease portfolio. We regularly sell assets from our lease fleet, some of which may have been purchased within the current year and included in capital expenditures.

Approximately $10.2 million and $3.5 million of capital expenditures for the nine months ended May 31, 2005 and 2004 were attributable to manufacturing operations. Capital expenditures for manufacturing additions are expected to be approximately $19.0 million in 2005.

Cash provided by financing activities was $111.0 million for the nine months ended May 31, 2005 compared to cash used in financing activities of $16.7 million for the nine months ended May 31, 2004. The nine months ended May 31, 2005 include proceeds from borrowings of $175.0 million, offset by debt paydowns of $71.5 million.

All amounts originating in foreign currency have been translated at the May 31, 2005 exchange rate for the purpose of the following discussion. Credit facilities aggregated $134.8 million as of May 31, 2005. Available borrowings under the credit facilities are principally based upon defined levels of receivables, inventory and leased equipment, which at May 31, 2005 levels would provide for maximum borrowing of $134.8 million, of which $16.4 million is outstanding. A $60.0 million revolving line of credit is available through January 2006 to provide working capital and interim financing of equipment for the leasing & services operations in North America. A $35.0 million line of credit to be used for working capital is available through March 2006 for United States manufacturing operations. A $19.9 million line of credit is available through October 2005 for working capital for Canadian manufacturing operations. Lines of credit totaling $19.8 million are available principally through June 2006 for European operations. Advances under the lines of credit bear interest at rates that vary depending on the type of borrowing and certain defined ratios. At May 31, 2005, there were no borrowings outstanding under the United States manufacturing and leasing & services lines and the Canadian manufacturing line. The European manufacturing line had $16.4 million outstanding.

Subsequent to May 31, 2005, we replaced our three North American revolving credit facilities with a senior secured credit facility for approximately $150.0 million. This facility consists of a five-year, $125.0 million revolving line of credit for domestic operations and a CDN$30.0 million revolving line of credit for Canadian operations. Available borrowings are based on defined levels of inventory, receivables, leased equipment and property, plant and equipment. Advances bear interest at rates that depend on the type of borrowing and the ratio of debt to total capitalization, as defined.

In accordance with customary business practices in Europe, we have $20.1 million in bank and third party performance, advance payment and warranty guarantee facilities, all of which has been utilized as of May 31, 2005. To date no amounts have been drawn under these performance, advance payment and warranty guarantees.

We have advanced $2.3 million in long term advances to an unconsolidated subsidiary which are secured by accounts receivable and inventory. We have also guaranteed $3.1 million of this subsidiary s third party debt.

We have outstanding letters of credit aggregating $1.8 million associated with materials purchases and facilities leases.

A dividend of $.08 per common share was declared in June 2005. Dividends of $.06 per common share have been paid quarterly from the fourth quarter of 2004 through the second quarter of 2005.

Foreign operations give rise to risks from changes in foreign currency exchange rates. We utilize foreign currency forward exchange contracts with established financial institutions to hedge a portion of that risk. No provision has been made for credit loss due to counterparty non-performance.

We expect existing funds and cash generated from operations, together with borrowings under credit facilities and long-term financing, to be sufficient to fund dividends, working capital needs, planned capital expenditures and expected debt repayments for the foreseeable future.

Year Ended August 31, 2004 Compared to Years Ended August 31, 2003 and 2002

Overview

Total revenue was $729.5 million, $532.3 million and $367.3 million for the years ended August 31, 2004, 2003 and 2002. Earnings for 2004 and 2003 were $20.8 million or $1.37 per diluted common share and $4.3 million or $0.30 per diluted common share. Net loss for 2002 was $26.1 million or $1.85 per diluted common share.

Manufacturing Segment

Manufacturing revenue includes new railcar, marine, refurbishment and maintenance activities. New railcar delivery and backlog information disclosed herein includes all facilities, including subcontracted production and the Mexico joint venture that is accounted for by the equity method.

