

GREENBRIER COMPANIES INC
Form 10-Q
January 06, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

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

for the quarterly period ended November 30, 2011

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

for the transition period from to

Commission File No. 1-13146

THE GREENBRIER COMPANIES, INC.

(Exact name of registrant as specified in its charter)

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Oregon
(State of Incorporation)

93-0816972
(I.R.S. Employer Identification No.)

One Centerpointe Drive, Suite 200,

Lake Oswego, OR
(Address of principal executive offices)
(503) 684-7000

97035
(Zip Code)

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

The number of shares of the registrant's common stock, without par value, outstanding on December 28, 2011 was 26,668,541 shares.

Forward-Looking Statements

From time to time, The Greenbrier Companies, Inc. and its subsidiaries (Greenbrier or the Company) or their representatives have made or may make forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements as to expectations, beliefs and strategies regarding the future. Such forward-looking statements may be included in, but not limited to, press releases, oral statements made with the approval of an authorized executive officer or in various filings made by us with the Securities and Exchange Commission, including this filing on Form 10-Q. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and include statements relating to:

availability of financing sources and borrowing base for working capital, other business development activities, capital spending and leased railcars for syndication (sale of railcars with lease attached);

ability to renew, maintain or obtain sufficient credit facilities and financial guarantees on acceptable terms;

ability to utilize beneficial tax strategies;

ability to grow our businesses;

ability to obtain sales contracts which provide adequate protection against increased costs of materials and components;

ability to obtain adequate insurance coverage at acceptable rates;

ability to obtain adequate certification and licensing of products; and

short- and long-term revenue and earnings effects of the above items.

The following factors, among others, could cause actual results or outcomes to differ materially from the forward-looking statements:

fluctuations in demand for newly manufactured railcars or marine barges;

fluctuations in demand for wheel services, refurbishment and parts;

delays in receipt of orders, risks that contracts may be canceled during their term or not renewed and that customers may not purchase the amount of products or services under the contracts as anticipated;

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ability to maintain sufficient availability of credit facilities and to maintain compliance with or to obtain appropriate amendments to covenants under various credit agreements;

domestic and global economic conditions including such matters as embargoes or quotas;

U.S., Mexican and other global political or security conditions including such matters as terrorism, war, civil disruption and crime;

growth or reduction in the surface transportation industry;

ability to maintain good relationships with third party labor providers or collective bargaining units;

steel and specialty component price fluctuations and availability, scrap surcharges, steel scrap prices and other commodity price fluctuations and availability and their impact on product demand and margin;

delay or failure of acquired businesses, assets, start-up operations, or new products or services to compete successfully;

changes in product mix and the mix of revenue levels among reporting segments;

labor disputes, energy shortages or operating difficulties that might disrupt operations or the flow of cargo;

production difficulties and product delivery delays as a result of, among other matters, inefficiencies associated with the start-up of production lines or increased production rates, addition of new railcar types, changing technologies or non-performance of alliance partners, subcontractors or suppliers;

ability to renew or replace expiring customer contracts on satisfactory terms;

ability to obtain and execute suitable contracts for leased railcars for syndication;

lower than anticipated lease renewal rates, earnings on utilization based leases or residual values for leased equipment;

discovery of defects in railcars resulting in increased warranty costs or litigation;

resolution or outcome of pending or future litigation and investigations;

natural disasters or severe weather patterns that may affect either us, our suppliers or our customers;

loss of business from, or a decline in the financial condition of, any of the principal customers that represent a significant portion of our total revenues;

competitive factors, including introduction of competitive products, new entrants into certain of our markets, price pressures, limited customer base, and competitiveness of our manufacturing facilities and products;

industry overcapacity and our manufacturing capacity utilization;

decreases or write-downs in carrying value of inventory, goodwill, intangibles or other assets due to impairment;

severance or other costs or charges associated with lay-offs, shutdowns, or reducing the size and scope of operations;

changes in future maintenance or warranty requirements;

ability to adjust to the cyclical nature of the industries in which we operate;

changes in interest rates and financial impacts from interest rates;

ability and cost to maintain and renew operating permits;

actions by various regulatory agencies;

changes in fuel and/or energy prices;

risks associated with our intellectual property rights or those of third parties, including infringement, maintenance, protection, validity, enforcement and continued use of such rights;

expansion of warranty and product support terms beyond those which have traditionally prevailed in the rail supply industry;

availability of a trained work force and availability and/or price of essential raw materials, specialties or components, including steel castings, to permit manufacture of units on order;

failure to successfully integrate acquired businesses;

discovery of previously unknown liabilities associated with acquired businesses;

failure of or delay in implementing and using new software or other technologies;

ability to replace maturing lease and management services revenue and earnings with revenue and earnings from new commercial transactions, including new railcar leases, additions to the lease fleet and new management services contracts;

credit limitations upon our ability to maintain effective hedging programs; and

financial impacts from currency fluctuations and currency hedging activities in our worldwide operations.

