

TRINITY INDUSTRIES INC
Form 10-Q/A
April 27, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

(Amendment No. 1)

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File Number 1-6903

Trinity Industries, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	75-0225040 (I.R.S. Employer Identification No.)
2525 Stemmons Freeway Dallas, Texas (Address of principal executive offices)	75207-2401 (Zip Code)
Registrant's telephone number, including area code (214) 631-4420	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At April 13, 2012 the number of shares of common stock outstanding was 80,263,121.

Table of Contents

Explanatory Note: On April 26, 2012, Trinity Industries, Inc. (the Company) filed its Quarterly Report on Form 10-Q for the period ended March 31, 2012 (the Original Form 10-Q). As a result of an inadvertent error by the Company s filing service provider, the XBRL exhibits to the Original Form 10-Q did not contain all necessary XBRL information. This Form 10-Q/A contains revised XBRL exhibits, but otherwise is unchanged from the Original Form 10-Q.

TRINITY INDUSTRIES, INC.

FORM 10-Q

TABLE OF CONTENTS

	Caption	Page
PART I	<u>FINANCIAL INFORMATION</u>	
Item 1.	<u>Financial Statements</u>	2
Item 2.	<u>Management s Discussion and Analysis of Financial Condition and Results of Operations</u>	23
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	33
Item 4.	<u>Controls and Procedures</u>	33
PART II	<u>OTHER INFORMATION</u>	
Item 1.	<u>Legal Proceedings</u>	34
Item 1A.	<u>Risk Factors</u>	34
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
Item 3.	<u>Defaults Upon Senior Securities</u>	34
Item 4.	<u>Mine Safety Disclosures</u>	34
Item 5.	<u>Other Information</u>	34
Item 6.	<u>Exhibits</u>	35
	<u>SIGNATURES</u>	36
	CERTIFICATIONS	

Table of Contents**PART I****Item 1. Financial Statements****Trinity Industries, Inc. and Subsidiaries****Consolidated Statements of Operations****(unaudited)**

	Three Months Ended	
	March 31,	
	2012	2011
	(in millions, except per share amounts)	
Revenues:		
Manufacturing	\$ 783.2	\$ 514.4
Leasing	142.1	119.8
	925.3	634.2
Operating costs:		
Cost of revenues:		
Manufacturing	672.0	431.7
Leasing	73.4	60.5
Other	11.1	8.1
	756.5	500.3
Selling, engineering, and administrative expenses:		
Manufacturing	36.5	34.0
Leasing	6.1	5.7
Other	11.3	10.6
	53.9	50.3
Gain on disposition of property, plant, and equipment:		
Net gains on railcar lease fleet sales	3.7	1.1
Other	3.8	0.8
Total operating profit	122.4	85.5
Other (income) expense:		
Interest income	(0.4)	(0.3)
Interest expense	47.9	44.5
Other, net	(3.0)	(0.5)
	44.5	43.7
Income before income taxes	77.9	41.8
Provision for income taxes	25.6	16.2
Net income	52.3	25.6
Net income (loss) attributable to noncontrolling interest	(0.6)	1.4
Net income attributable to Trinity Industries, Inc.	\$ 52.9	\$ 24.2

Edgar Filing: TRINITY INDUSTRIES INC - Form 10-Q/A

Net income attributable to Trinity Industries, Inc. per common share:

Basic	\$	0.66	\$	0.30
Diluted	\$	0.66	\$	0.30
Weighted average number of shares outstanding:				
Basic		77.8		77.1
Diluted		78.1		77.4
Dividends declared per common share	\$	0.09	\$	0.08

See accompanying notes to consolidated financial statements.

Table of Contents**Trinity Industries, Inc. and Subsidiaries****Consolidated Statements of Comprehensive Income****(unaudited)**

	Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Net income	\$ 52.3	\$ 25.6
Unrealized loss on derivative financial instruments:		
Unrealized gains arising during the period	2.7	14.3
Reclassification adjustments for losses included in net income	2.3	0.8
Funded status of pension liability amortization of actuarial loss	0.9	
Other comprehensive income, before tax	5.9	15.1
Income tax expense related to components of other comprehensive income	2.4	5.4
Other comprehensive income, net of tax	3.5	9.7
Comprehensive income	55.8	35.3
Less: comprehensive income (loss) attributable to noncontrolling interest	(0.1)	3.7
Comprehensive income attributable to Trinity Industries, Inc.	\$ 55.9	\$ 31.6

See accompanying notes to consolidated financial statements.