Manufacturing revenue was $653.2 million, $461.9 million and $295.1 million for the years ended 2004, 2003 and 2002. Railcar deliveries, which are the primary source of manufacturing revenue, were approximately 10,800 units in 2004 compared to 6,500 units in 2003 and 4,100 units in 2002. Deliveries in 2004, 2003 and 2002 include approximately 900, 400 and 400 units delivered from the Mexican joint venture accounted for under the equity method. Current year deliveries also include 600 units produced in the prior year for which revenue recognition had been deferred pending removal of contractual contingencies that were removed in 2004. Manufacturing revenue increased $191.3 million, or 41.4%, in 2004 from 2003 principally due to increased new railcar deliveries offset by units with a lower average sales value. Deliveries in 2004 consisted of 63% intermodal railcars and 37% conventional railcars compared to 48% intermodal railcars and 52% conventional railcars in 2003. Intermodal railcars generally have selling prices that average 65% to 75% of that of conventional railcars. Manufacturing revenue increased $166.8 million, or 56.5%, in 2003 from 2002 due to increased deliveries in response to improvements in the demand for railcars, obtaining certification on certain railcars which were produced in a prior period, slightly offset by a product mix with a lower average unit sales value.

As of August 31, 2004, our backlog of new railcars to be manufactured for sale and lease was approximately 13,100 railcars with an estimated value of $760 million. Even with increasing production and deliveries, backlog has increased significantly over the prior year as the railcar market continues to recover. Backlog as of August 31, 2003 was 10,700 railcars with a value of $580 million.

Manufacturing margin increased to 8.9% in 2004 from 8.1% in 2003 due to efficiencies associated with higher volumes and long production runs and an improved pricing environment, offset partially by steel price increases and steel scrap surcharges. The primary factors for the increase in margin from 5.8% in 2002 to 8.1% in 2003 were efficiencies associated with higher production rates, a favorable shift in product mix and lower depreciation and amortization, offset somewhat by costs related to production delays associated with a patent litigation. The factors influencing cost of revenue and gross margin in a given period include order size (which affects economies of plant utilization), production rates, product mix, changes in manufacturing costs, product pricing and currency exchange rates.

Leasing & Services Segment

Leasing & services revenue was $76.2 million, $70.4 million and $72.3 million for the years ended 2004, 2003 and 2002. The increase in revenue in 2004 from 2003 was primarily the result of margin realized on the sale of new railcars produced by an unconsolidated subsidiary, growth of the operating lease portfolio, increased utilization of the lease fleet and reductions in rental assistance guarantees, offset partially by the effects of the maturation of the direct finance lease portfolio. The decrease in leasing & services revenue from 2002 to 2003 is due to a number of factors including maturation of the direct finance lease portfolio, increased pressure on lease renewal rates and a reduction of gains on sale of equipment from the lease fleet, offset partially by reductions of accruals for rental assistance guarantees and increased utilization of the car hire lease fleet.

Pre-tax earnings realized on the disposition of leased equipment amounted to $0.6 million during 2004 compared to $0.5 million in 2003 and $0.9 million in 2002. Assets from our lease fleet are periodically sold in the normal course of business in order to take advantage of market conditions, manage risk and maintain liquidity.

Approximately one-third of the owned equipment in the lease fleet was acquired through an agreement with Union Pacific, which contains a fixed price purchase option exercisable upon lease expiration. Union Pacific has notified us of their intention to exercise this option on all remaining railcars in this program. As these leases mature over the next three years through 2007, related leasing revenue will continue to decline. Revenue may be replaced by growth of the lease fleet and management services.

Approximately one-third of leasing & services revenue is derived from car hire which is a fee that a railroad pays for the use of railcars owned by other railroads or third parties. There is some risk that car hire rates could be negotiated or arbitrated to lower levels in the future. This could reduce future car hire revenue. Car hire revenue amounted to $27.2 million, $24.3 million and $19.8 million in 2004, 2003 and 2002.

