GREENBRIER COMPANIES INC
Form DEF 14A
November 20, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

The Greenbrier Companies, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

One Centerpointe Drive

Suite 200

Lake Oswego, Oregon 97035

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

January 8, 2014

To Our Shareholders:

The Annual Meeting of Shareholders of The Greenbrier Companies, Inc. (the Company, we, us, and our) will be held beginning at 2:00 p.m. on Wednesday, January 8, 2014 at the Benson Hotel, 309 SW Broadway, Portland, Oregon for the following purposes:

1. Electing three directors of the Company;

2. Obtaining an advisory vote on the compensation of the Company s named executive officers as disclosed in this proxy statement in accordance with the rules of the Securities and Exchange Commission (the SEC);

3. Approving The Greenbrier Companies, Inc. Umbrella Performance-Based Plan for Executive Officers;

4. Ratifying the appointment of KPMG LLP as the Company s independent auditors for 2014; and

5. Transacting such other business as may properly come before the meeting.

Only holders of record of our Common Stock at the close of business on November 13, 2013 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Shareholders may vote in person or by proxy.

By Order of the Board of Directors,

/s/ Sherrill A. Corbett
Sherrill A. Corbett

Secretary

Lake Oswego, Oregon

November 20, 2013

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on January 8, 2014: The Proxy Statement and Annual Report to Shareholders are available at www.gbrx.com/proxy.

THE GREENBRIER COMPANIES, INC.

One Centerpointe Drive

Suite 200

Lake Oswego, Oregon 97035

PROXY STATEMENT

2014 Annual Meeting of Shareholders

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of The Greenbrier Companies, Inc. (the Company, we, us, and our) of proxies to be voted at the 2014 Annual Meeting of Shareholders of the Company to be held beginning at 2:00 p.m. on Wednesday, January 8, 2014 at the Benson Hotel, 309 SW Broadway, Portland, Oregon, and at any adjournments or postponements thereof. If proxies in the accompanying form are properly executed, dated and returned prior to the voting at the meeting, the shares of Common Stock represented thereby will be voted as instructed on the proxy. If no instructions are given on a properly executed and returned proxy, the shares of Common Stock represented thereby will be voted as the Board of Directors recommends. The persons named in the proxies will have discretion to vote on such other business as may properly come before the meeting or any adjournments or postponements thereof.

Any proxy may be revoked by a shareholder prior to its exercise upon written notice to the Secretary of the Company, by delivering a duly executed proxy bearing a later date, or by the vote of a shareholder cast in person at the meeting. The cost of soliciting proxies will be borne by us. In addition to solicitation by mail, proxies may be solicited personally by our officers and regular employees or by telephone, facsimile, electronic transmission or express mail. We have also engaged Innisfree M&A Incorporated to assist in the distribution of proxy materials and the solicitation of votes as described below. We will pay Innisfree a fee of $10,000 plus customary costs and expenses for these services. The Company has agreed to indemnify Innisfree against certain liabilities arising out of or in connection with its engagement. We will reimburse brokerage houses, banks and other custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding proxies and proxy material to their principals. This Proxy Statement is first being mailed to shareholders on or about November 20, 2013.

VOTING

Holders of record of our Common Stock at the close of business on November 13, 2013, will be entitled to vote at the Annual Meeting or any adjournments or postponements thereof. As of November 13, 2013, there were 28,071,146 shares of Common Stock outstanding and entitled to vote, and a majority, or 14,035,574 of these shares, will constitute a quorum for the transaction of business. Each share of Common Stock entitles the holder to one vote on each matter that may properly come before the meeting. Shareholders are not entitled to cumulative voting in the election of directors. For shares held through a broker or other nominee that is a New York Stock Exchange (NYSE) member organization, if a matter to be voted on is considered routine, the broker has discretion to vote the shares. If the matter to be voted on is determined to be non-routine, the broker may not vote the shares without specific instruction from the shareholder. Director elections, the advisory vote on executive compensation and approval of the Company s Umbrella Performance-Based Plan for Executive Officers are not considered routine matters.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Board of Directors presently comprises ten directors. The directors are divided into three classes, with an approximately equal number of directors in each class. One class is elected each year for a three-year term. The three nominees recommended by our Nominating and Corporate Governance Committee and nominated by the Board of Directors for election as Class II directors to serve until the Annual Meeting of Shareholders in 2017, or until their respective successors are elected and qualified, are Graeme A. Jack, Victoria McManus and Wendy L. Teramoto. Current Class II director Benjamin R. Whiteley is not standing for re-election as a director.

The Board has been decreased to nine members effective as of the date of the Annual Meeting. Directors are elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. The three nominees for director receiving the highest number of votes will be elected to the Board of Directors.

If a nominee is unable or unwilling to serve as a director at the date of the Annual Meeting or any adjournment or postponement thereof, the proxies may be voted for a substitute nominee, designated by the proxy holders or by the present Board of Directors to fill such vacancy, or for the other nominees named without nomination of a substitute, or the number of directors may be reduced accordingly. The Board of Directors has no reason to believe that any of the nominees will be unwilling or unable to serve if elected a director.

Under Oregon law, the directors who receive the greatest number of votes cast will be elected directors. Abstentions and broker non-votes will have no effect on the results of the vote.

The Board of Directors recommends a vote FOR the election of each of Mr. Jack, Ms. McManus and Ms. Teramoto. Unless marked otherwise, proxies received will be voted FOR the election of the three nominees.

The following table sets forth certain information about each nominee for election to the Board of Directors and each continuing director.

Name	Age	Positions	Director Since	Expiration of Current Term
Nominees for Election				
Class II				
Graeme A. Jack[(1)(2)]	62	Director	2006	2014
Victoria McManus[(1)(2)(3)]	58	Director	2009	2014
Wendy L. Teramoto	39	Director	2009	2014
Directors Continuing in Office				
Class III				
William A. Furman	69	President, Chief Executive Officer and, effective January 8, 2014, Chairman of the Board of Directors	1981	2015
C. Bruce Ward	83	Director	1994	2015
Charles J. Swindells[(2)(3)]	71	Director	2005	2015
Class I				
Duane C. McDougall[(1)(2)(3)]	61	Director and, effective January 8, 2014, Lead Director	2003	2016
A. Daniel O Neal, Jr.	77	Director	1994	2016
Donald A. Washburn[(1)(2)(3)]	69	Director	2004	2016

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Corporate Governance Committee.

William A. Furman, President, Chief Executive Officer and, effective January 8, 2014, Chairman of the Board of Directors. Mr. Furman has served as a member of the Board since 1981 and as the Company s President and Chief Executive Officer since 1994. He was elected Chairman of the Board of Directors in October 2013, to be effective as of the date of the 2014 Annual Meeting. Mr. Furman has been associated with the Company and its predecessor companies since 1974. Prior to 1974, Mr. Furman was Group Vice President for the Leasing Group of TransPacific Financial Corporation. Earlier he was General Manager of the Finance Division of FMC Corporation. Mr. Furman serves as a Director of Schnitzer Steel Industries, Inc., a steel recycling and manufacturing company. As a founder of the Company s predecessor, Mr. Furman brings executive management and railcar industry experience to the Board as well as historical perspective on the Company s origins and evolution.

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The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Mr. Furman to continue to serve as a director of the Board.

Graeme A. Jack, Director. Mr. Jack has served as a member of the Board since October 2006. Mr. Jack is a retired partner of PricewaterhouseCoopers LLP in Hong Kong. Mr. Jack is also an independent non-executive director of Hutchison Port Holdings Management Pte. Limited, the trustee manager of Singapore Stock Exchange listed Hutchison Port Holdings Trust. He also serves as an independent trustee for Hutchison Provident Fund and Hutchison Provident and Retirement Plan, two retirement plans established for employees of Hong Kong Stock Exchange listed Hutchison Whampoa Limited. Mr. Jack brings accounting and financial reporting expertise to the Board as well as extensive experience in international business transactions in Asia generally and in China in particular.

The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Mr. Jack to continue to serve as a director of the Board, subject to shareholder approval at the Annual Meeting.

Duane C. McDougall, Director and, effective January 8, 2014, Lead Director. Mr. McDougall has served as a member of the Board since 2003. Mr. McDougall served as Chairman and Chief Executive Officer of Boise Cascade, LLC, a privately held manufacturer of wood products, from December 2008 to August 2009. He was President and Chief Executive Officer of Willamette Industries, Inc., an international forest products company, from 1998 to 2002. Prior to becoming President and Chief Executive Officer, he served as Chief Accounting Officer during his 23-year tenure with Willamette Industries, Inc. He also serves as Chairman of the Board of Boise Cascade and as a Director of StanCorp Financial. Mr. McDougall has also served as a Director of West Coast Bancorp, a position from which he resigned effective December 31, 2011; as a Director of Cascade Corporation until its sale in 2013; and as a Director of several non-profit organizations. Mr. McDougall brings executive leadership and accounting and financial reporting expertise to the Board.

The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Mr. McDougall to continue to serve as a director of the Board.

Victoria McManus, Director. Ms. McManus has served as a member of the Board since July 2009. From September 2008 to the present, Ms. McManus has worked independently and has made investments in real estate and mid-cap companies. From August 2004 until July 2008, Ms. McManus served as President of Babcock & Brown Rail Management, LLC and President of Babcock & Brown Freight Management LLC. Ms. McManus was a partner with Babcock & Brown LP (B&B), an international financial advisory and asset management firm known for its expertise in transportation and infrastructure assets. At B&B, Ms. McManus was a senior member of the U.S. Management team and the head of the North American Rail Group. Prior to joining B&B, Ms. McManus was an executive with The CIT Group for ten years; her last position as President of their Rail Division. Ms. McManus brings railcar leasing and executive leadership expertise to the Board.

The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Ms. McManus to continue to serve as a director of the Board, subject to shareholder approval at the Annual Meeting.