Table of Contents**Trinity Industries, Inc. and Subsidiaries****Consolidated Balance Sheets**

	March 31, 2012 (unaudited)	December 31, 2011
	(in millions)	
Assets		
Cash and cash equivalents	\$ 304.8	\$ 351.1
Receivables, net of allowance	367.2	384.3
Income tax receivable	1.4	1.6
Inventories:		
Raw materials and supplies	340.8	324.8
Work in process	146.2	125.6
Finished goods	109.0	99.5
	596.0	549.9
Restricted cash, including TRIP Holdings of \$59.2 and \$74.6	224.0	240.3
Property, plant, and equipment, at cost, including TRIP Holdings of \$1,271.4 and \$1,257.7	5,479.3	5,407.9
Less accumulated depreciation, including TRIP Holdings of \$128.7 and \$122.7	(1,262.0)	(1,228.4)
	4,217.3	4,179.5
Goodwill	225.9	225.9
Other assets	193.6	188.4
	\$ 6,130.2	\$ 6,121.0
Liabilities and Stockholders Equity		
Accounts payable	\$ 220.9	\$ 207.4
Accrued liabilities	384.0	421.3
Debt:		
Recourse, net of unamortized discount of \$96.8 and \$99.8	461.2	457.7
Non-recourse:		
Parent and wholly-owned subsidiaries	1,575.5	1,616.0
TRIP Holdings	890.8	901.2
	2,927.5	2,974.9
Deferred income	37.4	38.7
Deferred income taxes	465.5	434.7
Other liabilities	90.6	95.7
	4,125.9	4,172.7
Stockholders' equity:		
Preferred stock 1.5 shares authorized and unissued		
Common stock 200.0 shares authorized	81.7	81.7
Capital in excess of par value	633.7	626.5
Retained earnings	1,360.4	1,314.7
Accumulated other comprehensive loss	(131.0)	(134.0)
Treasury stock	(24.9)	(25.1)
	1,919.9	1,863.8
Noncontrolling interest	84.4	84.5

2,004.3	1,948.3
----------------	---------

\$ 6,130.2	\$ 6,121.0
-------------------	------------

See accompanying notes to consolidated financial statements.

Table of Contents**Trinity Industries, Inc. and Subsidiaries****Consolidated Statements of Cash Flows****(unaudited)**

	Three Months Ended	
	March 31,	
	2012	2011
	(in millions)	
Operating activities:		
Net income	\$ 52.3	\$ 25.6
Adjustments to reconcile net income to net cash provided (required) by operating activities:		
Depreciation and amortization	49.1	47.6
Stock-based compensation expense	6.9	5.3
Excess tax benefits from stock-based compensation	(0.3)	
Provision for deferred income taxes	26.1	11.5
Net gains on sales of railcars owned more than one year at the time of sale	(3.7)	(1.1)
Gain on disposition of property, plant, equipment, and other assets	(3.8)	(0.8)
Other	2.3	2.3
Changes in assets and liabilities:		
(Increase) decrease in receivables	17.1	(75.6)
(Increase) decrease in income tax receivable	0.2	(0.6)
(Increase) decrease in inventories	(46.1)	(82.2)
(Increase) decrease in other assets	(3.3)	(1.6)
Increase (decrease) in accounts payable	13.5	47.0
Increase (decrease) in accrued liabilities	(33.4)	12.2
Increase (decrease) in other liabilities	(5.9)	4.8
Net cash provided (required) by operating activities	71.0	(5.6)
Investing activities:		
(Increase) decrease in short-term marketable securities		41.0
Proceeds from sales of railcars owned more than one year at the time of sale	26.5	10.0
Proceeds from disposition of property, plant, equipment, and other assets	12.9	2.9
Capital expenditures – leasing, net of sold railcars owned one year or less	(100.0)	(81.5)
Capital expenditures – manufacturing and other	(16.4)	(8.0)
Net cash required by investing activities	(77.0)	(35.6)
Financing activities:		
Proceeds from issuance of common stock, net	0.7	1.4
Excess tax benefits from stock-based compensation	0.3	
Payments to retire debt – other	(52.6)	(42.8)
Proceeds from issuance of debt	2.2	
Deferred loan issuance costs		(5.9)
(Increase) decrease in restricted cash	16.3	1.1
Dividends paid to common shareholders	(7.2)	(6.3)
Net cash required by financing activities	(40.3)	(52.5)
Net decrease in cash and cash equivalents	(46.3)	(93.7)
Cash and cash equivalents at beginning of period	351.1	354.0

Edgar Filing: TRINITY INDUSTRIES INC - Form 10-Q/A

Cash and cash equivalents at end of period

\$ 304.8 \$ 260.3

See accompanying notes to consolidated financial statements.

Table of Contents**Trinity Industries, Inc. and Subsidiaries****Consolidated Statement of Stockholders' Equity****(unaudited)**

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss (in millions)	Treasury Stock		Trinity Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount			
Balances at December 31, 2011	81.7	\$ 81.7	\$ 626.5	\$ 1,314.7	\$ (134.0)	(1.5)	\$ (25.1)	\$ 1,863.8	\$ 84.5	\$ 1,948.3
Net income				52.9				52.9	(0.6)	52.3
Other comprehensive income					3.0			3.0	0.5	3.5
Cash dividends on common stock				(7.2)				(7.2)		(7.2)
Restricted shares issued, net			6.2			0.0	0.0	6.2		6.2
Stock options exercised			0.5			0.1	0.2	0.7		0.7
Stock-based compensation expense			0.5					0.5		0.5
Balances at March 31, 2012	81.7	\$ 81.7	\$ 633.7	\$ 1,360.4	\$ (131.0)	(1.4)	\$ (24.9)	\$ 1,919.9	\$ 84.4	\$ 2,004.3

See accompanying notes to consolidated financial statements.