Any forward-looking statements should be considered in light of these factors. Words such as anticipates, believes, forecast, potential, goal, contemplates, expects, intends, plans, projects, hopes, seeks, estimates, could, would, will, may, can, designed to, expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. Many of the important factors that will determine these results and values are beyond our ability to control or predict. You are cautioned not to put undue reliance on any forward-looking statements. Except as otherwise required by law, we do not assume any obligation to update any forward-looking statements.

All references to years refer to the fiscal years ended August 31st unless otherwise noted.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements
Consolidated Balance Sheets

(In thousands, unaudited)

	November 30, 2011	August 31, 2011
Assets		
Cash and cash equivalents	\$ 20,855	\$ 50,222
Restricted cash	2,151	2,113
Accounts receivable, net	149,559	188,443
Inventories	354,045	323,512
Leased railcars for syndication	68,029	30,690
Equipment on operating leases, net	323,878	321,141
Property, plant and equipment, net	159,671	161,200
Goodwill	137,066	137,066
Intangibles and other assets, net	84,187	87,268
	\$ 1,299,441	\$ 1,301,655
Liabilities and Equity		
Revolving notes	\$ 80,679	\$ 90,339
Accounts payable and accrued liabilities	311,519	316,536
Deferred income taxes	87,395	83,839
Deferred revenue	5,724	5,900
Notes payable	431,184	429,140
Commitments and contingencies (Note 12)		
Equity:		
Greenbrier		
Preferred stock - without par value; 25,000 shares authorized; none outstanding		
Common stock - without par value; 50,000 shares authorized; 26,669 and 25,186 shares outstanding at November 30, 2011 and August 31, 2011		
Additional paid-in capital	244,028	242,286
Retained earnings	141,699	127,182
Accumulated other comprehensive loss	(17,199)	(7,895)
Total equity Greenbrier	368,528	361,573
Noncontrolling interest	14,412	14,328
Total equity	382,940	375,901
	\$ 1,299,441	\$ 1,301,655

The accompanying notes are an integral part of these financial statements

THE GREENBRIER COMPANIES, INC.**Consolidated Statements of Operations***(In thousands, except per share amounts, unaudited)*

	Three Months Ended November 30,	
	2011	2010
Revenue		
Manufacturing	\$ 262,656	\$ 85,440
Wheel Services, Refurbishment & Parts	117,749	95,268
Leasing & Services	17,794	18,226
	398,199	198,934
Cost of revenue		
Manufacturing	236,188	79,747
Wheel Services, Refurbishment & Parts	105,891	86,411
Leasing & Services	9,663	9,120
	351,742	175,278
Margin		
Selling and administrative	46,457	23,656
Gain on disposition of equipment	23,235	17,938
	(3,658)	(2,510)
Earnings from operations	26,880	8,228
Other costs		
Interest and foreign exchange	5,383	10,304
Earnings (loss) before income taxes and loss from unconsolidated affiliates	21,497	(2,076)
Income tax benefit (expense)	(7,797)	611
Earnings (loss) before loss from unconsolidated affiliates	13,700	(1,465)
Loss from unconsolidated affiliates	(372)	(587)
Net earnings (loss)	13,328	(2,052)
Net (earnings) loss attributable to noncontrolling interest	1,189	(252)
Net earnings (loss) attributable to Greenbrier	\$ 14,517	\$ (2,304)
Basic earnings (loss) per common share:	\$ 0.57	\$ (0.11)
Diluted earnings (loss) per common share:	\$ 0.48	\$ (0.11)
Weighted average common shares:		
Basic	25,463	21,879
Diluted	33,389	21,879

The accompanying notes are an integral part of these financial statements

THE GREENBRIER COMPANIES, INC.**Consolidated Statements of Equity and Comprehensive Income (Loss)***(In thousands, except per share amounts, unaudited)*

	Attributable to Greenbrier				Total Attributable to Greenbrier	Attributable to Noncontrolling Interest	Total Equity
	Common Stock Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss			
Balance September 1, 2011	25,186	\$ 242,286	\$ 127,182	\$ (7,895)	\$ 361,573	\$ 14,328	\$ 375,901
Net earnings (loss)			14,517		14,517	(1,189)	13,328
Translation adjustment				(4,696)	(4,696)	(147)	(4,843)
Reclassification of derivative financial instruments recognized in net earnings (net of tax effect)				(1,353)	(1,353)		(1,353)
Unrealized loss on derivative financial instruments (net of tax effect)				(3,255)	(3,255)		(3,255)
Comprehensive income					5,213	(1,336)	3,877
Noncontrolling interest adjustments						1,420	1,420
Restricted stock amortization		1,742			1,742		1,742
Warrants exercised	1,483						
Balance November 30, 2011	26,669	\$ 244,028	\$ 141,699	\$ (17,199)	\$ 368,528	\$ 14,412	\$ 382,940