A. Daniel O Neal, Jr., Director. Mr. O Neal has served as a member of the Board since 1994. He also served as a Director of Gunderson from 1985 to 2005. Mr. O Neal serves as an advisor to the Company regarding strategic relationships within railroad and supplier industries and with the federal government, a position he held from 1997 until January of 2011 as an employee of the Company and as a consultant to the Company thereafter. Mr. O Neal served as a Commissioner of the Interstate Commerce Commission from 1973 until 1980 and, from 1977 until 1980, served as its Chairman. Since 1985, he has served in various executive positions with the Company, including as Chairman of Greenbrier Intermodal from 1984 to 1994, Chairman of Autostack from 1989 to 1996 and Chairman of Greenbrier Logistics from 1996 to 1997. Prior to joining the Company in 1985, he was a partner in a business law firm. From 1989 until 1996 he was Chief Executive Officer and owner of a freight transportation services company. He was Chairman of Washington State s Freight Mobility Board from its inception in 1998 until July 2005. Mr. O Neal is a member of the Washington State Transportation Commission. In 2007 the Governor of Washington appointed him to the newly formed Puget Sound Partnership Leadership Board. He is on the board of various non-profit organizations. Mr. O Neal brings transportation industry, governmental relations and regulatory affairs expertise to the Board.

The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Mr. O Neal to continue to serve as a director of the Board.

Wendy L. Teramoto, Director. Ms. Teramoto has served as a member of the Board since June 2009. Ms. Teramoto is a Managing Director at WL Ross & Co. LLC and has been with WL Ross & Co. LLC in various capacities since 2000. Ms. Teramoto is also a director of DSS Holdings GP Limited, a global shipping company. She was previously a director of International Coal Group, Inc. from 2004 to 2011, at which point it was acquired by Arch Coal, Inc. Prior to joining WL Ross & Co. LLC, Ms. Teramoto worked at Rothschild Inc., an investment banking firm. Ms. Teramoto holds a B.S. in Accounting from the University of Colorado at Boulder. Ms. Teramoto brings expertise in analyzing financial issues and experience with manufacturing and other heavy industry companies to the Board.

The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Ms. Teramoto to continue to serve as a director of the Board, subject to shareholder approval at the Annual Meeting.

Charles J. Swindells, Director. Mr. Swindells has served as a member of the Board since September 2005. Mr. Swindells served as the Vice Chairman, Western Region of U.S. Trust, Bank of America, Private Wealth Management from August 2005 to January 2009. Mr. Swindells served as United States Ambassador to New Zealand and Samoa from 2001 to 2005. Before becoming Ambassador, Mr. Swindells was Vice Chairman of US Trust Company, N.A.; Chairman and Chief Executive Officer of Capital Trust Management Corporation; and Managing Director/Founder of Capital Trust Company. He also served as Chairman of World Wide Value Fund, a closed-end investment company listed on the NYSE. Mr. Swindells was one of five members on the Oregon Investment Council overseeing the $20 billion Public Employee Retirement Fund Investment Portfolio and was a member of numerous non-profit boards of trustees, including serving as Chairman of the Board for Lewis & Clark College in Portland, Oregon. Mr. Swindells serves as a Director of Swift Energy Company, a NYSE listed oil and natural gas company. Mr. Swindells brings financial and global business expertise to the Board.

The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Mr. Swindells to continue to serve as a director of the Board.

C. Bruce Ward, Director. Mr. Ward has served as a member of the Board since 1994. He has also served as a consultant to the Company since 2005. Mr. Ward served as Chairman of Gunderson LLC, a manufacturing subsidiary, from 1990 to 2005 and was its President and Chief Executive Officer from 1985 to 1989. Mr. Ward is a former director of Stimson Lumber Company, a privately-held forest products company. Mr. Ward brings operational and railcar manufacturing expertise to the Board.

The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Mr. Ward to continue to serve as a director of the Board.

Donald A. Washburn, Director. Mr. Washburn has served as a member of the Board since August 2004. Mr. Washburn is a private investor. Mr. Washburn served as Executive Vice President of Operations of Northwest Airlines, Inc., an international airline, from 1995 to 1998. Mr. Washburn also served as Chairman and President of Northwest Cargo from 1997 to 1998. Prior to becoming Executive Vice President, he served as Senior Vice President for Northwest Airlines, Inc. from 1990 to 1995. Mr. Washburn served in several positions from 1980 to 1990 for Marriott Corporation, an international hospitality company, most recently as Executive Vice President. He also serves as a trustee of LaSalle Hotel Properties, and a director of Key Technology, Inc. and Amedisys, Inc., as well as privately held companies and non-profit corporations. Mr. Washburn received his BBA, cum laude, from Loyola University of Chicago, an MBA from Northwestern University s Kellogg School of Management and a J.D., cum laude, from Northwestern University s School of Law. He has continued his professional education in business and law attending Harvard Business School, Stanford Law School, Kellogg School of Management, Wharton Business School at the University of Pennsylvania and industry seminars, including the Boardroom Summit and Stanford Director s College. Mr. Washburn brings executive management and operational expertise to the Board.

The Board of Directors has determined that it is in the best interests of the Company and its shareholders for Mr. Washburn to continue to serve as a director of the Board.

Board Committees, Meetings and Charters

During the year ended August 31, 2013, the Board of Directors held eight meetings. The Company maintains a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Copies of the Company s Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Committee Charter, Corporate Governance Guidelines and Code of Business Conduct and Ethics are available to shareholders without charge upon request to: Investor Relations, The Greenbrier Companies, Inc., One Centerpointe Drive, Suite 200, Lake Oswego, Oregon 97035 or on the Company s website at http://www.gbrx.com. The Code of Business Conduct and Ethics applies to all of the Company s directors, employees and consultants, including its principal executive officer, principal financial officer and principal accounting officer.

Non-management Board members meet without management present at least once annually at a regularly scheduled executive session. The Company s independent directors generally meet periodically in executive session in conjunction with meetings of the committees of the Board of Directors which are composed entirely of independent directors. The regular executive sessions of the Company s non-management directors are held on an annual basis, after the end of each fiscal year of the Company, and are scheduled to approximately coincide with (either immediately before or immediately after) the first regularly scheduled meeting of the Board of Directors to be held after the end of each fiscal year of the Company. Effective January 8, 2014, the Board has designated the Lead Director to preside at the regularly scheduled meetings of the non-management directors.

Ms. McManus and Messrs. McDougall and Washburn are members of each of the Audit, Compensation and Nominating and Corporate Governance Committees of the Board of Directors. Mr. Whiteley also serves on each of the Audit, Compensation and Nominating and Corporate Governance Committees of the Board of Directors until the expiration of his term at the 2014 Annual Meeting. Mr. Swindells is a member of the Compensation and Nominating and Corporate Governance Committees. Mr. Jack is a member of the Audit Committee and the Chairman of the Compensation Committee. Mr. Washburn is the Chairman of the Nominating and Corporate Governance Committee, and Mr. McDougall is the Chairman of the Audit Committee. During the year ended August 31, 2013, the Audit Committee held four meetings, the Nominating and Corporate Governance Committee held five meetings and the Compensation Committee held six meetings. All incumbent directors attended more than 75% of the number of meetings of the Board and its committees on which they served. The reports of the Audit and Compensation Committees for the year are included in this Proxy Statement. Each of the members of these committees is an independent director as defined under the rules of the SEC and the corporate governance standards applicable to companies listed on the NYSE. The Board of Directors has determined that Mr. McDougall and Mr. Jack qualify as audit committee financial experts under federal securities laws.

Board Leadership and Structure

The Board has not adopted a specific policy on whether the same person should serve as both the Chief Executive Officer and Chairman of the Board or, if the roles are separate, whether the Chairman should be selected from the non-employee directors or should be an employee. The Board believes it is appropriate to retain the discretion and flexibility to make these determinations from time to time as needed to provide appropriate leadership for the Company.

Mr. Whiteley is not standing for re-election as a director of the Company, and will cease being Chairman of the board as of the 2014 Annual Meeting. At this time, in view of Mr. Furman s long experience and service to the Company in his capacity as Chief Executive Officer and director, the Board believes the most appropriate Board leadership structure for the Company is to combine the roles of the Chief Executive Officer and Chairman of the Board. Mr. Furman has been appointed as Chairman of the Board effective as of the 2014 Annual Meeting.

In his position as Chief Executive Officer, Mr. Furman will be responsible for the day to day leadership and performance of the Company. In his role as Chairman of the Board, Mr. Furman will set the strategic priorities for the Board of Directors, preside over its meetings, and communicate its recommendations, decisions, and guidance to the other members of senior management. The Board of Directors believes that the combination of these two roles with Mr. Furman will further enhance consistent communication and coordination throughout the organization, and provide an effective and efficient implementation of corporate strategy. In addition,

Mr. Furman is the most knowledgeable member of the board of directors regarding the Company s business, challenges, and the risks the Company faces. In his role as Chairman, Mr. Furman will be able to facilitate the board s oversight of those matters most effectively.

In connection with the appointment of Mr. Furman as Chairman of the Board, the Board has established a Lead Director position, to be appointed by the Board at such times as the Chairman of the Board is not an independent director. The Board has appointed Duane C. McDougall to be Lead Director, such appointment to be effective at the 2014 Annual Meeting. The Lead Director, among other things, will serve as a representative for the independent directors and preside at all Board meetings at which the Chairman of the Board is not present, including executive sessions of the non-employee directors.

Risk Oversight

Board of Directors

The Company s management has the primary responsibility for risk management, including developing appropriate processes and procedures to identify, manage and mitigate risks. Risk oversight is the responsibility of the Board of Directors and focuses on the adequacy of the Company s enterprise risk management and risk mitigation processes designed and implemented by management. The Board administers its risk oversight function principally through its division of responsibility within its committee structure, with each board committee being responsible for overseeing risk within its area of responsibility. Significant risk oversight matters considered by the committees are reported to and considered by the Board. Some significant risk oversight matters are reported directly to the Board, including matters not falling within the area of responsibility of any committee. Types of risks with the potential to adversely affect the Company include financial and accounting risk, operational risk, compensation risk, strategic risk, liquidity risk, investment risk, competitive risk, government regulation risk, market risk, litigation risk, reputation risk, customer risk, business model risk and compliance risk. If necessary, the Board or a committee may delegate specific risk management tasks to management or, in the case of the Board, to an appropriate committee. The Board believes that risk management is an integral part of the Company s strategic planning process, which addresses, among other things, the risks and opportunities facing the Company.