Table of Contents

Trinity Industries, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The foregoing consolidated financial statements are unaudited and have been prepared from the books and records of Trinity Industries, Inc. and its subsidiaries (Trinity , Company , we , or our) including its majority-owned subsidiary, TRIP Rail Holdings LLC (TRIP Holdings). In our opinion, all normal and recurring adjustments necessary for a fair presentation of the financial position of the Company as of March 31, 2012, and the results of operations and cash flows for the three month periods ended March 31, 2012 and 2011, have been made in conformity with generally accepted accounting principles. Because of seasonal and other factors, the results of operations for the three month period ended March 31, 2012 may not be indicative of expected results of operations for the year ending December 31, 2012. These interim financial statements and notes are condensed as permitted by the instructions to Form 10-Q and should be read in conjunction with the audited consolidated financial statements of the Company included in its Form 10-K for the year ended December 31, 2011.

Stockholders Equity

In December 2010, the Company s Board of Directors authorized a \$200 million share repurchase program, effective January 1, 2011, which expires on December 31, 2012. No shares were repurchased under this program during the three months ended March 31, 2012.

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board issued Accounting Standards Update No. 2011-05, Comprehensive Income (ASC Topic 220): Presentation of Comprehensive Income, (ASU 2011-05) which amended current comprehensive income guidance. ASU 2011-05 became effective for public companies during the interim and annual periods beginning after Dec. 15, 2011 with early adoption permitted. Accordingly, the Company adopted this new standard on January 1, 2012 by including the consolidated statement of comprehensive income with its consolidated financial statements and revising Note 13 Accumulated Other Comprehensive Loss. The adoption of ASU 2011-05 did not have an impact on the Company s consolidated financial position, results of operations or cash flows as it only requires a change in reporting format with regard to components of other comprehensive income.

Reclassifications

Effective December 31, 2011, the Company adopted the emerging industry policy of recognizing revenue from the sales of railcars from the lease fleet on a gross basis in leasing revenues and cost of revenues if the railcar has been owned by the lease fleet for one year or less at the time of sale. Sales of railcars from the lease fleet which have been owned by the lease fleet for more than one year are recognized as a net gain or loss from the disposal of a long-term asset. Prior year reported balances have been reclassified to conform to this policy resulting in a decrease in revenue of \$10.0 million for the three months ended March 31, 2011.

Table of Contents**Note 2. Fair Value Accounting**

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement as of March 31, 2012 (in millions)			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 134.8	\$	\$	\$ 134.8
Restricted cash	224.0			224.0
Equity call agreement with TRIP Holdings equity investor ¹			0.7	0.7
Fuel derivative instruments ¹		0.1		0.1
Total assets	\$ 358.8	\$ 0.1	\$ 0.7	\$ 359.6
Liabilities:				
Interest rate hedges ²				
Wholly-owned subsidiary	\$	\$ 46.2	\$	\$ 46.2
TRIP Holdings		4.2		4.2
Equity put agreement with TRIP Holdings equity investor ³			2.6	2.6
Total liabilities	\$	\$ 50.4	\$ 2.6	\$ 53.0

	Fair Value Measurement as of December 31, 2011 (in millions)			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 246.6	\$	\$	\$ 246.6
Restricted cash	240.3			240.3
Equity call agreement with TRIP Holdings equity investor ¹			0.7	0.7
Total assets	\$ 486.9	\$	\$ 0.7	\$ 487.6
Liabilities:				
Interest rate hedges ²				
Wholly-owned subsidiary	\$	\$ 48.9	\$	\$ 48.9
TRIP Holdings		4.8		4.8
Equity put agreement with TRIP Holdings equity investor ³			3.1	3.1
Fuel derivative instruments ²		0.1		0.1
Total liabilities	\$	\$ 53.8	\$ 3.1	\$ 56.9

¹ Included in other assets on the consolidated balance sheet.

² Included in accrued liabilities on the consolidated balance sheet.

³ Included in other liabilities on the consolidated balance sheet.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market to that asset or liability in an orderly transaction between market participants on the measurement date. An entity is required to establish a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair values are listed below:

Edgar Filing: TRINITY INDUSTRIES INC - Form 10-Q/A

Level 1 This level is defined as quoted prices in active markets for identical assets or liabilities. The Company's cash equivalents and restricted cash are instruments of the United States Treasury or highly-rated money market mutual funds.