Leasing & services margin, as a percentage of revenue, was 44.6% in 2004 compared to 38.1% in both 2003 and 2002. Margins have increased in 2004 as a result of margins realized on the sale of railcars produced by an unconsolidated subsidiary, increased utilization of the owned lease fleet, growth of the operating lease fleet with leases that are higher margin than maturing direct finance leases and reductions in rental assistance guarantee costs.

Other Costs

Selling and administrative expense was $48.3 million, $40.0 million and $39.1 million in 2004, 2003 and 2002. The $8.3 million increase from 2003 to 2004 is primarily the result of consulting associated with strategic initiatives, compliance with Sarbanes-Oxley legislation, increases in incentive compensation associated with improved financial results and other employee costs. The $0.9 million increase from 2002 to 2003 is primarily the result of professional fees associated with strategic initiatives and litigation, partially offset by reduction of amortization as a result of the revaluation to fair market value of certain assets in Europe. Selling and administrative expense as a percentage of revenue in 2004 was 6.6% compared to 7.5% in 2003 and 10.6% in 2002. The declining ratio is primarily due to continued efforts to control costs and increasing revenues.

Interest and foreign exchange was $11.5 million, $13.6 million and $19.0 million in 2004, 2003 and 2002. Decreases were primarily the result of lower outstanding debt balances due to scheduled repayments of debt.

Special charges of $1.2 million were incurred in 2004. These charges consist of a $7.5 million write-off of the remaining balance of European designs and patents partially offset by a $6.3 million reduction of purchase price liabilities associated with the settlement of arbitration on the acquisition of European designs and patents.

Pre-tax special charges of $33.8 million were incurred during 2002. These costs included $3.0 million for severance costs associated with North American operations and legal and professional fees, $2.3 million associated with a restructuring plan to decrease operating expenses, consolidate offices and reduce the scale of European operations, a $14.8 million impairment write-down of European railcar designs and patents and $13.7 million for various European asset write-downs to fair market value.

Income tax expense or benefit for all periods presented represents a statutory tax rate of 42.0% on United States operations and varying effective tax rates on foreign operations. The effective tax rate was 29.2%, 42.2% and 49.9% for 2004, 2003 and 2002. The fluctuations in effective tax rates are due to the geographical mix of pre-tax earnings and losses. The Polish operations generated loss carry-forwards in prior periods that were utilized to offset current year earnings in Poland. No tax benefit was recognized in prior periods for these losses. In addition, special charges in 2004 include a $6.3 million non-taxable purchase price adjustment relating to the purchase of European designs and patents.

Equity in loss of unconsolidated subsidiaries increased $0.1 million from 2003 to 2004. This is a result of start-up costs and temporary plant shutdowns associated with equipment issues at the castings joint venture that began production in 2004, partially offset by improved operating results from the Mexican railcar manufacturing joint venture due to higher production levels as the plant was operating for the entire year. Equity in loss of unconsolidated subsidiaries decreased $0.7 million for 2003 as compared to 2002 as a result of higher production levels and favorable exchange rates at the Mexican railcar manufacturing joint venture. The plant resumed deliveries in May 2003 after a shutdown that began in January 2002.

Liquidity and Capital Resources

We have been financed through cash generated from operations and borrowings. At August 31, 2004, cash decreased $65.2 million to $12.1 million from $77.3 million at the prior year end. The $65.2 million decrease was due to $14.0 million used in operating activities, $15.2 million used in investing activities and $36.0 million used in financing activities.