Management regularly provides the Board and its various committees with a significant amount of information regarding a wide variety of matters affecting the Company. Matters presented to the Board and board committees generally include information with respect to risks facing the Company and ways that management is addressing those risks. The Board and board committees consider the risk aspects of such information and often request additional information with respect to issues that involve risks to the Company. The Board and board committees also raise risk issues on their own initiative.

The Board s role in risk oversight of the Company is consistent with the Company s leadership structure, with the Chief Executive Officer and other members of senior management having responsibility for assessing and managing the Company s risk exposure, and the Board and its committees providing oversight in connection with those efforts.

Audit Committee

The Company s Audit Committee oversees the Company s financial and accounting risk, government regulation risk, investment risk and some litigation risk. The Audit Committee considers financial and accounting risk on a quarterly basis and approves or recommends policies and guidelines concerning various financial related exposures. The Audit Committee also reviews risks related to financial reporting, litigation, and information technology and security risks. The Audit Committee periodically reviews the Company s risk management program from an insurance coverage perspective to ensure that the Company is maintaining an insurance program to minimize exposure to insurable losses. Additionally, the Company s internal audit function reports to the Audit Committee, and audit results are regularly presented to the Audit Committee. The Audit Committee review identifies internal controls risks and initiates projects for the annual internal audit plan. Material violations of the Company s Code of Ethics and Business Conduct and related corporate policies are reported to the Audit Committee and thereafter are reported to the full Board.

Compensation Committee

The Company s Compensation Committee oversees compensation policies and practices to ensure that they do not promote undue risk-taking. The Compensation Committee evaluates the risk profile of the Company s executive and broad-based compensation policies and practices, including the balance between short-term and long-term incentives and the use of multiple measures to evaluate performance and determine compensation levels. The Compensation Committee regularly reviews and, when necessary, recommends changes to the Company s incentive and performance-based compensation plans. Additionally, the Compensation Committee recommends to the Board of Directors policies and processes for the regular and orderly review of the performance and compensation of the Company s senior executive management personnel.

Nominating and Corporate Governance Committee

The Company s Nominating and Corporate Governance Committee oversees certain risks related to the Company s strategic risk, some litigation risk, some operational risk and some government regulation and compliance risk. This includes oversight of corporate governance programs, succession planning, human resource matters, long-term strategic plans and environmental, health and safety matters. The Nominating and Corporate Governance Committee approves or recommends policies or guidelines concerning business practices and corporate compliance, and regularly receives and reviews reports from counsel on new developments and best practices in corporate governance. Significant compliance issues, such as allegations of discrimination or other potentially serious legal risks, are regularly reviewed by the Nominating and Corporate Governance Committee.

Compensation Committee Interlocks and Insider Participation

During the last completed fiscal year, no member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries, was formerly an officer or employee, or had a relationship with the Company requiring disclosure as a related party transaction, other than the transaction involving Ms. McManus which is described below under TRANSACTIONS WITH RELATED PERSONS Warrant Agreement. None of the Company s executive officers served as a director or member of a compensation committee (or other committee serving an equivalent function) of any entity, the executive officers of which served as a director or member of the Compensation Committee of the Company during the fiscal year ended August 31, 2013.

Independence of Directors

The Board has determined that a majority of its directors qualify as independent directors pursuant to the rules adopted by the SEC and the corporate governance standards applicable to companies listed on the NYSE. Applying the NYSE definition of independence, the Board has determined that the following majority of directors qualify as independent: Messrs. Jack, McDougall, Swindells, and Washburn and Ms. McManus. In evaluating independence, the Board took into consideration the fact that Ms. McManus exercised in 2013 warrants acquired by Ms. McManus in connection with the Company s previously outstanding debt instruments which were originally issued to WLRCo. The transaction is more fully described below under TRANSACTIONS WITH RELATED PERSONS Warrant Agreement.

During 2013, the Nominating and Corporate Governance Committee (the Nominating Committee) fulfilled its responsibilities under its charter, including, among other responsibilities, selecting, or recommending that the Board select, director nominees to be presented for election at annual meetings of shareholders; developing and recommending to the Board of Directors corporate governance principles applicable to the Company; and developing and overseeing programs for the evaluation of the Board of Directors, its committees and management. The Board annually reviews applicable standards and definitions of independence for Nominating Committee members and has determined that each member of the Nominating Committee meets such standards.

The Nominating Committee receives suggestions for potential director nominees from many sources, including members of the Board, advisors, and shareholders. Any such nominations, together with appropriate biographical information, should be submitted to the Nominating Committee in accordance with the Company s

policies governing submissions of nominees discussed below. Any candidates submitted by a shareholder or shareholder group are reviewed and considered by the Nominating Committee in the same manner as other candidates.

Qualifications for consideration as a nominee for the Board of Directors vary, depending upon the experience and background of incumbent directors as well as particular areas of expertise which the Nominating Committee desires to obtain for the benefit of the Company. The Nominating Committee has identified the following criteria, among others, as appropriate for consideration in identifying Board candidates:

- Financial acumen and experience
- Background in manufacturing, transportation or related industries
- Continuing activity in the business community
- Demonstrated wisdom and maturity
- Diversity considerations

Although the Nominating Committee does not have a formal policy for the consideration of diversity in identifying director nominees, the Nominating Committee considers diversity of race, ethnicity, gender, age, cultural background, geography and professional experience in evaluating candidates for board membership. The Nominating Committee believes that the backgrounds and qualifications of the directors, considered as a group, should provide a diverse mix of skills, knowledge, attributes and experiences that cover the spectrum of areas that affect the Company s business. In general, the constitution of the Board of Directors is diversified across financial, accounting, legal and corporate governance expertise, as well as expertise within the Company s business and industry, including experience in global markets, manufacturing and the rail supply industry. Candidates for potential director nominees are considered in the context of current perceived needs of the Board of Directors as a whole. The Nominating Committee regularly assesses whether the mix of skills, experience and background of our Board of Directors as a whole is appropriate for the Company. Subsequent to the end of fiscal 2013, the Board adopted an age limit pursuant to which no director may be nominated for election or elected to the Board of Directors if such director s age would be greater than 77 at the time of election.

Upon completion of the review process, the Nominating Committee makes its recommendation to the full Board of Directors. The Board then selects candidates for nomination for election by shareholders or appointment to fill vacancies.

We do not currently employ an executive search firm, or pay a fee to any other third party, to locate qualified candidates for director positions, though we may decide to do so in the future.

A shareholder wishing to nominate a candidate for election to the Company s Board of Directors at any annual meeting at which the Board of Directors has determined that one or more directors will be elected should submit a written notice of his or her nomination of a candidate to the Nominating Committee of the Company in accordance with the procedures described in this Proxy Statement under Shareholder Proposals.

Communication with Directors

Shareholders and other interested parties may communicate with members of the Board of Directors by mail addressed to the Chairman, to the Lead Director, to any other individual member of the Board, to the full Board, to the non-management directors as a group, or to a particular committee of the Board. In each case, such correspondence should be sent to the Company s headquarters at One Centerpointe Drive, Suite 200, Lake Oswego, OR 97035. Such communications are distributed to the Board, to one or more individual members of the Board, to the non-management directors as a group, or to a particular committee of the Board, as appropriate.

Annual Meeting Attendance by Directors

The Company s policy is to encourage Board members to attend the Company s annual meetings of shareholders. Nine of the Company s directors attended the annual meeting of shareholders held on January 9, 2013.

TRANSACTIONS WITH RELATED PERSONS

Wendy L. Teramoto, a member of the Company s Board of Directors, is a Managing Director of WL Ross & Co. LLC (WLRCo) and an executive officer of other of its affiliates with whom the Company has engaged in certain transactions as described below. Ms. Teramoto is an executive officer of WLRCo and other of its affiliates, including WLR Inc., WL Ross-Greenbrier Rail I LLC (Rail I), and WL Ross-Greenbrier Rail Holdings I LLC (Holdings). Ms. Teramoto is also a member of the investment committee that manages WLR Recovery Fund IV, L.P. (Recovery Fund) and WLR IV Parallel ESC, L.P. (Parallel Fund). Recovery Fund and Parallel Fund previously owned warrants to purchase Common Stock of the Company that were subsequently exercised during 2013 as described below under Warrant Agreement. Parallel Fund and Recovery Fund are shareholders of WLR Greenbrier Rail Inc. (WLR Inc.).

Warrant Agreement

On June 10, 2009, the Company entered into a Warrant Agreement, dated as of June 10, 2009, with Recovery Fund, Parallel Fund and the other holders from time to time party thereto (the Warrant Agreement) pursuant to which the Company issued warrants (the Warrants) to purchase an aggregate of 3,377,903 shares of the Company s Common Stock. The Warrants were issued in conjunction with the Company s entry into a Credit Agreement with Recovery Fund and Parallel Fund and an Investor Rights and Restrictions Agreement, described below (the WL Ross transaction); the Company pre-paid all outstanding obligations under the Credit Agreement on June 30, 2011, thereby terminating its obligations thereunder. As of June 10, 2009, Recovery Fund and Parallel Fund held, in the aggregate, Warrants to purchase 3,276,566 shares of Common Stock. In connection with Victoria McManus 3% participation in the WL Ross transaction, WLRCo and its affiliates transferred the right to purchase 101,337 shares of Common Stock under the warrant agreement to Ms. McManus, a director of the Company.

The initial exercise price of the Warrants was $6.00 per share and was subsequently adjusted to $5.96 per share and the aggregate number of shares that could be purchased under the warrants was adjusted from 3,377,903 to 3,401,095 as a result of an automatic adjustment following the Company s equity offering in December 2010. Had they not been exercised, the Warrants would have expired on June 10, 2014. A Holder had the option to pay the exercise price of the Warrants in cash or by cashless exercise.