Consolidated Statement of Equity and Comprehensive Income

	Attributable to Greenbrier				Total Attributable to Greenbrier	Attributable to Noncontrolling Interest	Total Equity
	Common Stock Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			
Balance September 1, 2010	21,875	\$ 172,426	\$ 120,716	\$ (7,204)	\$ 285,938	\$ 11,469	\$ 297,407
Net earnings (loss)			(2,304)		(2,304)	252	(2,052)
Translation adjustment				349	349		349
Reclassification of derivative financial instruments recognized in net earnings (net of tax effect)				(9)	(9)		(9)
Unrealized loss on derivative financial instruments (net of tax effect)				(478)	(478)		(478)
Comprehensive loss					(2,442)	252	(2,190)
Restricted stock amortization		1,281			1,281		1,281
Stock options exercised	6	26			26		26
Excess tax expense of stock options exercised		42			42		42
Balance November 30, 2010	21,881	\$ 173,775	\$ 118,412	\$ (7,342)	\$ 284,845	\$ 11,721	\$ 296,566

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Cash Flows*(In thousands, unaudited)*

	Three Months Ended November 30,	
	2011	2010
Cash flows from operating activities:		
Net earnings (loss)	\$ 13,328	\$ (2,052)
Adjustments to reconcile net earnings (loss) to net cash used in operating activities:		
Deferred income taxes	3,665	(413)
Depreciation and amortization	9,889	9,319
Gain on sales of leased equipment	(3,658)	(633)
Accretion of debt discount	787	1,798
Stock based compensation expense	1,742	1,281
Other	2,024	64
Decrease (increase) in assets:		
Accounts receivable	33,687	(5,462)
Inventories	(34,088)	(44,175)
Leased railcars for syndication	(37,339)	(39,847)
Other	856	2,965
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	260	28,508
Deferred revenue	(145)	1,201
Net cash used in operating activities	(8,992)	(47,446)
Cash flows from investing activities:		
Proceeds from sales of equipment	5,741	4,054
Investment in and net advances from unconsolidated affiliates	70	(279)
Increase in restricted cash	(38)	(112)
Capital expenditures	(15,007)	(11,536)
Other	10	36
Net cash used in investing activities	(9,224)	(7,837)
Cash flows from financing activities:		
Net change in revolving notes with maturities of 90 days or less	(9,150)	1,055
Proceeds from revolving notes with maturities longer than 90 days	7,557	6,194
Repayments of revolving notes with maturities longer than 90 days	(5,606)	
Proceeds from the issuance of notes payable	2,500	
Repayments of notes payable	(1,243)	(1,234)
Other		26
Net cash provided by (used in) financing activities	(5,942)	6,041
Effect of exchange rate changes	(5,209)	(375)
Decrease in cash and cash equivalents	(29,367)	(49,617)
Cash and cash equivalents		
Beginning of period	50,222	98,864
End of period	\$ 20,855	\$ 49,247

Cash paid during the period for:

Interest	\$ 6,476	\$ 12,525
Income taxes paid (refunded)	\$ (2,613)	\$ 82

The accompanying notes are an integral part of these financial statements

Notes to Condensed Consolidated Financial Statements*(Unaudited)***Note 1 Interim Financial Statements**

The Condensed Consolidated Financial Statements of The Greenbrier Companies, Inc. and Subsidiaries (Greenbrier or the Company) as of November 30, 2011 and for the three months ended November 30, 2011 and 2010 have been prepared without audit and reflect all adjustments (consisting of normal recurring accruals) which, in the opinion of management, are necessary for a fair presentation of the financial position and operating results and cash flows for the periods indicated. The results of operations for the three months ended November 30, 2011 are not necessarily indicative of the results to be expected for the entire year ending August 31, 2012.

Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the Consolidated Financial Statements contained in the Company's 2011 Annual Report on Form 10-K.

Management Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires judgment on the part of management to arrive at estimates and assumptions on matters that are inherently uncertain. These estimates may affect the amount of assets, liabilities, revenue and expenses reported in the financial statements and accompanying notes and disclosure of contingent assets and liabilities within the financial statements. Estimates and assumptions are periodically evaluated and may be adjusted in future periods. Actual results could differ from those estimates.

Change in Presentation to Prior Year Financial Statements Historically, the Company has reported Gain on disposition of equipment as a net amount in Revenue. The Company has changed its financial statement presentation to now report these amounts as a separate line item captioned Gain on disposition of equipment, which is a component of operating income below margin. This change in presentation resulted in a decrease in Revenue and corresponding increase in Gain on disposition of equipment of \$2.5 million for the three months ended November 30, 2010. Such change in presentation did not result in any change to Net earnings (loss) attributable to Greenbrier.

Prospective Accounting Changes In June 2011, an accounting standard update was issued regarding the presentation of other comprehensive income in the financial statements. The standard eliminated the option of presenting other comprehensive income as part of the statement of changes in equity and instead requires the Company to present other comprehensive income as either a single statement of comprehensive income combined with net income or as two separate but continuous statements. This amendment will be effective for the Company as of September 1, 2012. The Company currently reports other comprehensive income in the Consolidated Statement of Equity and Comprehensive Income (Loss) and will be required to change the presentation of comprehensive income to be in compliance with the new standard.

In September 2011, an accounting standard update was issued regarding the annual goodwill impairment testing. This amendment is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. This amendment will be effective for the Company as of September 1, 2013. However, early adoption is permitted if an entity's financial statements for the most recent annual or interim period have not yet been issued. This amendment impacts testing steps only, and therefore adoption will not have an effect on the Company's Consolidated Financial Statements. The Company performs a goodwill impairment test annually during the third quarter. Goodwill is also tested more frequently if changes in circumstances or the occurrence of events indicates that a potential impairment exists.