Cash used in operations for the year ended August 31, 2004, was $14.0 million compared to cash provided by operations of $28.3 million in 2003 and $22.6 million in 2002. The increase in usage from 2003 to 2004 is primarily due to a $20.4 million participation payment in accordance with the defined payment schedule under an agreement with Union Pacific, increases in inventory and accounts receivable, offset partially by increases in accounts payable. Inventory increases resulted from higher production levels, certification issues on certain cars in Europe, two barges in process that are accounted for under the completed contract method and railcars that will be sold to third-party customers in the normal course of business. Increases in the accounts receivable balances are due to increases in production levels, varying customer payment terms and a $35.7 million receivable from an unconsolidated subsidiary for inventory purchases. Increases in accounts payable balances are associated with inventory purchases to support increased production levels and for purchases made in August 2004 for an unconsolidated subsidiary to take advantage of centralized purchasing opportunities.

Cash used in investing activities for the year ended August 31, 2004 of $15.2 million compared to cash provided by investing activities of $17.9 million in 2003 and $20.2 million in 2002. The increased usage in 2004 was primarily the result of $35.8 million in purchases of railcars for the lease fleet to replace the maturing direct finance lease portfolio compared to purchases of $4.5 million and $18.4 million in 2003 and 2002. Cash used for lease fleet additions was offset by proceeds from equipment sales of $16.2 million in 2004 and $24.0 million in both 2003 and 2002 and reduced principal payments received on finance leases due to the maturation of the portfolio.

Cash used in financing activities of $36.0 million for the year ended August 31 2004 compared to $36.6 million in the same period in 2003 and $52.4 million for 2002. The reduction was primarily due to lower scheduled repayments of borrowings as $27.5 million in term debt and subordinated debt was repaid in 2004 compared to $40.2 million in 2003 and $48.7 million in 2002.

All amounts originating in foreign currency have been translated at the August 31, 2004 exchange rate for the following discussion. Credit facilities aggregated $136.0 million as of August 31, 2004. Available borrowings under the credit facilities are principally based upon defined levels of receivables, inventory and leased equipment, which at August 31, 2004 levels would provide for maximum borrowing of $125.2 million. A $60.0 million revolving line of credit is available through January 2006 to provide working capital and interim financing of equipment for the leasing & services operations. A $35.0 million line of credit to be used for working capital is available through March 2006 for United States manufacturing operations. A $19.1 million line of credit is available through October 2005 for working capital for Canadian manufacturing operations. Lines of credit totaling $21.9 million are available principally through June 2005 for working capital for European manufacturing operations. Advances under the lines of credit bear interest at rates that vary depending on the type of borrowing and certain defined ratios. At August 31, 2004, there were no borrowings outstanding under the United States manufacturing, Canadian manufacturing and leasing & services lines. Outstanding borrowings under the European manufacturing line were $8.9 million.

In accordance with customary business practices in Europe, we have $36.6 million in bank and third-party performance, advance payment and warranty guarantee facilities, of which $22.0 million has been utilized as of August 31, 2004. To date no amounts have been drawn under these performance, advance payment and warranty guarantee facilities.

In 1990, an agreement was entered into for the purchase, refurbishment and lease of over 10,000 used railcars between 1990 and 1997. The agreement provides that, under certain conditions, the seller will receive a percentage of defined earnings of a subsidiary, and further defines the period when such payments are to be made. Such amounts, referred to as participation, are accrued when earned, charged to leasing & services cost of revenue, and unpaid amounts are included as participation in the Consolidated Balance Sheets. Participation expense was $1.7 million, $2.7 million and $4.8 million in 2004, 2003 and 2002. Payment of participation was $20.4 million in 2004 and is estimated to be $16.2 million in 2005, $11.1 million in 2006, $8.6 million in 2007, $3.9 million in 2008 and $0.7 million in 2009 and $0.7 million thereafter.

We have entered into contingent rental assistance agreements, aggregating a maximum of $16.6 million, on certain railcars subject to leases that have been sold to third parties. These agreements guarantee the purchasers a minimum lease rental, subject to a maximum defined rental assistance amount, over remaining periods that range from one to eight years. A liability is established and revenue is reduced in the period during which a determination can be made that it is probable that a rental shortfall will occur and the amount can be estimated. For the year ended August 31, 2004 no accruals were made to cover estimated future obligations, as the remaining liability of $0.1 million was believed to be adequate. For the years ended August 31, 2003 and 2002, $0.9 million and $1.6 million was accrued.

