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## Trinity Industries Inc. Q3 2008 Earnings Conference Call Transcript

### Question-and-Answer Session

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[Operator Instructions]. And our first question comes from Wendy Caplan of Wachovia Securities. Please go ahead.

**Wendy Caplan - Wachovia Securities**

Thank you. Good morning.

**Timothy R. Wallace - Chairman of the Board, President and Chief Executive Officer**

Good morning.

**Wendy Caplan - Wachovia Securities**

A couple questions; first just a clarification just to be sure that I heard you correctly. You said that customers were attached to all the leases in the rail business? that you? the leasing business.

**Timothy R. Wallace - Chairman of the Board, President and Chief Executive Officer**

Yeah. Steve, why don't you handle that?

**D. Stephen Menzies - Senior Vice President and Group President of TrinityRail**

Yes Wendy. All the shipments from our manufacturing business to our leasing company are supported by non-cancellable orders. And any of our backlog that we state is supported by firm non-cancellable lease or orders as well.

**Wendy Caplan - Wachovia Securities**

Okay. Thank you, Steve. That's helpful. As you look Steve out at the Rail Group, assuming that as we kind of all are that we're at the beginning or in the middle of a kind of slippery slope here in terms of demand, do you expect that the Rail Group can remain profitable during the down cycle this time?

**Timothy R. Wallace - Chairman of the Board, President and Chief Executive Officer**

Wendy, this it Tim. I'll handle that because I was around the last time. What we've really worked hard to do is to position this multi-industry model that we have where we have other businesses that can help pick up the earnings drop like we did this last quarter.

With the Rail Group, we look it as Trinity Rail and the leasing company is a lot larger now and has a whole lot more steady flow of earnings. That's what I have said in my statement.

Now depending on how low the manufacturing build order rate is it would be? our profitability would all be tied to that. And so, it's hard to determine a scenario that would cause us to be losing at the Trinity Rail section. But at the Rail Group at a very low run rate there would be an opportunity or potential for us to be losing money.

**D. Stephen Menzies - Senior Vice President and Group President of TrinityRail**

Tim, if I could just to supplement what you're saying, during the last downturn in 2002, the size of our leasing business was about 8,000 to 9,000 railcars versus approximately 43,900 railcars today. So, that size of the leasing business gives us a fair amount of earnings momentum that we did not have during the last downturn.

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