Note 2 Inventories

<i>(In thousands)</i>	November 30, 2011	August 31, 2011
Manufacturing supplies and raw materials	\$ 269,960	\$ 231,798
Work-in-process	66,538	78,709
Finished goods	21,941	17,455
Excess and obsolete adjustment	(4,394)	(4,450)
	\$ 354,045	\$ 323,512

Note 3 Intangibles and Other Assets, net

Intangible assets that are determined to have finite lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized and are periodically evaluated for impairment.

The following table summarizes the Company's identifiable intangible and other assets balance:

<i>(In thousands)</i>	November 30, 2011	August 31, 2011
Intangible assets subject to amortization:		
Customer relationships	\$ 66,825	\$ 66,825
Accumulated amortization	(18,893)	(17,854)
Other intangibles	4,861	5,185
Accumulated amortization	(3,454)	(3,475)
	49,339	50,681
Intangible assets not subject to amortization	912	912
Prepaid and other assets	7,839	8,692
Debt issuance costs, net	11,952	12,516
Nonqualified savings plan investments	6,499	6,326
Investment in unconsolidated affiliates	5,792	5,769
Contract placement fee	1,751	2,259
Investment in direct finance leases	103	113
Total intangible and other assets	\$ 84,187	\$ 87,268

Amortization expense for the three months ended November 30, 2011 and 2010 was \$1.2 million for each period presented. Amortization expense for the years ending August 31, 2012, 2013, 2014, 2015 and 2016 is expected to be \$4.6 million, \$4.4 million, \$4.3 million, \$4.3 million and \$4.3 million.

Note 4 Revolving Notes

As of November 30, 2011 senior secured credit facilities, consisting of three components, aggregated \$297.5 million. As of November 30, 2011 a \$260.0 million revolving line of credit secured by substantially all the Company's assets in the U.S. not otherwise pledged as security for term loans, maturing June 2016, was available to provide working capital and interim financing of equipment, principally for the U.S. and Mexican operations. Advances under this facility bear interest at variable rates that depend on the type of borrowing and the defined ratio of debt to total capitalization. Available borrowings under the credit facility are generally based on defined levels of inventory, receivables, property, plant and equipment and leased equipment, as well as total debt to consolidated capitalization and fixed charges coverage ratios. In addition, as of

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November 30, 2011, lines of credit totaling \$17.5 million secured by certain of the Company's European assets, with various variable rates, were available for working capital needs of the European manufacturing operation. European credit facilities are continually being renewed. Currently these European credit facilities have maturities that range from April 2012 through December 2012. In addition, the Company's Mexican joint venture has a line of credit of up to \$20.0 million secured by certain of the joint venture's accounts receivable and inventory. Advances under this facility bear interest at LIBOR plus 2.5% and are due 180 days after the date of borrowing. The outstanding advances as of November 30, 2011 have maturities that range from December 2011 to March 2012. The Mexican joint venture will be able to draw against the facility through July 2012.

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As of November 30, 2011 outstanding borrowings under these facilities consists of \$7.7 million in letters of credit and \$52.0 million in revolving notes outstanding under the North American credit facility, \$11.6 million outstanding under the European credit facilities and \$17.1 million outstanding under the Mexican joint venture credit facility.

On December 12, 2011 the North American revolving credit line was increased by \$30.0 million to a total of \$290.0 million under the existing provisions of the credit agreement.

Note 5 Accounts Payable and Accrued Liabilities

<i>(In thousands)</i>	November 30, 2011	August 31, 2011
Trade payables and other accrued liabilities	\$ 258,352	\$ 267,683
Accrued payroll and related liabilities	25,575	26,757
Accrued maintenance	11,298	10,865
Accrued warranty	8,943	8,645
Other	7,351	2,586
	\$ 311,519	\$ 316,536

Note 6 Warranty Accruals

Warranty costs are estimated and charged to operations to cover a defined warranty period. The estimated warranty cost is based on the history of warranty claims for each particular product type. For new product types without a warranty history, preliminary estimates are based on historical information for similar product types. The warranty accruals, included in Accounts payable and accrued liabilities on the Consolidated Balance Sheets, are reviewed periodically and updated based on warranty trends and expirations of warranty periods.

Warranty accrual activity:

<i>(In thousands)</i>	Three Months Ended November 30,	
	2011	2010
Balance at beginning of period	\$ 8,645	\$ 6,304
Charged to cost of revenue	906	149
Payments	(408)	(173)
Currency translation effect	(200)	4
Balance at end of period	\$ 8,943	\$ 6,284

Note 7 Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, net of tax effect as appropriate, consisted of the following:

<i>(In thousands)</i>	Unrealized Losses on Derivative Financial Instruments	Pension Adjustment	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Loss
Balance, August 31, 2011	\$ (5,789)	\$ (195)	\$ (1,911)	\$ (7,895)
First quarter activity	(4,608)		(4,696)	(9,304)
Balance, November 30, 2011	\$ (10,397)	\$ (195)	\$ (6,607)	\$ (17,199)

Note 8 Earnings (Loss) Per Share

The shares used in the computation of the Company's basic and diluted earnings (loss) per common share are reconciled as follows:

<i>(In thousands)</i>	Three Months Ended November 30,	
	2011	2010
Weighted average basic common shares outstanding ⁽¹⁾	25,463	21,879
Dilutive effect of employee stock options ⁽²⁾		
Dilutive effect of warrants ⁽²⁾	1,881	
Dilutive effect of convertible notes ⁽³⁾	6,045	
Weighted average diluted common shares outstanding	33,389	21,879

(1) Restricted stock grants are treated as outstanding when issued and are included in weighted average basic common shares outstanding when the Company is in a net earnings position.