On November 14, 2011, Recovery Fund and Parallel Fund exercised Warrants to purchase 2,144,390 shares of Common Stock. As these Warrants were exercised in a cashless net exercise pursuant to the Warrant Agreement, there were no net proceeds to the Company and an aggregate of 1,482,341 shares of Common Stock were issued. The shares of Common Stock issued upon the exercise were subsequently sold by Recovery Fund and Parallel Fund. Recovery Fund and Parallel Fund exercised their remaining Warrants to purchase 1,154,672 shares of Company s Common Stock on July 10, 2013. The Warrants were exercised on a cashless basis, resulting in no net proceeds to the Company and the issuance of an aggregate of 862,400 shares of Common Stock. Recovery Fund and Parallel Fund immediately sold 431,200 shares of Common Stock issued upon the exercise and sold the remaining 431,200 shares of Common Stock issued upon exercise of the Warrants on November 6, 2013.

On April 18, 2012, Ms. McManus exercised Warrants to purchase 20,000 shares of Common Stock in a cashless net exercise. As these Warrants were exercised in a cashless net exercise pursuant to the Warrant Agreement, there were no net proceeds to the Company and an aggregate of 13,973 shares of Common Stock were issued. Ms. McManus exercised her remaining Warrants to purchase 82,033 shares of the Company s Common Stock on November 29, 2012. The Warrants were exercised on a cashless basis, resulting in no net proceeds to the Company and the issuance of an aggregate of 51,666 shares of Common Stock. On April 22, 2013, Ms. McManus sold 13,973 shares of Common Stock issued upon exercise of the Warrants. On November 12, 2013, Ms. McManus sold 45,000 shares of Common Stock issued upon exercise of the Warrants and continues to hold 6,666 shares of Common Stock issued upon exercise of the Warrants.

Investor Rights and Restrictions Agreement

On June 10, 2009, the Company entered into the Investor Rights and Restrictions Agreement, dated as of June 10, 2009, among the Company, the Investors, WLRCo, and the other holders from time to time party thereto (the Investor Agreement). The Investor Agreement contains provisions entitling members of the WLR Group

to registration rights and placing certain obligations and restrictions on members of the WLR Group with respect to voting in the election of directors and on other corporate governance matters.

Railcar Leasing Portfolio Transaction

On April 29, 2010, Rail I, created for the purpose of acquiring railcar assets in North America to be exclusively managed by subsidiaries of the Company, acquired a lease portfolio of nearly 4,000 railcars valued at approximately $256 million. Rail I is owned by affiliates of WLRCo, of which Ms. Teramoto, a director of the Company, is a Managing Director.

In connection with the acquisition of the lease portfolio of nearly 4,000 railcars, on April 29, 2010, Greenbrier Leasing Company LLC (GLC) and Greenbrier Management Services, LLC (GMS), subsidiaries of the Company, entered into certain agreements with affiliates of Wilbur L. Ross, Jr., Parallel Fund and Recovery Fund: a Contract Placement Agreement, an Advisory Services Agreement, a Syndication Agreement, a Railcar Remarketing and Management Agreement and a Line of Credit Participation Letter Agreement.

Pursuant to the Contract Placement Agreement between WLR Inc. and GLC, GLC paid WLR Inc. a fee of approximately $6 million as an inducement to cause WLR Inc., or WLR Inc. to cause its affiliates, to enter into the Advisory Services Agreement, the Syndication Agreement, the Railcar Remarketing and Management Agreement and the Line of Credit Participation Letter Agreement.

Under the Railcar Remarketing and Management Agreement (the Management Agreement) GMS was appointed exclusive manager and remarketer of the portfolio of railcars, and will receive a management fee to be set forth in agreed upon supplements to the Management Agreement. Pursuant to the initial supplement for the nearly 4,000 railcars, GMS will receive a management fee equal to a percentage of gross revenues generated by the railcar leases and gross proceeds from the sale of railcars. Unless terminated earlier in certain circumstances, each supplement terminates on either the date set forth in the supplement or when all railcars under the Supplement are disposed. The term of the initial supplement is 25 years. GLC has provided a performance guaranty for performance of GMS under the Management Agreement. GMS previously provided limited management services for the former owners of approximately 2,500 of such 4,000 railcars.

Under the Syndication Agreement GLC was appointed as the exclusive agent for the purpose of seeking investors to purchase an interest in a portion of WLR Inc. s interest in, or newly issued equity interests of, WLR Inc. s subsidiary, Holdings, the parent corporation of Rail I. In return, GLC will receive a fee customary in the industry to be mutually agreed upon by the parties. The term of the Syndication Agreement continues until the earlier of liquidation or dissolution of Holdings, any sale of all of WLR Inc. s interest in Holdings or any foreclosure by the senior lenders on the assets of Rail I.

Under the Advisory Services Agreement GLC was appointed as an exclusive consultant to WLR Inc. to provide WLR Inc. advice with respect to the railcar industry, including the railcar leasing industry and other matters. GLC shall receive incentive compensation equal to a percentage, which may increase in certain circumstances, of the distributions of Holdings to WLR Inc. related to the performance of the railcar leasing portfolios owned by its subsidiaries. In addition, GLC is entitled to a success fee payable upon closing of an issuance, sale or other transfer of any interests of Holdings or Rail I to a third party equal to a percentage of the amount paid by such third party for the interest, less certain expenses. The term of the agreement continues until the sale, liquidation or dissolution of Holdings and Rail I. WLR Inc. may also engage GLC to assist with refinancing indebtedness of Rail I in which case GLC shall be appointed as the exclusive consultant.

GLC has the right to participate in up to $2.625 million of funding in certain circumstances under the Line of Credit Participation Letter Agreement extended by WLR Inc. to Rail I. Since entering into the Line of Credit Participation Letter Agreement, the Company has participated in funding the line of credit in an amount equal to approximately $190,000, of which approximately $32,000 remains outstanding.

The exact dollar value of the above railcar leasing portfolio transactions cannot readily be determined as it is based on a number of variables that have not yet been achieved or measured.

Certain confidential commercial and financial information regarding the agreements related to the railcar leasing portfolio transactions described above has been omitted and such information and agreements have been

granted confidential treatment by the SEC pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

On August 18, 2010, GLC and WLR Inc. entered into an amendment (Amendment) of the Syndication Agreement. Pursuant to the Amendment, GLC paid Holdings a $130,000 fee to delete certain obligations of GLC that would require registration of GLC or its affiliates as a broker dealer under the federal and state securities laws and agreed to pay Holdings reasonable out-of-pocket fees and expenses incurred in connection with the Amendment. GLC will continue to provide certain specialized services to WLR Inc. under the Syndication Agreement, for which WLR Inc. will be compensating GLC upon the terms set forth in the Syndication Agreement.

In connection with certain services originally contemplated by the Syndication Agreement, Holdings entered into an engagement letter dated August 18, 2010 (the Engagement Letter) with GSF Capital Markets, LLC (the Beneficiary), and the Beneficiary simultaneously entered into a Registered Representative Agreement with an employee of GLC in connection therewith (the Registered Representative Agreement and, together with the Engagement Letter, the Agreements). Under the Engagement Letter, the Beneficiary will act as placement agent with respect to the sale of membership interests in Holdings. Pursuant to the Amendment, GLC has agreed to indemnify Holdings to the extent Holdings is required to indemnify the Beneficiary under the Engagement Letter. The Beneficiary has made it a condition of the Agreements that the Company also provide a guarantee of the obligations of Holdings pursuant to the Engagement Letter, and on August 18, 2010, the Company entered into a Guaranty (Guaranty) for the benefit of the Beneficiary.

Under the Guaranty, the Company guarantees to the Beneficiary the due and punctual performance of all of the obligations of Holdings arising under or pursuant to the Agreements, including payment and indemnity. The Company is contingently liable under the Guaranty and could become directly liable for payment and performance under the Engagement Letter if Holdings defaults on its obligations thereunder. The exact dollar value of the above transactions cannot readily be determined as it is based on a number of variables that have not yet occurred or cannot yet be measured and depends, in part, upon the amount of funds raised by Holdings from a new investor or investors, as contemplated by the Agreements. The Company is unable to determine at this time the maximum potential amount of future payments that the Company could be required to make under the Guaranty. The Company s liability, if any, under the Guaranty could exceed the ultimate purchase price of the sale of membership interests in Holdings eventually sold. The Company believes the likelihood of the Company being required to make payments pursuant to the Guaranty is remote. For accounting purposes, the Company will be required to establish a fair value on the Guaranty and the Company currently believes the fair value of the Guaranty is immaterial. The Guaranty is accounted for as an off balance sheet arrangement.

The Contract Placement Agreement, Advisory Services Agreement, Syndication Agreement, Management Agreement and Line of Credit Participation Letter Agreement were approved by a majority of the disinterested and independent directors of the Company s Board of Directors on April 28, 2010. The Amendment, the Agreements and the Guaranty described above were ratified by a majority of the disinterested and independent directors of the Company s Board of Directors on November 10, 2010.

WL Ross-Greenbrier Rail I Railcar Lease Renewal

On October 29, 2007, GLC, of which the Company is the sole member, entered into a Master Railcar Lease (the Railcar Lease) with The CIT Group/Equipment Financing, Inc., pursuant to which GLC leased a group of railcars for a three-year term expiring on July 31, 2012, which Railcar Lease was subsequently assigned to entities affiliated with Babcock & Brown LP on January 1, 2010 and then subsequently assigned to Rail I in April 2010. Rail I is an affiliate of Wendy Teramoto, a member of the Board of Directors of the Company. On August 1, 2012, GLC and Rail I entered into a renewal of the Railcar Lease (the Railcar Lease Renewal) for the lease of a portion of the group of railcars for an additional three-year term. The aggregate lease payments over the three-year term are expected to be less than $10 million. The Railcar Lease Renewal was ratified by a majority of the disinterested and independent directors of the Company s Board of Directors on January 8, 2013.