Level 2 This level is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company's fuel derivative instruments, which are commodity options, are valued using energy and commodity market data. Interest rate hedges are valued at exit prices obtained from each counterparty. See Note 6 Derivative Instruments and Note 9 Debt.

Level 3 This level is defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The equity put and call agreements with the TRIP equity investor are valued based on cash flow projections and certain assumptions regarding the likelihood of exercising the option under the related agreement. See Note 5 Investment in TRIP Holdings.

Table of Contents

The carrying amounts and estimated fair values of our long-term debt were as follows:

	March 31, 2012		December 31, 2011	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
(in millions)				
Recourse:				
Convertible subordinated notes	\$ 450.0	\$ 490.4	\$ 450.0	\$ 439.4
Less: unamortized discount	(96.8)		(99.8)	
	353.2		350.2	
Capital lease obligations	47.9	47.9	48.6	48.6
Term loan	54.0	54.6	54.7	55.7
Other	6.1	6.1	4.2	4.2
	461.2	599.0	457.7	547.9
Non-recourse:				
2006 secured railcar equipment notes	266.0	283.0	269.3	278.5
Promissory notes	459.3	443.1	465.5	448.6
2009 secured railcar equipment notes	216.2	240.3	218.4	228.6
2010 secured railcar equipment notes	351.3	354.2	354.3	333.1
TILC warehouse facility	282.7	282.7	308.5	308.5
TRIP Holdings senior secured notes	61.2	62.2	61.2	61.6
TRIP Master Funding secured railcar equipment notes	829.6	890.8	840.0	834.9
	2,466.3	2,556.3	2,517.2	2,493.8
Total	\$ 2,927.5	\$ 3,155.3	\$ 2,974.9	\$ 3,041.7

The estimated fair value of our convertible subordinated notes was based on a quoted market price as of March 31, 2012 and December 31, 2011, respectively (level 1 input). The estimated fair values of our 2006, 2009, and 2010 secured railcar equipment notes, promissory notes, TRIP Holdings senior secured notes, TRIP Master Funding secured railcar equipment notes, and term loan are based on our estimate of their fair value as of March 31, 2012 and December 31, 2011, respectively. These values were determined by discounting their future cash flows at the current market interest rate (level 3 inputs). The carrying value of our Trinity Industries Leasing Company (TILC) warehouse facility approximates fair value because the interest rate adjusts to the market interest rate and the Company's credit rating has not changed since the loan agreement was renewed in February 2011 (level 3 input). The fair values of all other financial instruments are estimated to approximate carrying value.

Note 3. Segment Information

The Company reports operating results in five principal business segments: (1) the Rail Group, which manufactures and sells railcars and related parts and components; (2) the Construction Products Group, which manufactures and sells highway products and concrete and aggregates; (3) the Inland Barge Group, which manufactures and sells barges and related products for inland waterway services; (4) the Energy Equipment Group, which manufactures and sells products for energy related businesses, including structural wind towers, tank containers and tank heads for pressure and non-pressure vessels, frac tanks, and utility, traffic, and lighting structures; and (5) the Railcar Leasing and Management Services Group (Leasing Group), which provides fleet management, maintenance, and leasing services. The segment All Other includes our captive insurance and transportation companies; legal, environmental, and maintenance costs associated with non-operating facilities; other peripheral businesses; and the change in market valuation related to ineffective commodity hedges. Gains and losses from the sale of property, plant, and equipment which are related to manufacturing and dedicated to the specific manufacturing operations of a particular segment are included in operating profit of that respective segment. Gains and losses from the sale of property, plant, and equipment that can be utilized by multiple segments are included in operating profit of the All Other segment.

Sales and related net profits from the Rail Group to the Leasing Group are recorded in the Rail Group and eliminated in consolidation. Sales between these groups are recorded at prices comparable to those charged to external customers taking into consideration quantity, features, and

Edgar Filing: TRINITY INDUSTRIES INC - Form 10-Q/A

production demand. Amortization of deferred profit on railcars sold to the Leasing Group is included in the operating profits of the Leasing Group. Sales of railcars from the lease fleet are included in the Leasing Group.

Table of Contents

The financial information for these segments is shown in the tables below. We operate principally in North America.

Three Months Ended March 31, 2012

	Revenues			Operating Profit (Loss)
	External	Intersegment	Total	
	(in millions)			
Rail Group	\$ 341.2	\$ 125.9	\$ 467.1	\$ 40.1
Construction Products Group	149.6	5.4	155.0	10.8
Inland Barge Group	169.4		169.4	30.0
Energy Equipment Group	120.1	4.9	125.0	(3.8)
Railcar Leasing and Management				
Services Group	142.1	0.2	142.3	66.5
All Other	2.9	12.8	15.7	1.2
Corporate				(11.6)
Eliminations Lease subsidiary		(122.6)	(122.6)	(10.9)
Eliminations Other		(26.6)	(26.6)	0.1
Consolidated Total	\$ 925.3	\$	\$ 925.3	\$ 122.4