We have advanced $5.7 million in long-term advances to unconsolidated subsidiaries for working capital needs. The advances are secured by accounts receivable and inventory. We have also guaranteed $3.5 million in third-party debt for an unconsolidated subsidiary.

Capital expenditures totaled $43.0 million, $11.9 million and $22.7 million in 2004, 2003 and 2002. Of these capital expenditures, approximately $35.8 million, $4.5 million and $18.4 million in 2004, 2003 and 2002 were attributable to leasing & services operations. Leasing & services capital expenditures for 2005 are expected to be approximately $30.0 million. We regularly sell assets from our lease fleet, some of which may have been purchased within the current year and included in capital expenditures.

Approximately $7.2 million, $7.4 million and $4.3 million of capital expenditures for 2004, 2003 and 2002 were attributable to manufacturing operations. Capital expenditures for manufacturing are expected to be approximately $12.0 million in 2005.

Foreign operations give rise to risks from changes in foreign currency exchange rates. We utilize foreign currency forward exchange contracts with established financial institutions to hedge a portion of that risk. No provision has been made for credit loss due to counterparty non-performance.

A dividend of $.06 per share was declared and paid in the fourth quarter of 2004. No dividends were paid during 2003, consistent with our policy to manage cash flow and liquidity during the downturn in the railcar industry. A dividend of $.06 per share was declared in the first quarter and paid in the second quarter of 2002. Future dividends are dependent upon the market outlook as well as our earnings, capital requirements and financial condition.

Certain loan covenants restrict the transfer of funds from subsidiaries to the parent company in the form of cash dividends, loans or advances. The restricted net assets of subsidiaries amounted to $124.9 million as of August 31, 2004. Consolidated retained earnings of $4.6 million at August 31, 2004 were restricted as to the payment of dividends.

Management expects existing funds and cash generated from operations, together with borrowings under existing credit facilities and long term financing, to be sufficient to fund dividends, if any, working capital needs, planned capital expenditures and scheduled debt repayments for the foreseeable future.

The following table shows our estimated future contractual cash obligations as of August 31, 2004:

	Year Ended August 31,						
	Total	**2005**	**2006**	**2007**	**2008**	**2009**	**Thereafter**
	(in thousands)						
Notes payable	$ 97,513	$ 14,868	$ 22,213	$ 8,268	$ 15,820	$ 7,988	$ 28,356
Participation	41,237	16,219	11,124	8,577	3,948	681	688
Railcar operating leases	16,058	5,531	4,703	3,040	1,807	977	
Other operating leases	13,356	3,333	2,824	2,338	1,720	1,704	1,437
Revolving notes	8,947	8,947					
Purchase commitments	73,694	73,694					
	$ 250,805	$ 122,592	$ 40,864	$ 22,223	$ 23,295	$ 11,350	$ 30,481

Initial Adoption of Accounting Policies

Statement of Financial Accounting Standards (SFAS) No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity, was adopted as of September 1, 2003. The statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity and generally requires an entity to classify a financial instrument that falls within this scope as a liability. Other than the change in description of a preferred stock interest in a subsidiary that had been previously described as Minority interest to Subsidiary shares subject to mandatory redemption, the adoption of SFAS No. 150 had no effect on our Consolidated Financial Statements.

Financial Accounting Standards Board (FASB) Interpretation (FIN) 46, Consolidation of Variable Interest Entities, as amended by FIN 46R was adopted during the third quarter of 2004. FIN 46 requires consolidation where there is a controlling financial interest in a variable interest entity, previously referred to as a special purpose entity and certain other entities. The adoption of FIN 46R had no effect on our Consolidated Financial Statements.