Aircraft Usage Policy. William A. Furman, President, Chief Executive Officer and a Director of the Company, is the owner of a private aircraft managed by a private independent management company. From time

to time, the Company s business requires charter use of privately owned aircraft. In such instances, it is possible that charters may be placed with the company that manages Mr. Furman s aircraft. In such event, any such use will be subject to the Company s travel and entertainment policy, and the fees paid to the management company will be no less favorable than would have been available to the Company for similar services provided by unrelated parties. During 2013, the Company placed charters with the company that manages Mr. Furman s aircraft aggregating $154,000.

Indebtedness of Management. Since the beginning of our last fiscal year, none of our directors or executive officers has been indebted to us in excess of $120,000.

Policy. We follow a policy that all proposed transactions by us with directors, officers, five percent shareholders and their affiliates be entered into only if such transactions are on terms no less favorable to us than could be obtained from unaffiliated parties, are reasonably expected to benefit us and are reviewed and approved or ratified by a majority of the disinterested, independent members of the Board of Directors.

EXECUTIVE OFFICERS OF THE COMPANY

The following are executive officers of the Company:

William A. Furman, 69, is President, Chief Executive Officer and a director of the Company, positions he has held since 1994. Mr. Furman has been appointed as the Chairman of the Board of Directors of the Company effective as of the 2014 Annual Meeting. Mr. Furman was Vice President of the Company, or its predecessor company, from 1974 to 1994. Mr. Furman serves as a director of Schnitzer Steel Industries, Inc., a steel recycling and manufacturing company.

Martin R. Baker, 58, is Senior Vice President, Chief Compliance Officer and General Counsel, a position he has held since May 2008. Prior to joining the Company, Mr. Baker held corporate officer positions with Lattice Semiconductor Corporation since 1997.

Alejandro Centurion, 57, is President of North American Manufacturing Operations, a position he has held since May of 2007. Mr. Centurion joined the Company in 2005, as the Company s managing director of Gunderson-Concarril and its chief country representative in Mexico. Later in 2005, he was promoted to Senior Vice President, North American Manufacturing Operations. Prior to joining the Company, he held senior manufacturing positions with Bombardier Transportation for eight years.

Adrian J. Downes, 50, is Senior Vice President and Chief Accounting Officer, a position he has held since March 2013. Prior to joining the Company, Mr. Downes served as Executive Vice President and Chief Financial Officer for Knowledge Universe from April 2010 to September 2012 and Group Vice President and Controller for SUPERVALU Inc. from June 2006 to July 2009 and Group Vice President and Controller for Albertson s, Inc. from June 2004 to June 2006.

William G. Glenn, 52, is Senior Vice President and Chief Commercial Officer, a position he has held since June 2009. Effective in 2013, Mr. Glenn also has operational responsibilities within the Company s Wheels, Repair & Parts segment. Prior to becoming Senior Vice President, Mr. Glenn was Vice President of Corporate Development and Staff, a position he had held since April 2007. Prior to joining the Company, Mr. Glenn worked as a consultant for the Company on corporate development from 2002 through 2007.

Walter T. Hannan, 56, is Senior Vice President Human Resources and Chief Human Resources Officer, a position he has held since February 2012. Prior to joining the Company Mr. Hannan was Vice President and Chief Human Resources Officer with Electro-Motive Diesel, Inc. from July 2005 through August 2011 and held corporate officers positions with Silgan Closures (USA) and various predecessor organizations from 1998 to 2004.

Lorie L. Leeson, 46, is Senior Vice President, Corporate Finance and Treasurer, a position she has held since October 2012. Prior to becoming Senior Vice President she was Vice President, Corporate Finance and Treasurer since June 2009. Prior to becoming Treasurer, Ms. Leeson was Vice President Corporate Finance and Assistant Treasurer since November 2007 and Assistant Vice President, Corporate Finance since 2004.

Maren J. Malik, 62, is Vice President of Administration of the Company, a position she has held since June 1991. Prior to 1991 Ms. Malik served in various financial and management positions for the Company s predecessor company.

Anne T. Manning, 50, is Vice President and Corporate Controller of the Company, a position she has held since November 2007. Ms. Manning has served in various financial management positions for the Company since 1995, most recently as Assistant Corporate Controller.

Mark J. Rittenbaum, 56, is Executive Vice President and Chief Financial Officer, a position he has held since January 2008. Prior to becoming Executive Vice President he was Senior Vice President and Treasurer of the Company since 2001 and Vice President and Treasurer from 1994 to 2001. From 1990 until 1994, he was Vice President of Greenbrier Leasing Company LLC.

James T. Sharp, 59, is President of Greenbrier Leasing Company LLC, a position he has held since February 2004, prior to which he served as Vice President of Marketing and Operations since 1999 and was Vice President of Sales from 1996 to 1999.

Executive officers are designated by the Board of Directors. There are no family relationships among any of the executive officers of the Company.

Executive Compensation

COMPENSATION DISCUSSION & ANALYSIS

Introduction

Although much of the discussion in this Executive Compensation section also applies to all of our senior executives, the following discussion and analysis focuses on the compensation paid to the individuals who served as our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) during fiscal 2013, and the other three most highly compensated individuals who were serving as executive officers as of the last day of fiscal 2013 (each, an NEO and collectively, the NEOs). We had six NEOs for fiscal 2013, as defined under SEC rules, because Timothy A. Stuckey, who retired as President of Greenbrier Rail Services and as an executive officer of the Company effective June 30, 2013, was one of our top three highest paid executive officers (other than the CEO and CFO) based on his total compensation during fiscal 2013, although he was not serving as an executive officer as of the last day of fiscal 2013. Mr. Stuckey remained as a non-executive employee of the Company through August 28, 2013. For fiscal 2013, our NEOs are:

William A. Furman, President and Chief Executive Officer;

Mark J. Rittenbaum, Executive Vice President and Chief Financial Officer;

Alejandro Centurion, President, Greenbrier North American Manufacturing Operations

William G. Glenn, Senior Vice President and Chief Commercial Officer

James T. Sharp, President, Greenbrier Leasing Company LLC

Timothy A. Stuckey, former President, Greenbrier Rail Services

The compensation and benefits provided to our NEOs in fiscal 2013 are set forth in detail in the Summary Compensation Table and other tables that follow this analysis, and in the footnotes and narrative to such tables.

Response to 2013 Say-on-Pay Vote

At our 2013 annual meeting, our second advisory vote on executive compensation passed by a vote of approximately 90% of votes cast, a significant improvement over the 52% favorable vote in 2012. We believe that the improved result in 2013 is a direct result of the actions we took in 2012 in response to the feedback we received from shareholders. Those actions included eliminating all tax-gross-up payments under the Company s executive life insurance program and supplemental executive retirement program; eliminating all modified

single trigger change of control provisions in agreements with the Company s executive officers; and adopting stock ownership guidelines for our executive officers and non-employee directors. During 2013 we adopted an incentive compensation claw-back policy, described in greater detail below, in response to shareholder concerns expressed following our 2013 annual meeting about the lack of such a policy. In addition, we amended the 2010 Amended and Restated Stock Incentive Plan to eliminate certain features that we do not utilize in our equity incentive program, and that are considered disfavored practices, including authority to grant re-load stock options, stock option and stock appreciation rights share recycling, cash-out of underwater stock options, company loans to pay stock option exercise price, and automatic vesting of stock options in a change of control.

Summary of Executive Compensation Practices in Fiscal 2013

Our approach to executive compensation is designed to align our executives compensation, including that of the NEOs, with shareholder interests and corporate and business unit goals while concurrently encouraging executive achievement, retention and engagement. Our executive compensation program is composed of base salary, short-term cash incentive bonuses, long-term equity incentives, employee benefits and limited perquisites, and retirement and other separation of service benefits.

Executive compensation for fiscal 2013 was consistent with the objectives of our compensation philosophy of relating total executive compensation to actual achievement of business performance goals and objectives and increased shareholder value. The Company achieved financial results during fiscal 2013, excluding non-recurring impairment and restructuring charges, comparable to the record levels of revenue and earnings achieved during fiscal 2012. However, the Company did not achieve its working capital goals. As a result, the Company will make payments to NEOs under the short-term cash incentive program for fiscal 2013 that are less than payments made for 2012, but still substantially higher than 2011 when performance was below target. Performance-based compensation for fiscal 2013 included:

Short-Term Incentives Cash Bonuses

The Compensation Committee established performance goals for fiscal 2013 related to Company Adjusted EBITDA before bonuses and working capital, and pre-tax earnings before bonuses and working capital goals at the business unit level, for purposes of the Company s short-term cash incentive program for executive officers, including the Company s named executive officers. Threshold, target and stretch level goals were established for each performance criterion.

During fiscal 2013, the Company achieved Adjusted EBITDA before bonuses of $167 million, which exceeded the target level of performance of $160 million, but did not reach the stretch level goal of $190 million, resulting in payouts to executive officer participants at the 123.3% level against the Adjusted EBITDA goal. Performance against the corporate working capital goal was below the threshold level of a $13.8 million improvement in working capital at the corporate level, resulting in no payouts against the corporate working capital goal.

At the business unit level:

Greenbrier Manufacturing Operations (GMO) achieved pre-tax earnings before bonus of $55.7 million, which was between the threshold level of performance of $43.0 million and the target level of performance of $59.7 million, but its working capital threshold goal of $8.1 million was not achieved, resulting in payout to the President of GMO at the 90% level against the GMO pre-tax earnings goal and no payout to the President of GMO against the GMO working capital goal; and

Greenbrier Leasing Company (GLC) achieved pre-tax earnings before bonus of $57.0 million, which was above the stretch level of performance of $52.9 million, resulting in the maximum 200% level of payout to the President of GLC against the GLC pre-tax earnings goal, but its working capital threshold goal of $0.6 million was not achieved, resulting in no payout to the President of GLC against the GLC working capital goal.

The short-term incentive plan and individual cash bonus awards earned by our named executive officers based on fiscal 2013 performance are discussed in more detail under the heading *Short-Term Incentives Cash Bonuses*, below.