Three Months Ended March 31, 2011

	Revenues			Operating Profit (Loss)
	External	Intersegment	Total	
	(in millions)			
Rail Group	\$ 131.0	\$ 88.8	\$ 219.8	\$ 9.3
Construction Products Group	130.1	3.5	133.6	8.3
Inland Barge Group	137.9		137.9	21.7
Energy Equipment Group	113.2	5.5	118.7	10.5
Railcar Leasing and Management				
Services Group	119.8		119.8	54.7
All Other	2.2	10.9	13.1	(0.3)
Corporate				(10.7)
Eliminations Lease subsidiary		(85.4)	(85.4)	(8.1)
Eliminations Other		(23.3)	(23.3)	0.1
Consolidated Total	\$ 634.2	\$	\$ 634.2	\$ 85.5

Effective December 31, 2011, the Company adopted the emerging industry policy of recognizing revenue from the sales of railcars from the lease fleet on a gross basis in leasing revenues and cost of revenues if the railcar has been owned by the lease fleet for one year or less at the time of sale. Sales of railcars from the lease fleet which have been owned by the lease fleet for more than one year are recognized as a net gain or loss from the disposal of a long-term asset. Prior year reported balances have been reclassified to conform to this policy.

Table of Contents**Note 4. Railcar Leasing and Management Services Group**

The Railcar Leasing and Management Services Group provides fleet management, maintenance, and leasing services. Selected consolidating financial information for the Leasing Group is as follows:

	March 31, 2012			
	Leasing Group			
	Wholly- Owned Subsidiaries	TRIP Holdings (in millions, unaudited)	Manufacturing/ Corporate	Total
Cash and cash equivalents	\$ 3.7	\$	\$ 301.1	\$ 304.8
Property, plant, and equipment, net	\$ 3,108.6	\$ 1,142.7	\$ 500.4	\$ 4,751.7
Net deferred profit on railcars sold to the Leasing Group	(348.0)	(186.4)		(534.4)
	\$ 2,760.6	\$ 956.3	\$ 500.4	\$ 4,217.3
Restricted cash	\$ 164.8	\$ 59.2	\$	\$ 224.0
Debt:				
Recourse	\$ 101.9	\$	\$ 456.1	\$ 558.0
Less: unamortized discount			(96.8)	(96.8)
	101.9		359.3	461.2
Non-recourse	1,575.5	999.6		2,575.1
Less: non-recourse debt owned by Trinity		(108.8)		(108.8)
Total debt	\$ 1,677.4	\$ 890.8	\$ 359.3	\$ 2,927.5
Net deferred tax liabilities	\$ 557.9	\$ 4.6	\$ (97.0)	\$ 465.5

	December 31, 2011			
	Leasing Group			
	Wholly- Owned Subsidiaries	TRIP Holdings (in millions)	Manufacturing/ Corporate	Total
Cash and cash equivalents	\$ 3.2	\$	\$ 347.9	\$ 351.1
Property, plant, and equipment, net	\$ 3,066.0	\$ 1,135.0	\$ 510.0	\$ 4,711.0
Net deferred profit on railcars sold to the Leasing Group	(344.5)	(187.0)		(531.5)
	\$ 2,721.5	\$ 948.0	\$ 510.0	\$ 4,179.5
Restricted cash	\$ 165.7	\$ 74.6	\$	\$ 240.3
Debt:				
Recourse	\$ 103.3	\$	\$ 454.2	\$ 557.5
Less: unamortized discount			(99.8)	(99.8)
	103.3		354.4	457.7
Non-recourse	1,616.0	1,010.0		2,626.0
Less: non-recourse debt owned by Trinity		(108.8)		(108.8)
Total debt	\$ 1,719.3	\$ 901.2	\$ 354.4	\$ 2,974.9
Net deferred tax liabilities	\$ 582.4	\$ 4.7	\$ (152.4)	\$ 434.7

See Note 5 Investment in TRIP Holdings and Note 9 Debt for a further discussion regarding the Company's investment in TRIP Holdings and TRIP Holdings' debt.