(2) The dilutive effect of options is excluded from the share calculation for the three months ended November 30, 2010 due to net loss. There were no options outstanding for the three months ended November 30, 2011. The dilutive effect of warrants to purchase 3.4 million shares was excluded from the share calculation for the three months ended November 30, 2010 due to net loss.

(3) The dilutive effect of the 2026 Convertible notes was excluded from share calculations for the three months ended November 30, 2011 and 2010 as the stock price for each date presented was less than the initial conversion price of \$48.05 and therefore considered anti-dilutive.

The dilutive EPS for the three months ended November 30, 2011 was calculated using the most dilutive of two approaches. The first approach includes the dilutive effect of outstanding warrants and shares underlying the 2026 Convertible notes in the share count using the treasury stock method. The second approach supplements the first by including the if converted effect of the 2018 Convertible notes issued March 2011. Under the if converted method debt issuance and interest costs, both net of tax, associated with the convertible notes are added back to net earnings and the share count is increased by the shares underlying the convertible notes. The 2026 Convertible notes would only be included in the calculation of both approaches if the current stock price is greater than the initial conversion price of \$48.05 using the treasury stock method.

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	Three Months Ended November 30, 2011
Net earnings attributable to Greenbrier	\$ 14,517
Add back:	
Interest and debt issuance costs on the 2018 Convertible notes, net of tax	1,376
Earnings before interest and debt issuance costs on convertible notes	\$ 15,893
Weighted average diluted common shares outstanding	33,389
Diluted earnings per share	\$ 0.48 ⁽¹⁾

(1) Diluted earnings per share was calculated as follows:

Earnings before interest and debt issuance costs on convertible notes

Weighted average diluted common shares outstanding

Note 9 Stock Based Compensation

The value of stock awarded under restricted stock grants is amortized as compensation expense over the vesting period, which is generally between one to five years. For the three months ended November 30, 2011 and 2010, \$1.7 million and \$1.3 million in compensation expense was recorded for restricted stock grants.

Note 10 Derivative Instruments

Foreign operations give rise to market risks from changes in foreign currency exchange rates. Foreign currency forward exchange contracts with established financial institutions are utilized to hedge a portion of that risk in Euro. Interest rate swap agreements are utilized to reduce the impact of changes in interest rates on certain debt. The Company's foreign currency forward exchange contracts and interest rate swap agreements are designated as cash flow hedges, and therefore the effective portion of unrealized gains and losses are recorded in accumulated other comprehensive loss.

At November 30, 2011 exchange rates, forward exchange contracts for the purchase of Polish Zloty and the sale of Euro aggregated \$80.0 million. Adjusting the foreign currency exchange contracts to the fair value of the cash flow hedges at November 30, 2011 resulted in an unrealized pre-tax loss of \$8.1 million that was recorded in accumulated other comprehensive loss. The fair value of the contracts is included in Accounts payable and accrued liabilities when there is a loss, or Accounts receivable when there is a gain, on the Consolidated Balance Sheets. As the contracts mature at various dates through February 2013, any such gain or loss remaining will be recognized in manufacturing revenue along with the related transactions. In the event that the underlying sales transaction does not occur or does not occur in the period designated at the inception of the hedge, the amount classified in accumulated other comprehensive loss would be reclassified to the current year's results of operations in Interest and foreign exchange.

At November 30, 2011, an interest rate swap agreement had a notional amount of \$43.9 million and matures March 2014. The fair value of this cash flow hedge at November 30, 2011 resulted in an unrealized pre-tax loss of \$3.8 million. The loss is included in Accumulated other comprehensive loss and the fair value of the contract is included in Accounts payable and accrued liabilities on the Consolidated Balance Sheet. As interest expense on the underlying debt is recognized, amounts corresponding to the interest rate swap are reclassified from accumulated other comprehensive loss and charged or credited to interest expense. At November 30, 2011 interest rates, approximately \$1.2 million would be reclassified to interest expense in the next 12 months.