Long Term Equity Incentive Vesting

In May 2011 the Company granted performance-based restricted stock awards to certain of its employees and executive officers, including named executive officers Messrs. Furman, Rittenbaum, Centurion, Glenn, Sharp and Stuckey. Full or partial vesting of seventy percent of the performance-based awards was contingent upon the Company achieving cumulative Adjusted EBITDA over the 30-month period beginning March 1, 2011 and ending August 31, 2013 (the measurement period) of not less than a threshold level of $309.6 million, and full or partial vesting of thirty percent of the performance-based awards was contingent upon the Company achieving a reduction in conversion capital (a measure of working capital efficiency) of not less than a threshold level of $86.6 million during the measurement period.

On October 28, 2013 the Compensation Committee reviewed the Company s performance during the measurement period and determined that the Company had achieved performance between the target level of $344 million and the stretch level of $430 million against the Adjusted EBITDA performance target, and did not meet the threshold level of performance of $86.6 million against the working capital performance target, and therefore 98.1% of 2011 performance-based restricted shares vested as of the determination date, October 28, 2013.

Compensation Philosophy and Objectives

Our executive compensation philosophy is that executive pay should be linked to performance of the Company and the individual executives, and should be designed to attract, retain and motivate the executives necessary to accomplish the Company s business strategy. To achieve these ends, the Compensation Committee believes that:

- Compensation for executives and key employees should be weighted toward incentive compensation and equity grants.
- Incentive compensation should be linked to both Company and individual performance. Individual performance goals should reinforce cooperation and teamwork in achieving business success. Company performance goals should be responsive to the Company s cyclical business environment.
- Incentive compensation should strike a balance between short-term and long-term performance.
- Compensation levels should be sufficiently competitive to attract, retain and motivate highly qualified executives and employees and should reflect position and responsibility.
- Equity grants should be targeted to senior management and key employees and should be issued on a recurring basis considering market conditions.
- Administrative costs should be minimized through simplified program structures.
- The tax deductibility of compensation should be maximized where possible consistent with the overall goals of the compensation program.

The Compensation Committee regularly reviews the Company s executive officer compensation strategy and philosophy in consultation with its compensation consultant, Mercer (US) Inc. (Mercer), and determines whether to make modifications to the Company s executive compensation program, in order to provide total compensation that is competitive in the market and reflects business performance.

Compensation Decision-Making Process

Compensation Committee and its Role

The Compensation Committee of the Board of Directors determines the compensation of our executive officers, including our NEOs, and oversees our executive compensation and benefits plans and practices.

The Compensation Committee establishes performance objectives for the CEO based on our annual business plan and long-term strategic goals approved by the Board of Directors. The Compensation Committee evaluates the CEO s performance against these goals annually with input to the evaluation from all independent directors, and determines the CEO s compensation level based on the CEO s performance. The Compensation Committee solicits input from the CEO when making compensation decisions for senior executives (other than the CEO). The Compensation Committee also considers market data provided by its independent consultant, and comparisons of our performance to our peers.

The Compensation Committee has sole authority to retain and terminate independent consultants, counsel, experts and other personnel the Committee deems necessary to enable it to fully perform its duties and fulfill its responsibilities, and to determine the compensation and other terms of engagement for such consultants and experts. Pursuant to the Compensation Committee s Charter, the Compensation Committee may delegate to its chair or to one or more of its members the responsibility for performing routine functions. There are no other express provisions in the Charter delegating Compensation Committee authority to any other person.

Management s Role

The CEO recommends to the Compensation Committee individual performance goals and objectives for the executive officers (other than the CEO), and presents his conclusions and recommendations to the Compensation Committee regarding base salary adjustments, short-term incentive award amounts, and restricted stock or stock unit award amounts for each executive officer (other than the CEO).

The CEO, Executive Vice President and Chief Financial Officer, Senior Vice President and Chief Human Resources Officer, Senior Vice President and General Counsel, and Vice President of Administration present and make recommendations to the Compensation Committee relating to executive benefits, supplemental retirement and deferred compensation plans, and long-term incentive plan design and changes, if warranted.

Compensation Consultant s Role

The Compensation Committee engaged Mercer in 2013 to provide information, analysis and advice regarding executive and director compensation. Mercer provided the following services for the Compensation Committee during fiscal 2013: (i) advice on 2013 executive officer bonus program structure, performance goals and targets, and bonus amounts; (ii) advice on 2013 executive officer equity grant award sizes and performance goals and targets; (iii) market data and recommendations on executive officer compensation; (iv) market data and recommendations on director compensation; and (v) ongoing advice regarding the Company s executive compensation practices to advise whether any such practices should be modified to improve effectiveness or to implement best practices.

The Compensation Committee has analyzed whether our compensation consultant, Mercer, is independent, and whether Mercer s work as a compensation consultant has raised any conflict of interest, taking into consideration the following factors: (i) the provision of other services to the Company by Mercer; (ii) the amount of fees from the Company paid to Mercer as a percentage of Mercer s total revenue; (iii) the policies and procedures of Mercer that are designed to prevent conflicts of interest; (iv) any business or personal relationship of Mercer or the individual compensation advisors employed by Mercer with an executive officer of the Company; (v) any business or personal relationship of the individual compensation advisors employed by Mercer with any member of the Compensation Committee; and (vi) any stock of the Company owned by Mercer or the individual compensation advisors employed by Mercer. The Compensation Committee has determined, based on its analysis in light of the factors listed above, that Mercer is independent, and the work of Mercer and the individual compensation advisors employed by Mercer as compensation consultants to the Company has not created any conflict of interest.

Market Analysis

In establishing compensation for our NEOs, the Compensation Committee takes into account compensation levels at similarly situated companies for similar positions, referred to as our peer group, as a reference point to assist in determining adjustments to base salaries, short-term cash incentive opportunities, and restricted stock

grant awards. The Compensation Committee uses benchmarking as a tool and a point of reference for measurement when applying its judgment in determining executive pay. Benchmarking helps the Compensation Committee assess whether the individual pay components and total compensation of our NEOs are appropriate and competitive when compared to industry standards. During fiscal 2013 the Compensation Committee, in consultation with Mercer, updated its peer group to more closely align with the Company s lines of business. The Company s current peer group includes the fifteen companies listed in the table below, which include three direct peers in the railcar industry;[1] four heavy manufacturing companies;[2] four after-market products companies;[3] one transportation company;[4] and three companies that lease high-value equipment.[5]

PEER GROUP COMPANIES

Company		Annual Revenue (Dec 2012) (MM)	GIC Sub-Industry
American Railcar Industries[1]	$	712	Construction & Farm Machinery & Heavy Trucks
Astec Industries[2]	$	936	Construction & Farm Machinery & Heavy Trucks
Columbus McKinnon[2]	$	612	Industrial Machinery
FreightCar America[1]	$	677	Construction & Farm Machinery & Heavy Trucks
GATX[5]	$	1,243	Trading Companies & Distributors
H&E Equipment Services[5]	$	837	Trading Companies & Distributors
Kansas City Southern[4]	$	2,239	Railroads
L.B. Foster[3]	$	589	Industrial Machinery
Manitowoc[2]	$	3,927	Construction & Farm Machinery & Heavy Trucks
Meritor[3]	$	4,150	Construction & Farm Machinery & Heavy Trucks
TAL International Group[5]	$	589	Trading Companies & Distributors
Trinity Industries[1]	$	3,812	Construction & Farm Machinery & Heavy Trucks
WABCO Holdings Inc.[3]	$	2,477	Construction & Farm Machinery & Heavy Trucks
Wabash National[2]	$	1,462	Construction & Farm Machinery & Heavy Trucks
Wabtec[3]	$	2,391	Construction & Farm Machinery & Heavy Trucks
75th Percentile	$	2,434	
50th Percentile	$	1,243	
25th percentile	$	695	
The Greenbrier Companies, Inc. (Aug 2012)	**$**	**1,825**	Construction & Farm Machinery & Heavy Trucks

Compensation Summaries

The Compensation Committee reviews the total annual compensation received by each executive officer, including base salary, cash bonuses, long-term incentives, accumulative realized and unrealized stock option and restricted stock gains, dollar value of perquisites and other personal benefits, and post-employment benefits, including actual current contributions by the Company to fund benefits under the Company s supplemental executive retirement plan. The Compensation Committee uses compensation summaries which include dollar amounts for each of the NEOs to facilitate this review.

For the year ended August 31, 2013, Mercer compared the compensation of the Company s NEOs to benchmarks derived from peer group compensation and data from comparative market surveys. Total compensation for Mr. Furman, Mr. Rittenbaum, Mr. Sharp and Mr. Glenn is at the market median, and is between the market median and 75th percentile for Mr. Centurion and Mr. Stuckey.

Compensation Program Elements

Our executive compensation program consists of: (i) base salary; (ii) variable annual cash incentives that reward NEOs for the achievement of short-term performance goals which are designed to enhance long-term shareholder value; (iii) long-term incentives in the form of restricted stock or stock unit awards that align the interests of NEOs with shareholders and serve as retention incentives; (iv) reasonable, competitive benefits and perquisites; and (v) reasonable, competitive retirement and other separation of service benefits. We believe that each element of our executive compensation program helps us to achieve one or more of our compensation objectives.

Base Salary

Our executive officers are paid a fixed base salary based on the responsibilities of their positions, the skills and experience required for the job, business performance, and labor market conditions and by reference to

market median salary levels. Our NEOs salaries are reviewed periodically and adjusted as warranted by competitive market information and individual performance. The Compensation Committee reviewed the analysis of peer group data presented by Mercer and management s recommendations regarding individual performance, and approved upward adjustments of approximately 5% to the base salaries of each of our NEOs effective January 1, 2013 as follows:

Named Executive Officer	2012 Base Salary	2013 Base Salary
William A. Furman	$ 750,000	$ 788,000
Mark J. Rittenbaum	$ 375,000	$ 394,000
Alejandro Centurion	$ 375,000	$ 394,000
William G. Glenn	$ 305,000	$ 320,000
James T. Sharp	$ 265,000	$ 278,000
Timothy A. Stuckey	$ 275,000	$ 289,000

Short-Term Incentives Cash Bonuses

Under our 2013 annual incentive program for executive officers, the Compensation Committee established performance-based annual bonuses to encourage executive officers, including our NEOs, to focus on achieving Company-wide or business-unit financial performance goals and personal goals. Payment of executive officer bonuses is contingent on the Company achieving a threshold level of Corporate Adjusted EBITDA. Mr. Stuckey, former President of Greenbrier Rail Services, was not eligible to receive an incentive bonus due to his retirement prior to the fiscal year end.