Table of Contents

	Three Months Ended March 31,		
	2012	2011	Percent
	(\$ in millions)		Change
Revenues:			
Wholly owned subsidiaries:			
Leasing and management	\$ 98.3	\$ 90.3	8.9%
Railcar sales ⁽¹⁾	14.9		*
	113.2	90.3	25.4
TRIP Holdings:			
Leasing and management	29.1	29.5	(1.4)
Railcar sales ⁽¹⁾			
	29.1	29.5	(1.4)
Total revenues	\$ 142.3	\$ 119.8	18.8
Operating Profit:			
Wholly owned subsidiaries:			
Leasing and management	\$ 43.1	\$ 36.5	
Railcar sales ⁽¹⁾ :			
Railcars owned one year or less at the time of sale	2.9		
Railcars owned more than one year at the time of sale	4.1	1.0	
	50.1	37.5	
TRIP Holdings:			
Leasing and management	16.8	17.1	
Railcar sales ⁽¹⁾ :			
Railcars owned one year or less at the time of sale			
Railcars owned more than one year at the time of sale	(0.4)	0.1	
	16.4	17.2	
Total operating profit	\$ 66.5	\$ 54.7	
Operating profit margin:			
Leasing and management	47.0%	44.7%	
Railcar sales ⁽¹⁾	*	*	
Total operating profit margin	46.7	45.7	
Interest and rent expense⁽²⁾:			
Rent expense	\$ 12.7	\$ 12.1	
Interest expense:			
Wholly-owned subsidiaries	\$ 24.6	\$ 25.2	
TRIP Holdings:			
External	15.2	11.5	
Intercompany	3.3		
	18.5	11.5	
Total interest expense	\$ 43.1	\$ 36.7	

* Not meaningful

⁽¹⁾ Effective December 31, 2011, the Company adopted the emerging industry policy of recognizing revenue from the sales of railcars from the lease fleet on a gross basis in leasing revenues and cost of revenues if the railcar has been owned by the lease fleet for one year or less at the time of sale. Sales of railcars from the lease fleet which have been owned by the lease fleet for more than one year are recognized as a net

Edgar Filing: TRINITY INDUSTRIES INC - Form 10-Q/A

gain or loss from the disposal of a long-term asset. Prior year reported balances have been reclassified to conform to this policy.

- ⁽²⁾ Rent expense is a component of operating profit. Interest expense is not a component of operating profit and includes the effect of hedges. Intercompany interest expense arises from Trinity's ownership of a portion of TRIP Holdings' Senior Secured Notes and is eliminated in consolidation. See Note 9 Debt.

Table of Contents

Equipment consists primarily of railcars leased by third parties. The Leasing Group purchases equipment manufactured predominantly by the Rail Group and enters into lease contracts with third parties with terms generally ranging between one and twenty years. The Leasing Group primarily enters into operating leases. Future contractual minimum rental revenues on leases are as follows:

	Remaining nine months of 2012	2013	2014	2015	2016	Thereafter	Total
	(in millions)						
Wholly-owned subsidiaries	\$ 200.4	\$ 220.5	\$ 168.5	\$ 128.1	\$ 92.7	\$ 188.4	\$ 998.6
TRIP Holdings	71.4	69.3	48.8	39.6	33.1	62.6	324.8
	\$ 271.8	\$ 289.8	\$ 217.3	\$ 167.7	\$ 125.8	\$ 251.0	\$ 1,323.4

Debt. The Leasing Group's debt at March 31, 2012 consists of both recourse and non-recourse debt. As of March 31, 2012, Trinity's wholly-owned subsidiaries included in the Leasing Group held equipment with a net book value of approximately \$2,436.8 million that is pledged as collateral for Leasing Group debt held by those subsidiaries, including equipment with a net book value of \$50.6 million securing capital lease obligations. The net book value of unpledged equipment at March 31, 2012 was \$575.1 million. See Note 9 Debt regarding Leasing Group debt.

TRIP Holdings. Debt owed by TRIP Holdings and its subsidiaries is nonrecourse to Trinity and TILC and is secured solely by the consolidated assets of TRIP Holdings and the equity interests of TRIP Holdings. In July 2011, TRIP Holdings and its newly-formed subsidiary, TRIP Rail Master Funding LLC (TRIP Master Funding), issued \$1,032.0 million in new debt and repaid all of the outstanding borrowings of the existing TRIP Warehouse Loan. TRIP Master Funding equipment with a net book value of \$1,142.7 million, excluding deferred profit resulting from the sale of railcars to TRIP Master Funding, is pledged as collateral for the TRIP Master Funding debt. See Note 5 Investment in TRIP Holdings for a description of TRIP Holdings.

Off Balance Sheet Arrangements. In prior years, the Leasing Group completed a series of financing transactions whereby railcars were sold to one or more separate independent owner trusts (Trusts). Each of the Trusts financed the purchase of the railcars with a combination of debt and equity. In each transaction, the equity participant in the Trust is considered to be the primary beneficiary of the Trust and therefore, the debt related to the Trust is not included as part of the consolidated financial statements. The Leasing Group, through newly formed, wholly-owned, qualified subsidiaries, leased railcars from the Trusts under operating leases with terms of 22 years, and subleased the railcars to independent third-party customers under shorter term operating rental agreements.