Fair Values of Derivative Instruments

(In thousands)	Asset Derivatives			Liability Derivatives		
	Balance sheet location	November 30, 2011 Fair Value	August 31, 2011 Fair Value	Balance sheet location	November 30, 2011 Fair Value	August 31, 2011 Fair Value
Derivatives designated as hedging instruments						
Foreign forward exchange contracts	Accounts receivable	\$	\$	Accounts payable and accrued liabilities	\$ 8,148	\$ 2,848
Interest rate swap contracts	Other assets			Accounts payable and accrued liabilities	3,831	4,386
		\$	\$		\$ 11,979	\$ 7,234
Derivatives not designated as hedging instruments						
Foreign forward exchange contracts	Accounts receivable	\$	\$	Accounts payable and accrued liabilities	\$ 311	\$ 525

The Effect of Derivative Instruments on the Statement of Operations

Derivatives in cash flow hedging relationships	Location of loss recognized in income on derivative		Loss recognized in income on derivative Three months ended				
			2011	November 30, 2010		November 30, 2010	
Foreign forward exchange contract	Interest and foreign exchange		\$ (626)			\$ (18)	
							Gain (loss) recognized on derivative (ineffective portion and amount excluded from effectiveness testing) Three months ended November 30,
	Gain (loss) recognized in OCI on derivatives (effective portion) Three months ended November 30,	Location of gain (loss) reclassified from accumulated OCI into income	Gain (loss) reclassified from accumulated OCI into income (effective portion) Three months ended November 30,	Location of gain (loss) in income on derivative (ineffective portion and amount excluded from effectiveness testing)		Gain (loss) recognized on derivative (ineffective portion and amount excluded from effectiveness testing) Three months ended November 30,	
Derivatives in cash flow hedging relationships	2011	2010	2011	2010	2011		2010
Foreign forward exchange contracts	\$ (6,536)	\$ (424)	Revenue	\$ (1,084)	\$ 262	Interest and foreign exchange	\$
Interest rate swap contracts	(997)	770		(441)	(445)		

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Interest
and
foreign
exchange

Interest
and
foreign
exchange

	\$ (7,533)	\$ 346	\$ (1,525)	\$ (183)	\$	\$
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Note 11 Segment Information

Greenbrier operates in three reportable segments: Manufacturing; Wheel Services, Refurbishment & Parts and Leasing & Services. The accounting policies of the segments are described in the summary of significant accounting policies in the Consolidated Financial Statements contained in the Company's 2011 Annual Report on Form 10-K. Performance is evaluated based on margin. The Company's integrated business model results in selling and administrative costs being intertwined among the segments. Any allocation of these costs would be subjective and not meaningful and as a result, Greenbrier's management does not allocate these costs for either external or internal reporting purposes. Intersegment sales and transfers are valued as if the sales or transfers were to third parties. Related revenue and margin is eliminated in consolidation and therefore are not included in consolidated results in the Company's Consolidated Financial Statements.

The information in the following table is derived directly from the segments' internal financial reports used for corporate management purposes.

<i>(In thousands)</i>	Three Months Ended	
	November 30,	
	2011	2010
Revenue:		
Manufacturing	\$ 304,839	\$ 126,628
Wheel Services, Refurbishment & Parts	122,618	101,293
Leasing & Services	20,593	18,243
Intersegment eliminations	(49,851)	(47,230)
	\$ 398,199	\$ 198,934
Margin:		
Manufacturing	\$ 26,468	\$ 5,693
Wheel Services, Refurbishment & Parts	11,858	8,857
Leasing & Services	8,131	9,106
Segment margin total	46,457	23,656
Less unallocated items:		
Selling and administrative	23,235	17,938
Gain on disposition of equipment	(3,658)	(2,510)
Interest and foreign exchange	5,383	10,304
Earnings (loss) before income taxes and loss from unconsolidated affiliates	\$ 21,497	\$ (2,076)

Note 12 Commitments and Contingencies

Environmental studies have been conducted on certain of the Company's owned and leased properties that indicate additional investigation and some remediation on certain properties may be necessary. The Company's Portland, Oregon manufacturing facility is located adjacent to the Willamette River. The U.S. Environmental Protection Agency (EPA) has classified portions of the river bed, including the portion fronting Greenbrier's facility, as a federal National Priority List or Superfund site due to sediment contamination (the Portland Harbor Site). Greenbrier and more than 140 other parties have received a General Notice of potential liability from the EPA relating to the Portland Harbor Site. The letter advised the Company that it may be liable for the costs of investigation and remediation (which liability may be joint and several with other potentially responsible parties) as well as for natural resource damages resulting from releases of hazardous substances to the site. At this time, ten private and public entities, including the Company, have signed an Administrative Order on Consent (AOC) to perform a remedial investigation/feasibility study (RI/FS) of the Portland Harbor Site under EPA oversight, and several additional entities have not signed such consent, but are nevertheless contributing money to the effort. A draft of the RI study was submitted on October 27, 2009. The Feasibility Study is being developed and is expected to be submitted in the first calendar quarter of 2012. Eighty-three parties, including the State of Oregon and the federal government, have entered into a non-judicial mediation process to try to allocate costs associated with the Portland Harbor site. Approximately 110 additional parties have signed tolling agreements related to such allocations. On April 23, 2009, the Company and the other AOC signatories filed suit against 69 other parties due to a possible limitations period for some such claims; *Arkema Inc. et al v. A & C Foundry*

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Products, Inc. et al, US District Court, District of Oregon, Case #3:09-cv-453-PK. All but 12 of these parties elected to sign tolling agreements and be dismissed without prejudice, and the case has now been stayed by the court, pending completion of the RI/FS. In addition, the Company has entered into a Voluntary Clean-Up Agreement with the Oregon Department of Environmental Quality in which the Company agreed to conduct an investigation of whether, and to what extent, past or present operations at the Portland property may have released hazardous substances to the environment. The Company is also conducting groundwater remediation relating to a historical spill on the property which antedates its ownership.