The Compensation Committee established Corporate Adjusted EBITDA and Corporate Working Capital performance goals for our NEOs whose responsibilities span the entire Company, namely Mr. Furman, Mr. Rittenbaum and Mr. Glenn. For those NEOs who head specific business units, namely Mr. Centurion (Greenbrier Manufacturing Operations, GMO) and Mr. Sharp (Greenbrier Leasing Company, GLC), in addition to the Corporate Adjusted EBITDA goal, the Compensation Committee established Unit Pre-Tax Earnings and Unit Working Capital performance goals tied to the specific business unit headed by each such NEO.

Corporate-Wide Performance Goals

Corporate Adjusted EBITDA is defined as EBITDA (before bonuses) as reported in the Company s quarterly financial disclosures, as adjusted for special and non-recurring items, in the discretion of the Compensation Committee. For annual incentive program purposes, the target level of Corporate Adjusted EBITDA for 2013 was set at $160 million, the threshold level was set at $115 million, and the stretch level was set at $190 million. In establishing Corporate Adjusted EBITDA for fiscal 2013, the Compensation Committee determined to exclude $78.3 million in special and non-recurring expenses, from EBITDA as reported in our financial disclosures, relating to non-cash charges for goodwill impairment and for restructuring in our GRS business unit.

Working Capital improvement goal is defined in terms of increased efficiency in usage of working capital measured by (i) the number of days it takes to convert working capital (accounts receivable, inventory and accounts payable) to cash in each of our business segments (excluding our European operations), taking into account the ramping up of business activities, multiplied by (ii) the theoretic working capital per day employed in each of these operations. The target level of performance for Corporate Working Capital improvement was set at $16.6 million, the threshold level was set at $13.8 million, and the stretch level was set at $21.2 million.

Business Unit Performance Goals

Unit Pre-Tax Earnings is defined as earnings derived from the activities of the respective business units, before taxes and bonuses, and excluding any allocation of corporate overhead.

For GMO, the Unit Pre-Tax Earnings target performance level was set at $59.7 million, threshold was set at $43.0 million, and stretch was set at $71.0 million. For GLC, the Unit Pre-Tax Earnings target performance level was set at $44.5 million, threshold was set at $32.0 million, and stretch was set at $52.9 million.

The target level of performance for Unit Working Capital improvement at GMO was set at $9.7 million, the threshold level was set at $8.1 million, and the stretch level was set at $12.4 million. The target level of performance for Unit Working Capital improvement at GLC was set at $0.8 million, the threshold level was set at $0.6 million, and the stretch level was set at $1.0 million.

Personal Performance Goals

In order to motivate NEOs to attain specific goals in support of the Company s strategic plans and priorities, the Compensation Committee established personal goals for each NEO. We do not disclose the metrics for evaluating achievement of the personal goals because our specific metrics for personal performance goals involve confidential commercial and financial information, disclosure of which would result in competitive harm to the Company by providing our competitors with insight into our confidential planning process and operational, strategic and growth plans. We set personal goals at levels that the Compensation Committee considered challenging but achievable based on conditions at that time. We set goals that were sufficiently challenging to maximize performance of the Company s employees, but that were sufficiently achievable to motivate our employees to perform at high levels. The Compensation Committee determined that the expected probability of achieving the target levels for each of the personal performance goals described above was 80%.

Mr. Furman s goals included strategic expansion, reorganization, and human resources recruitment and development goals. Mr. Rittenbaum s goals included development of tax planning capability, recruitment and hiring of a chief accounting officer, participation in an accretive transaction and personal training. Mr. Centurion s goals included production expansion, safety and quality improvements, and strengthening of the Gunderson GIMSA organization. Mr. Glenn s goals included railcar sales and leasing goals, wheels, repair shop and parts revenue and margin goals, and European operations EBITDA goals. Mr. Sharp s goals included management development, railcar leasing goals, and capital raising goals.

Individual Award Opportunities

The individual target award opportunities are a percentage of base salary earned during the fiscal year. Actual payouts may be above or below the target award opportunity based on a combination of performance against the financial goals, with Corporate Adjusted EBITDA weighted 75% and Corporate Working Capital weighted 25% for Messrs. Furman, Rittenbaum and Glenn. For Mr. Centurion, Corporate Adjusted EBITDA weighted 30%, Unit Pre-Tax Earnings weighted 45% and Unit Working Capital weighted 25%. For Mr. Sharp, Corporate Adjusted EBITDA weighted 35%, Unit Pre-Tax Earnings weighted 55% and Unit Working Capital weighted 10%. Payout amounts are established at threshold, target and stretch levels of performance, and are interpolated for performance between such levels. Threshold is set at 60% of the Target and Stretch is set at 200% of the Target. The potential payment levels for each NEO based on financial performance goals, as a percentage of base salary were as follows:

Named Executive Officer	**Performance Level**		
	Threshold (as a % of base salary earned)	**Target (as a % of base salary earned)**	**Stretch (as a % of base salary earned)**
William A. Furman	60%	100%	200%
Mark J. Rittenbaum	42%	70%	140%
Alejandro Centurion	48%	80%	160%
William G. Glenn	42%	70%	140%
James T. Sharp	42%	70%	140%

In addition, each NEO had the opportunity to earn up to an additional 25% of his target bonus amount based on achievement of personal goals.

To achieve competitive target total cash compensation levels, the Compensation Committee examines the median of the range of short-term cash incentives and target total cash compensation for executives in similar positions with similar responsibilities at comparable companies. Total target cash compensation for the Company s NEOs, assuming target performance of corporate and unit performance goals and 80% achievement

of personal goals, was at or above the market median for each NEO and was between the market median and 75th percentile overall. The above the median target cash compensation was intended to balance the absence of a bonus program during the historic downturn in 2008 2010.

Actual Performance Achieved and Bonuses Awarded

The Company achieved Corporate Adjusted EBITDA for 2013 of $167 million, which fell between the target level of $160 million and stretch level of $190 million of Corporate Adjusted EBITDA performance. The Company performance against its working capital improvements goal fell below the $13.8 million threshold level of Corporate Working Capital performance.

At the business unit level, GMO achieved Unit Pre-Tax Earnings of $55.7 million, which fell between the threshold and target levels of performance, and achieved performance against its Unit Working Capital improvements goal which fell below the $8.1 million threshold level of performance. GLC achieved Unit Pre-Tax Earnings of $57 million, which exceeded the stretch level of performance, and achieved performance against its Unit Working Capital improvements goal which fell below the $0.6 million threshold level of performance.

Based on achievement of financial and personal performance goals during fiscal 2013, our NEOs (other than Mr. Stuckey) were awarded the following cash incentive bonuses:

Named Executive Officer	2013 Cash Incentive Bonus Award
William A. Furman	$ 866,435
Mark J. Rittenbaum	$ 313,768
Alejandro Centurion	$ 310,719
William G. Glenn	$ 240,345
James T. Sharp	$ 341,308

Long-Term Incentives Restricted Stock Unit Awards

The objectives of our long-term incentive program are to link executive compensation and our long-term performance, align key employees with our business strategies and with our shareholders interests, and provide opportunity for long-term compensation that is competitive with peer companies and sufficient to attract and retain executive talent to effectively achieve our business objectives.

During 2013 the Compensation Committee determined to begin using restricted stock units (RSUs) in place of awards of restricted stock, under our long-term incentive program. The use of RSUs provides tax advantages to recipients and reduces share usage under the Company s 2010 Restated Stock Incentive Plan through net after-tax settlement of awards. With RSUs, shares are not issued to the recipient unless and until the award vests, at which time one share of stock is issued to the recipient for each unit that vests, referred to as settlement of the RSUs. Upon settlement of RSUs, that number of shares with an aggregate fair market value as of the vesting date equal to the minimum income and payroll taxes due on vesting are withheld by the Company, in exchange for the Company paying the equivalent amount in withholding taxes on behalf of the recipient, unless the recipient elects to pay the taxes in cash. The withheld shares are not issued or outstanding. In May 2013, the Compensation Committee granted RSU awards to executive officers, including our NEOs other than Mr. Stuckey. The Compensation Committee did not award any other restricted stock or RSU awards to NEOs during fiscal 2013.

Half of the RSUs granted in each individual restricted stock unit award are subject to time-based vesting and half of the RSUs are subject to performance-based vesting. The time-based RSUs will vest in equal annual installments over a three-year period beginning on the first anniversary following the date of the grant. The performance-based RSUs will vest, in whole or in part, contingent upon achievement of the Company s goals relating to Adjusted EBITDA and Average Return on Equity (ROE) during the 30-month measurement period beginning on March 1, 2013 and ending on August 31, 2015. The performance goals are equally weighted, with vesting of 50% of the performance-based RSUs being dependent upon performance against the Adjusted EBITDA criteria, and vesting of 50% of the performance-based RSUs being dependent upon performance against the Average ROE goal. Vesting of RSUs related to each performance goal will be considered independently.

Threshold, target and stretch performance levels are established for each of the Adjusted EBITDA and Average ROE goals. If the Company achieves the threshold level of performance on a goal, then 50% of the performance-based RSUs tied to that goal will vest. If the Company achieves the target level of performance on a goal, 100% of the performance-based RSUs tied to that goal will vest. Stretch goals also have been established at approximately 125% of the Adjusted EBITDA and Average ROE goals. If the Company achieves a stretch goal, then upon settlement of the RSUs, the Company will issue additional shares of stock to each named executive officer in a number of shares equal to 100% of the number of performance-based RSUs awarded to the named executive officer with respect to such goal, which additional shares will be fully vested when issued. Vesting of RSUs will be interpolated for performance between threshold and target, and any issuance of additional shares will be interpolated for performance between target and stretch goals.