Off Balance Sheet Arrangements

We do not currently have off balance sheet arrangements that have or are likely to have a material current or future effect on our Consolidated Financial Statements.

Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Risk

We have operations in Canada, Mexico, Germany and Poland that conduct business in their local currencies as well as other regional currencies. To mitigate our exposure to transactions denominated in currencies other than the functional currency of each entity, we have entered into forward exchange contracts to protect the margin on a portion of forecast foreign currency sales. At August 31, 2004 and May 31, 2005, $102.3 million and $109.3 million, respectively, of forecast sales were hedged by forward-exchange contracts. Because of the variety of currencies in which purchases and sales are transacted and the interaction between currency rates, it is not possible to predict the impact of a movement in foreign currency exchange rates on future operating results. We believe the exposure to foreign exchange risk is not material.

In addition to exposure to transaction gains or losses, we are also exposed to foreign currency exchange risk related to the net asset position of foreign subsidiaries. At August 31, 2004, the net assets of foreign subsidiaries aggregated $23.6 million and a uniform 10% strengthening of the United States dollar relative to the foreign currencies would have resulted in a decrease in stockholders equity of $2.4 million, or 1.7% of total stockholders equity. At May 31, 2005, the net assets of foreign subsidiaries aggregated $29.3 million and a uniform 10% strengthening of the United States dollar relative to the foreign currencies would have

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resulted in a decrease in stockholders equity of $2.9 million, or 1.8% of total stockholders equity. These calculations assume that each exchange rate would change in the same direction relative to the United States dollar.

Interest Rate Risk

We have managed our floating rate debt with interest rate swap agreements, effectively converting $65.3 million of variable rate debt at August 31, 2004 to fixed rate debt. At August 31, 2004, our exposure to interest rate risk was limited since approximately 80% of our debt had fixed interest rates. As a result, we were only exposed to interest rate risk relating to our revolving debt and a small portion of term debt. At August 31, 2004, a uniform 10% increase in interest rates would have resulted in approximately $0.1 million of additional annual interest expense. At May 31, 2005, we had effectively converted $26.2 million of variable rate debt to fixed rate debt. At May 31, 2005, our exposure to interest rate risk was limited since approximately 90% of our debt had fixed rates. As a result, we are only exposed to interest rate risk related to revolving debt and a portion of term debt. At May 31, 2005, a uniform 10% increase in interest rates would have resulted in approximately $0.1 million of additional annual interest expense.

INDUSTRY

Summary

The North American railcar market is the primary market in which we compete. As a result of the deregulation in 1980, rail freight has become a more competitive mode of transportation, and we believe the industry is well positioned for growth. Demand for new railcars is strong and deliveries are projected to average over 57,000 railcars per year through 2010, according to Global Insight. We believe the key trends affecting the demand for new railcars in North America are:

- Long-term demand for new railcars is supported by continued growth in demand for rail freight that offers cost efficiencies when used over long distances;
- Demand for intermodal railcars is expected to grow at a faster pace than overall freight car demand due to increased international trade and growth in domestic containerization;
- Long-term replacement demand for railcars is underpinned by an aging fleet; and
- Railroads are shifting ownership of railcars to shippers and to leasing companies and are outsourcing services.

Overview of the North American Railcar Industry

The North American railcar fleet consists of approximately 1.5 million railcars with an average age of 19.0 years. The Railway Supply Institute reports that, in 2004, orders were placed for 70,626 new railcars, 46,871 new railcars were delivered; the industry-wide backlog stood at 58,677 new railcars at December 31, 2004. Demand for new railcars is forecast by Global Insight to average more than 57,000 per year through 2010.