THE GREENBRIER COMPANIES, INC.

Because these environmental investigations are still underway, the Company is unable to determine the amount of ultimate liability relating to these matters. Based on the results of the pending investigations and future assessments of natural resource damages, Greenbrier may be required to incur costs associated with additional phases of investigation or remedial action, and may be liable for damages to natural resources. In addition, the Company may be required to perform periodic maintenance dredging in order to continue to launch vessels from its launch ways in Portland, Oregon, on the Willamette River, and the river's classification as a Superfund site could result in some limitations on future dredging and launch activities. Any of these matters could adversely affect the Company's business and Consolidated Financial Statements, or the value of its Portland property.

From time to time, Greenbrier is involved as a defendant in litigation in the ordinary course of business, the outcome of which cannot be predicted with certainty. The most significant litigation is as follows:

Greenbrier's customer, SEB Finans AB (SEB), has raised performance concerns related to a component that the Company installed on 372 railcar units with an aggregate sales value of approximately \$20.0 million produced under a contract with SEB. On December 9, 2005, SEB filed a Statement of Claim in an arbitration proceeding in Stockholm, Sweden, against Greenbrier alleging that the railcars were defective and could not be used for their intended purpose. A settlement agreement was entered into effective February 28, 2007 pursuant to which the railcar units previously delivered were to be repaired and the remaining units completed and delivered to SEB. Greenbrier is proceeding with repairs of the railcars in accordance with terms of the original settlement agreement, though SEB has made multiple additional warranty claims, including claims with respect to railcars that have been repaired pursuant to the original settlement agreement. Greenbrier is evaluating SEB's latest warranty claim. Current estimates of potential costs of such repairs do not exceed amounts accrued.

When the Company acquired the assets of the Freight Wagon Division of DaimlerChrysler in January 2000, it acquired a contract to build 201 freight cars for Okombi GmbH, a subsidiary of Rail Cargo Austria AG. Subsequently, Okombi made breach of warranty and late delivery claims against the Company which grew out of design and certification problems. All of these issues were settled as of March 2004. Additional allegations have been made, the most serious of which involve cracks to the structure of the freight cars. Okombi has been required to remove all 201 freight cars from service, and a formal claim has been made against the Company. Legal, technical and commercial evaluations are on-going to determine what obligations the Company might have, if any, to remedy the alleged defects, though resolution of such issues has not been reached due to delays by Okombi.

Management intends to vigorously defend its position in each of the open foregoing cases. While the ultimate outcome of such legal proceedings cannot be determined at this time, management believes that the resolution of these actions will not have a material adverse effect on the Company's Consolidated Financial Statements.

The Company is involved as a defendant in other litigation initiated in the ordinary course of business. While the ultimate outcome of such legal proceedings cannot be determined at this time, management believes that the resolution of these actions will not have a material adverse effect on the Company's Consolidated Financial Statements.

In accordance with customary business practices in Europe, the Company has \$5.7 million in bank and third party warranty and performance guarantee facilities, all of which have been utilized as of November 30, 2011. To date no amounts have been drawn under these guarantee facilities.

At November 30, 2011, the Mexican joint venture had \$17.9 million of third party debt, for which the Company has guaranteed 50% or approximately \$9.0 million.

As of November 30, 2011 the Company has outstanding letters of credit aggregating \$7.7 million associated with facility leases, certain railcars and workers compensation insurance.

Note 13 Fair Value Measures

Certain assets and liabilities are reported at fair value on either a recurring or nonrecurring basis. Fair value, for this disclosure, is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, under a three-tier fair value hierarchy which prioritizes the inputs used in measuring a fair value as follows:

Level 1 - observable inputs such as unadjusted quoted prices in active markets for identical instruments;

Level 2 - inputs, other than the quoted market prices in active markets for similar instruments, which are observable, either directly or indirectly; and

Level 3 - unobservable inputs for which there is little or no market data available, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value on a recurring basis as of November 30, 2011 are:

<i>(In thousands)</i>	Total	Level 1	Level 2 ⁽¹⁾	Level 3
Assets:				
Derivative financial instruments	\$	\$	\$	\$
Nonqualified savings plan investments	6,499	6,499		
Cash equivalents	4,565	4,565		
	\$ 11,064	\$ 11,064	\$	\$
Liabilities:				
Derivative financial instruments	\$ 12,290	\$	\$ 12,290	\$

(1) Level 2 assets include derivative financial instruments which are valued based on significant observable inputs. See note 10 Derivative Instruments for further discussion.