These Leasing Group subsidiaries had total assets as of March 31, 2012 of \$214.6 million, including cash of \$85.5 million and railcars of \$96.5 million. The right, title, and interest in each sublease, cash, and railcars are pledged to collateralize the lease obligations to the Trusts and are included in the consolidated financial statements of the Company. Trinity does not guarantee the performance of the subsidiaries' lease obligations. Certain ratios and cash deposits must be maintained by the Leasing Group's subsidiaries in order for excess cash flow, as defined in the agreements, from the lease to third parties to be available to Trinity. Future operating lease obligations of the Leasing Group's subsidiaries as well as future contractual minimum rental revenues related to these leases due to the Leasing Group are as follows:

	Remaining nine months of 2012	2013	2014	2015	2016	Thereafter	Total
	(in millions)						
Future operating lease obligations of Trusts railcars	\$ 33.6	\$ 45.6	\$ 44.8	\$ 43.1	\$ 40.1	\$ 341.3	\$ 548.5
Future contractual minimum rental revenues of Trusts railcars	\$ 44.8	\$ 44.2	\$ 29.7	\$ 22.2	\$ 14.5	\$ 26.1	\$ 181.5

Operating Lease Obligations. Future amounts due as well as future contractual minimum rental revenues related to operating leases other than leases with the Trusts are as follows:

2013	2014	2015	2016	Thereafter	Total
------	------	------	------	------------	-------

Edgar Filing: TRINITY INDUSTRIES INC - Form 10-Q/A

	Remaining nine months of 2012								
	(in millions)								
Future operating lease obligations	\$	6.5	\$ 8.4	\$ 8.3	\$ 8.3	\$ 8.1	\$	35.6	\$ 75.2
Future contractual minimum rental revenues	\$	7.4	\$ 9.1	\$ 8.6	\$ 5.1	\$ 4.3	\$	7.6	\$ 42.1

Operating lease obligations totaling \$29.2 million are guaranteed by Trinity Industries, Inc. and certain subsidiaries.

Table of Contents

See Note 5 of the December 31, 2011 Consolidated Financial Statements filed on Form 10-K for a detailed explanation of these financing transactions.

Note 5. Investment in TRIP Holdings

In 2007, the Company and other third-party equity investors formed TRIP Holdings for the purpose of providing railcar leasing and management services in North America. TRIP Holdings, through its wholly-owned subsidiary, TRIP Rail Leasing LLC (TRIP Leasing), purchased railcars from the Company's Rail and Leasing Groups funded by capital contributions from TRIP Holdings' equity investors and borrowings under the TRIP Warehouse Loan. As of March 31, 2012, TRIP Holdings' subsidiaries had purchased \$1,325.2 million of railcars from the Company. Railcars purchased from the Company by TRIP Holdings' subsidiaries were required to be purchased at prices comparable with the prices of all similar, new railcars sold contemporaneously by the Company and at prices based on third-party appraised values for used railcars.

In July 2011, as a result of refinancing TRIP Holdings' previous credit facility, TRIP Holdings and its newly-formed subsidiary, TRIP Master Funding, issued \$1,032.0 million in new debt. The debt was used by TRIP Master Funding to purchase all of the railcar equipment owned by TRIP Leasing which, in turn, repaid all outstanding borrowings under the existing TRIP credit facility and settled all outstanding related interest rate hedges. See Note 9 Debt regarding TRIP Holdings and its related debt. Additionally, Trinity entered into agreements with an equity investor of TRIP Holdings potentially requiring Trinity, under certain limited circumstances, to acquire from the equity investor an additional 16.3% equity ownership in TRIP Holdings if the option is exercised to its fullest extent. Under the agreement, if exercised, Trinity would be required to pay the equity investor an amount equal to 90% of the equity investor's net investment in TRIP Holdings. Similarly, at its option, Trinity, under certain limited circumstances, may acquire all of the equity investor's equity ownership in TRIP Holdings at an amount equal to 100% of the equity investor's net investment in TRIP Holdings. The agreements expire in July 2014. See Note 2 Fair Value Accounting.

At March 31, 2012, the Company owned 57% of TRIP Holdings with the remainder owned by three other third-party equity investors. The Company receives distributions from TRIP Holdings as an equity investor, when allowed, in proportion to its 57% equity interest, and has an interest in the net assets of TRIP Holdings upon a liquidation event in the same proportion. The terms of the Company's equity investment are identical to the terms of each of the other equity investors. Other than as described above, Trinity had no remaining equity commitment to TRIP Holdings as of March 31, 2012 and had no obligation to guarantee performance under any TRIP-related debt agreements, guarantee any railcar residual values, shield any parties from losses, or guarantee minimum yields.

The Company's carrying value of its investment in TRIP Holdings is as follows:

	March 31, 2012	December 31, 2011
	(in millions)	
Capital contributions	\$ 47.3	\$ 47.3
Equity purchased from investors	44.8	44.8
	92.1	92.1
Equity in earnings	11.2	12.0
Equity in unrealized losses on derivative financial instruments	(0.6)	(1.3)
Distributions	(7.0)	(7.0)
Deferred broker fees	(0.5)	(0.6)
	\$ 95.2	\$ 95.2

Administrative fees paid to TILC by TRIP Holdings and subsidiaries for the three month periods ended March 31, 2012 and 2011 were \$1.3 million and \$0.9 million, respectively.