2004 Report of Orders, Deliveries and Backlog

	Intermodal Cars	Flat Cars	Boxcars	Covered Hopper Cars	Open Hopper Cars	Gondolas	Tank Cars	All Railcar Types
Orders	15,625	4,895	2,950	20,040	9,398	5,368	12,350	70,626
Deliveries	13,259	5,625	5,470	5,602	2,751	5,225	8,939	46,871
Backlog (at December 31)	12,735	3,273	3,326	17,331	8,629	5,075	8,308	58,677

Source: Railway Supply Institute

Railcars are purchased by Class I railroads, leasing companies, industrial shippers, utilities, regional and short line railroads. Railcars are long lived assets with maximum allowable interchange lives of 50 years. In practice, railcars need regular maintenance and repair work and generally have useful lives of between 25 and 30 years before requiring substantial refurbishment or replacement. We believe purchasing decisions are influenced by technical and functional characteristics of the railcar, quality, operating costs, price and delivery lead times. Railcars are purchased to meet new demand for rail freight and to replace old railcars that have either reached the end of their useful lives or have been rendered obsolete by technical advances in railcar design. Railcar designs continually evolve to improve the efficiency and performance of railcars by reducing weight, increasing load capacity, improving ride quality and reducing maintenance and operating costs.

The demand for new railcars is cyclical and is impacted by the general level of economic activity. Fleet utilization typically increases in a strong economy, driving demand for new railcars. As a result, buyers compete for delivery of new railcars and industry backlogs build. Generally, during an economic downturn, overall fleet utilization drops, new railcar purchasing decisions are delayed and railroad operating velocity improves due to reduced congestion.

Railcar Categories in North America

The railcar industry has developed several different types of railcars to transport diverse goods, many with features designed to meet the unique loading or unloading requirements or other features specific to the goods being transported. The categories of railcars in North America and their primary uses are as follows:

Intermodal Cars used to transport trailers and containers that can also be transported by other transport modes (railcar, ship or truck) without the need to load and unload the cargo;

Boxcars used to transport products that require protection from the elements such as food products, paper products and auto parts;

Flat Cars used to transport a wide array of bulky products such as steel, forest products, heavy equipment and automobiles;

Gondolas used to transport minerals, aggregates, coal and scrap steel;

Open Hopper Cars used to transport coal;

Covered Hopper Cars used to carry grain, dry cement, plastic pellets and dry fertilizer; and

Tank Cars used to transport liquid chemicals, fertilizers and petrochemical products.

Market Dynamics in North America

The rail freight industry in North America has undergone a dramatic transformation since 1980 when the Staggers Rail Act partially deregulated the industry. After a century of government regulation, the railroad industry was near financial collapse and rail had lost significant market share to the trucking industry. Deregulation freed the railroads to compete with trucks but also exposed them to competitive market forces which sparked a wave of industry consolidation as companies sought network and scale economies.

U.S. Freight Railroad Performance Since Staggers
(1981=100)
Source: American Association of Railroads

	Productivity	Volume	Price
64	$ 86.50	$ 72.40	$ 107.90
65	$ 91.40	$ 76.70	$ 104.50
66	$ 95.90	$ 81.10	$ 100.90
67	$ 94.40	$ 79.10	$ 98.80
68	$ 96.80	$ 81.70	$ 97.80
69	$ 99.30	$ 84.40	$ 95.80
70	$ 97.50	$ 84.00	$ 96.50
71	$ 95.10	$ 81.30	$ 102.50
72	$ 99.40	$ 85.30	$ 99.80
73	$ 104.10	$ 93.60	$ 94.40
74	$ 99.50	$ 93.50	$ 99.30
75	$ 95.60	$ 82.90	$ 99.90
76	$ 94.80	$ 87.20	$ 101.40
77	$ 96.10	$ 90.80	$ 99.50
78	$ 99.10	$ 94.30	$ 96.40
79	$ 99.30	$ 99.40	$ 97.80