The value of fiscal 2013 RSU awards for Mr. Furman, Mr. Rittenbaum, Mr. Glenn and Mr. Centurion was slightly below the market median, and for Mr. Sharp was between the market median and the 75th percentile. Mr. Stuckey did not receive a RSU award in fiscal 2013 due to his retirement. Our NEOs other than Mr. Stuckey were awarded the following number of RSUs in fiscal 2013:

Named Executive Officer	**Fiscal 2013 RSU Awards**	
	Time-Vested RSUs	**Performance-Vested RSUs**
William A. Furman	36,671	36,671
Mark J. Rittenbaum	10,063	10,063
Alejandro Centurion	8,954	8,955
William G. Glenn	7,619	7,619
James T. Sharp	6,017	6,018

Executive Retirement and Insurance Benefits

Supplemental Retirement Benefits

The Company maintains a Nonqualified Deferred Compensation Plan which permits participants to elect to defer a portion of their base salary in excess of amounts that may be deferred under the Company s tax-qualified 401(k) plan, and bonus and stock incentive awards, and to direct the investment of amounts credited to their accounts among a range of investment options similar to those available under the Company s 401(k) plan. The Company s executive officers, including its NEOs, are eligible to defer a portion of their compensation under the Nonqualified Deferred Compensation Plan; none of the NEOs elected to make voluntary contributions to the Nonqualified Deferred Compensation Plan for 2013.

The Company makes discretionary employer contributions on behalf of certain executive officers, including its NEOs other than Mr. Furman and Mr. Glenn, under the target benefit component of its Nonqualified Deferred Compensation Plan, designed to provide supplemental retirement benefits to such executives in an amount equal to 50% of the executive s final base salary as of the earlier of retirement or age 65. While the Company intends to make contributions under the target benefit program in the ordinary course that are actuarially designed to provide the target benefit amount, no level of contributions is required and no level of supplemental retirement benefits is guaranteed to executives, under the target benefit program component of the Nonqualified Deferred Compensation Plan. The Company does not provide tax gross-up payments or other provisions for paying executives taxes on distributions from the Nonqualified Deferred Compensation Plan.

Executive Life Insurance

The Company provides an executive life insurance program to its executive officers and certain other management employees, including its NEOs other than Mr. Furman. The Company owns life insurance policies insuring the executives lives, and has endorsed the rights to the death benefits to the participating executives. Upon termination of the executive s employment, the Company will transfer ownership of the policy to the executive, resulting in taxable income to the executive at the time of transfer. Each NEO other than Mr. Furman participates in the executive life insurance program. Mr. Rittenbaum, Mr. Centurion, Mr. Stuckey and Mr. Sharp each have an aggregate death benefit amount of $1 million (including previous executive owned life insurance

policies for which no further Company funding is provided) and a target aggregate after-tax cash surrender value at age 62 of $200,000, except that Mr. Sharp has a target aggregate after-tax cash surrender value at age 62 of $250,000, and Mr. Glenn has a death benefit amount of $750,000 and a target aggregate after-tax cash surrender value at age 62 of $125,000.

Supplemental Retirement Benefit for William A. Furman

Mr. Furman does not receive benefits under the target benefit program component of the Company s Nonqualified Deferred Compensation Plan. Mr. Furman also does not participate in the Company s executive life insurance program. Mr. Furman s sole supplemental retirement income benefit is made under the terms of his employment agreement with the Company, which provides for a supplemental retirement benefit payment of $407,000 per year, payable through the year in which Mr. Furman attains age 70. Mr. Furman s current age is 69, thus one final retirement benefit payment will be made.

Perquisites and Other Personal Benefits

The Company provides executive officers with perquisites and other personal benefits that the Company and the Compensation Committee believe are reasonable and consistent with its overall compensation program goal of enabling the Company to attract, retain, and motivate employees for key positions. The Company is selective in its use of perquisites, utilizing perquisites that are commonly provided, the value of which is generally modest. The Company does not provide tax gross-ups for perquisites or personal benefits. The Compensation Committee periodically reviews the levels of perquisites provided to executive officers. The primary perquisites are use of Company-owned automobiles or automobile allowances, and payment of club membership dues. The Company may assist selected transferred or newly hired executives in selling their homes, in order to facilitate a successful relocation of the executive, pursuant to its Executive Home Sale Assistance Program.

Incentive Compensation Claw-Back Policy

During fiscal 2013 the Compensation Committee approved an incentive compensation claw-back policy intended to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). The Dodd-Frank Act requires companies to adopt a policy that will recapture (claw-back) excess incentive compensation, if any, that is paid to certain executives based on erroneous financial statements, and mandates the SEC to issue rules implementing the claw-back requirements. Although the SEC has not yet promulgated final rules implementing the Dodd-Frank claw-back requirements, the Company determined to adopt a claw-back policy in light of concerns expressed by shareholders about the lack of a claw-back policy, and the SEC s unanticipated delay in adopting final rules.

Stock Ownership Guidelines

The Company has adopted stock ownership guidelines for its executive officers and directors. The Compensation Committee approved Executive Officer Stock Ownership Guidelines, pursuant to which all executive officers and directors of the Company are expected to acquire and retain holdings of Company stock with a value equal to a multiple of base salary, in the case of executives (which multiples range from one to five times base salary depending upon the executive officer s position with the Company), or three times the annual retainer fee, in the case of directors. Executive officers and directors are expected to achieve compliance with the applicable guidelines within five years of the date of adoption of the guidelines or appointment as an executive officer, whichever is later, and to retain ownership of shares representing at least 50% of the after-tax value acquired through compensatory stock awards until the guidelines are met.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code (Section 162(m)) generally limits to $1,000,000 per person the amount that the Company may deduct for compensation paid in any year to certain covered employees (generally the CEO and the three next most highly paid executives other than the Company s Chief Financial Officer). Although the Company generally structures executive compensation arrangements with the goal of maximizing the tax deductibility of executive compensation, we may pay compensation that is not deductible under Section 162(m) from time to time, based upon business needs.

Umbrella Performance-Based Plan for Executive Officers

During fiscal 2013 the Compensation Committee approved the adoption of The Greenbrier Companies, Inc. Umbrella Performance-Based Plan for Executive Officers (the Umbrella Plan). The purpose of the Umbrella Plan is to enable the Company to grant performance based awards to executive officers of the Company that may qualify as performance-based compensation under Section 162(m). Annual short-term cash incentive awards made under the Company s bonus program for executive officers, and performance-based restricted stock, restricted stock unit and other equity based awards made under the Company s 2010 Amended and Restated Stock Incentive Plan may be made pursuant to the terms and conditions contained in the Umbrella Plan.

As noted above, we may not deduct for federal income tax purposes compensation paid to our NEOs (other than the CFO) in any taxable year to the extent that any of these persons receives more than $1 million in compensation in any one year. However, if we pay compensation that qualifies as performance-based under Section 162(m), we may claim a federal income tax deduction for such compensation even if the executive officer s compensation exceeds $1 million in a single year. In order for compensation to qualify as performance-based for this purpose, it must meet certain conditions, one of which is that the material terms of the performance goals under which the compensation is to be paid must be disclosed to, and approved by, our shareholders. The Company is submitting the Umbrella Plan for shareholder approval with this proxy statement, in order to satisfy shareholder approval requirements of Section 162(m), with respect to performance-based compensation paid to certain executive officers of the company. The material terms of the Umbrella Plan are summarized in Proposal No. 3.

COMPENSATION COMMITTEE REPORT

As required by Item 407(e)(5) of Regulation S-K, the Compensation Committee reviewed and discussed with the Company s management the above section entitled Compensation Discussion and Analysis prepared by the Company s management as required by Item 402(b) of Regulation S-K. Based on the review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company s Annual Report on Form 10-K for the year ended August 31, 2013.

October 28, 2013

Graeme A. Jack, Chairman

Duane C. McDougall

Victoria McManus

Charles J. Swindells

Donald A. Washburn

Benjamin R. Whiteley

SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of the named executive officers for the fiscal year ended August 31, 2013. As previously noted in the Compensation Discussion and Analysis, we had six named executive officers for fiscal 2013 as a result of Timothy A. Stuckey s retirement prior to the end of the 2013 fiscal year. The named executive officers for fiscal 2013 are William A. Furman, Mark J. Rittenbaum, Alejandro Centurion, William G. Glenn, James T. Sharp and Timothy A. Stuckey. Mr. Glenn was not a named executive officer in 2011. Mr. Sharp was not a named executive officer in 2011 or 2012. The Company did not grant any stock options to the named executive officers in 2013. The Company does not maintain any defined benefit or actuarial pension plan, and its nonqualified deferred compensation plan does not pay or provide for preferential or above-market earnings. Accordingly, columns for such elements of compensation are not included in the Summary Compensation Table.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Restricted Stock/RSU Awards[1] ($)	Non-Equity Incentive Plan Compensation[2] ($)	All Other Compensation[3] ($)	Total ($)
William A. Furman	2013	775,333	-0-	1,794,679	866,435	435,760	3,872,207
President and Chief	2012	750,000[4]	-0-	1,624,800	1,004,648	433,972	3,813,420
	2011	452,813	279,000	1,352,400	-0-	442,630	2,526,843
Executive Officer							
Mark J. Rittenbaum	2013	387,667	-0-	492,483	313,768	121,300	1,315,218
Executive Vice President and	2012	375,000	-0-	456,975	290,145	93,110	1,215,230
	2011	280,704	97,470	383,200	-0-	41,581	802,955
Chief Financial Officer							
Alejandro Centurion	2013	387,667	-0-	438,233	310,719	177,839	1,314,458
President, Greenbrier	2012	366,667	-0-	406,200	319,013	140,881	1,232,761
	2011	306,094	109,200	287,400	-0-	65,724	768,418
North American							
Manufacturing Operations							
William G. Glenn	2013	315,000	-0-	372,874	240,345	28,889	957,108
Senior Vice President	2012	290,000	-0-	365,580			
and Chief Commercial Officer							