See Note 6 of the December 31, 2011 Consolidated Financial Statements filed on Form 10-K for additional information.

Note 6. Derivative Instruments

Edgar Filing: TRINITY INDUSTRIES INC - Form 10-Q/A

We use derivative instruments to mitigate the impact of changes in interest rates and pricing for zinc, natural gas, and diesel fuel prices, as well as to convert a portion of our variable-rate debt to fixed-rate debt. Additionally, we use derivative instruments to mitigate the impact of unfavorable fluctuations in foreign currency exchange rates. We also use derivatives to lock in fixed interest rates in anticipation of future debt issuances. Derivative instruments that are designated and qualify as cash flow hedges are accounted for in accordance with applicable accounting standards. See Note 2 Fair Value Accounting for discussion of how the Company valued its commodity hedges and interest rate swaps at March 31, 2012.

Table of Contents**Interest rate hedges**

	Notional Amount	Interest Rate ⁽¹⁾	Included in accompanying balance sheet at March 31, 2012		
			Liability (in millions, except %)	AOCL loss/ (income) %	Noncontrolling Interest
Interest rate locks:					
2005-2006	\$ 200.0	4.87%		\$ (2.2)	
2006-2007	\$ 370.0	5.34%		\$ 9.7	
TRIP Holdings	\$ 788.5	3.60%		\$ 22.5	\$ 16.9
Interest rate swaps:					
TRIP Rail Master Funding secured railcar equipment notes	\$ 86.7	2.62%	\$ 4.2	\$ 2.4	\$ 1.8
2008 debt issuance	\$ 467.2	4.13%	\$ 46.2	\$ 44.4	

⁽¹⁾ Weighted average fixed interest rate

	Effect on interest expense increase/(decrease)		
	Three Months Ended March 31,		Expected effect during next twelve months ⁽¹⁾
	2012	2011 (in millions)	
Interest rate locks:			
2005-2006	\$ (0.1)	\$ (0.1)	\$ (0.3)
2006-2007	\$ 0.9	\$ 0.9	\$ 3.3
TRIP Holdings	\$ 1.5	\$ 7.3	\$ 6.0
Interest rate swaps:			
TRIP Rail Master Funding secured railcar equipment notes	\$ 0.5	\$	\$ 1.9
2008 debt issuance	\$ 4.2	\$ 4.5	\$ 17.4

⁽¹⁾ Based on fair value as of March 31, 2012.

During 2005 and 2006, we entered into interest rate swap transactions in anticipation of a future debt issuance. These instruments, with a notional amount of \$200 million, fixed the interest rate on a portion of a future debt issuance associated with a railcar leasing transaction in 2006 and settled at maturity in the first quarter of 2006. These interest rate swaps were being accounted for as cash flow hedges with changes in the fair value of the instruments of \$4.5 million in income recorded in accumulated other comprehensive loss (AOCL) through the date the related debt issuance closed in May 2006. The balance is being amortized over the term of the related debt. The effect on interest expense is due to amortization of the AOCL balance.

In anticipation of a future debt issuance, we entered into interest rate swap transactions during the fourth quarter of 2006 and during 2007. These instruments, with a notional amount of \$370 million, hedged the interest rate on a portion of a future debt issuance associated with an anticipated railcar leasing transaction, which closed in May 2008. These instruments settled during the second quarter of 2008, and were accounted for as cash flow hedges with changes in the fair value of the instruments of \$24.5 million recorded as a loss in AOCL through the date the related debt issuance closed in May 2008. The balance is being amortized over the term of the related debt. The effect on interest expense is due to amortization of the AOCL balance.

In May 2008, we entered into an interest rate swap transaction that is being used to fix the Libor component of the debt issuance which closed in May 2008. The effect on interest expense results primarily from monthly interest settlements.

Edgar Filing: TRINITY INDUSTRIES INC - Form 10-Q/A

Between 2007 and 2009, TRIP Holdings, as required by its warehouse loan agreement, entered into interest rate swap transactions, all of which qualified as cash flow hedges, to reduce the effect of changes in variable interest rates. In July 2011, these interest rate hedges were terminated in connection with the refinancing of the TRIP Warehouse Loan. Balances included in AOCL at the date the hedges were terminated are being amortized over the expected life of the new debt with \$6.0 million of additional interest expense expected to be recognized during the next twelve months following March 31, 2012. Also in July 2011, TRIP Holdings' wholly-owned subsidiary, TRIP Rail Master Funding, entered into an interest rate swap transaction with a notional amount of \$94.1 million to reduce the effect of changes in variable interest rates associated with the Class A-1b secured railcar equipment notes.

Table of Contents

See Note 9 Debt regarding the related debt instruments.

Other Derivatives

	Effect on operating income increase/(decrease) Three Months Ended March 31, 2012 2011 (in millions)	
Fuel hedges ⁽¹⁾		
Effect of mark to market valuation	\$ 0.1	\$ 0.5
Settlements	0.1	0.0