80	$ 100.10	$ 101.00	$ 98.70
81	$ 100.00	$ 100.00	$ 100.00
82	$ 100.40	$ 87.60	$ 95.30
83	$ 119.00	$ 91.00	$ 89.00
84	$ 128.40	$ 101.20	$ 85.00
85	$ 133.90	$ 96.40	$ 81.20
86	$ 146.50	$ 95.30	$ 76.30
87	$ 157.90	$ 103.70	$ 69.50
88	$ 168.00	$ 109.50	$ 66.80
89	$ 174.20	$ 111.40	$ 63.20
90	$ 181.90	$ 113.60	$ 60.60
91	$ 191.50	$ 114.10	$ 57.10
92	$ 202.60	$ 117.20	$ 55.50
93	$ 212.50	$ 121.90	$ 53.10
94	$ 226.10	$ 131.90	$ 51.40
95	$ 244.30	$ 143.50	$ 48.40
96	$ 257.60	$ 149.00	$ 46.60
97	$ 256.50	$ 148.20	$ 46.70
98	$ 257.60	$ 151.30	$ 45.20
99	$ 268.20	$ 157.50	$ 43.30
0	$ 269.30	$ 161.10	$ 42.00
1	$ 279.00	$ 164.30	$ 40.70
2	$ 281.80	$ 165.60	$ 40.40
3	$ 277.90	$ 170.50	$ 40.10

In 1980, there were 40 Class I Railroads; today, there are only seven. The railcar manufacturing sector also consolidated and there are currently only six railcar manufacturers operating in North America. The productivity of the U.S. rail system has nearly tripled since deregulation, while freight rates have fallen by more than 50%. Railroads have gained market share in key markets and they continue to grow steadily. One of the drivers of the recovery in rail freight has been the growth of the intermodal freight industry.

The Intermodal Revolution

Intermodal transportation is the movement of cargo in standardized containers or trailers across multiple transport modes (railcar, truck or ship) without the repeated loading and unloading of freight required by traditional shipping methods. Historically, railroads operated intermodal services but the business was hampered by regulated rates. Deregulation in 1980 freed rates and shifted the economics in rail s favor. The 1980s also saw a dramatic rise in the use of dedicated international container ships to transport international cargo using standard 20-foot and 40-foot container boxes. The combination of competitive freight rates, the expansion of international containerized trade and the introduction of double-stack intermodal cars, which transport stacked containers, led to dramatic growth in intermodal rail traffic. Since 1980, intermodal trailer and container rail loadings have grown from 3.1 million to 13.2 million trailer and container loadings in 2004, with virtually all of the growth coming from container traffic. According to the American Association of Railroads (AAR) statistics, intermodal trailer and container loadings have grown at a compound annual growth rate (CAGR) of 6.3% since 1980 more than six times the growth rate for overall rail freight tonnage in the same period. In 2003, intermodal cargo surpassed coal for the first time to become the primary source of revenue for Class I railroads.

Growth in North American Intermodal Rail Traffic
(container and trailer units in 000 s)

	Trailers	Containers
1988	3481	2298
1989	3496	2491
1990	3451	2754
1991	3201	3044
1992	3264	3363
1993	3464	3692
1994	3752	4375
1995	3678	5417
1996	3446	5869
1997	3586	6409
1998	3457	6669
1999	3407	7157
2000	3093	7897
2001	2794	7956
2002	2746	8636
2003	2800	9307
2004	3077	10082

Source: American Association of Railroads

Impact of Deregulation on the North American Rail Fleet

Prior to deregulation, the North American railcar fleet included approximately 1.7 million railcars. Following deregulation, railroads began to aggressively manage fleet utilization, which led to a reduction in the size of the fleet to less than 1.2 million railcars by 1994. In 1995, the overall size of the fleet began to grow again and demand for new railcars returned to normal levels as the railroads recovered market share. The current North America fleet size is approximately 1.5 million railcars.

The following chart reflects the size of the freight car fleet in the United States, which represents the majority of the North American fleet size, over the last 20 years.

US Freight Car Fleet
(railcars in 000 s)

1983	1587
1984	1542