Assets and liabilities measured at fair value on a recurring basis as of August 31, 2011 are:

<i>(In thousands)</i>	Total	Level 1	Level 2	Level 3
Assets:				
Derivative financial instruments	\$	\$	\$	\$
Nonqualified savings plan investments	6,326	6,326		
Cash equivalents	4,561	4,561		

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	\$ 10,887	\$ 10,887	\$	\$
Liabilities:				
Derivative financial instruments	\$ 7,759	\$	\$ 7,759	\$

Note 14 Guarantor/Non Guarantor

The convertible senior notes due 2026 (the Notes) issued on May 22, 2006 are fully and unconditionally and jointly and severally guaranteed by substantially all of Greenbrier's material 100% owned U.S. subsidiaries: Autostack Company LLC, Greenbrier-Concarril, LLC, Greenbrier Leasing Company LLC, Greenbrier Leasing Limited Partner, LLC, Greenbrier Management Services, LLC, Greenbrier Leasing, L.P., Greenbrier Railcar LLC, Gunderson LLC, Gunderson Marine LLC, Gunderson Rail Services LLC, Meridian Rail Holding Corp., Meridian Rail Acquisition Corp., Meridian Rail Mexico City Corp., Brandon Railroad LLC, Gunderson Specialty Products, LLC and Greenbrier Railcar Leasing, Inc. No other subsidiaries guarantee the Notes including Greenbrier Leasing Limited, Greenbrier Europe B.V., Greenbrier Germany GmbH, WagonySwidnica S.A., Zaklad Naprawczy Taboru Kolejowego Olawa sp. z o.o., Gunderson-Concarril, S.A. de C.V., Mexico Meridianrail Services, S.A. de C.V., Greenbrier Railcar Services Tierra Blanca S.A. de C.V., YSD Doors, S.A. de C.V., Greenbrier-Gimsa, LLC and Gunderson-Gimsa S. de R.L. de C.V.

The following represents the supplemental consolidating condensed financial information of Greenbrier and its guarantor and non guarantor subsidiaries, as of November 30, 2011 and August 31, 2011 and for the three months ended November 30, 2011 and 2010. The information is presented on the basis of Greenbrier accounting for its ownership of its wholly owned subsidiaries using the equity method of accounting. The equity method investment for each subsidiary is recorded by the parent in intangibles and other assets. Intercompany transactions of goods and services between the guarantor and non guarantor subsidiaries are presented as if the sales or transfers were at fair value to third parties and eliminated in consolidation.

THE GREENBRIER COMPANIES, INC.

The Greenbrier Companies, Inc.

Condensed Consolidating Balance Sheet

November 30, 2011

(In thousands)

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 13,518	\$ 232	\$ 7,105	\$	\$ 20,855
Restricted cash		2,151			2,151
Accounts receivable, net	74,422	112,842	(37,708)	3	149,559
Inventories		126,713	227,486	(154)	354,045
Leased railcars for syndication		69,449		(1,420)	68,029
Equipment on operating leases, net		325,858		(1,980)	323,878
Property, plant and equipment, net	5,220	102,586	51,865		159,671
Goodwill		137,066			137,066
Intangibles and other assets, net	597,168	93,644	2,586	(609,211)	84,187
	\$ 690,328	\$ 970,541	\$ 251,334	\$ (612,762)	\$ 1,299,441
Liabilities and Equity					
Revolving notes	\$ 52,000	\$	\$ 28,679	\$	\$ 80,679
Accounts payable and accrued liabilities	(13,188)	176,592	148,112	3	311,519
Deferred income taxes	(10,235)	103,404	(4,692)	(1,082)	87,395
Deferred revenue	427	5,097	200		5,724
Notes payable	292,796	133,828	4,560		431,184
Total equity Greenbrier	368,528	551,620	60,063	(611,683)	368,528
Noncontrolling interest			14,412		14,412
Total equity	368,528	551,620	74,475	(611,683)	382,940
	\$ 690,328	\$ 970,541	\$ 251,334	\$ (612,762)	\$ 1,299,441

THE GREENBRIER COMPANIES, INC.

The Greenbrier Companies, Inc.

Condensed Consolidating Statement of Operations

For the three months ended November 30, 2011

(In thousands)

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue					
Manufacturing	\$	\$ 195,308	\$ 212,443	\$ (145,095)	\$ 262,656
Wheels Services, Refurbishment & Parts		121,758		(4,009)	117,749
Leasing & Services	269	17,745		(220)	17,794
	269	334,811	212,443	(149,324)	398,199
Cost of revenue					
Manufacturing		173,650	204,747	(142,209)	236,188
Wheel Services, Refurbishment & Parts		110,050		(4,159)	105,891
Leasing & Services		9,681		(18)	9,663
		293,381	204,747	(146,386)	351,742
Margin	269	41,430	7,696	(2,938)	46,457
Selling and administrative	9,899	6,959	6,377		23,235
Gain on disposition of equipment		(3,657)		(1)	(3,658)
Earnings (loss) from operations	(9,630)	38,128	1,319	(2,937)	26,880
Other costs					
Interest and foreign exchange	4,912	728	10	(267)	5,383
Earnings (loss) before income taxes					
and earnings (loss) from unconsolidated					
affiliates					
Income tax (expense) benefit	(14,542)	37,400	1,309	(2,670)	21,497
	6,626	(15,018)	94	501	(7,797)
Earnings (loss) before earnings (loss) from unconsolidated affiliates	(7,916)	22,382	1,403	(2,169)	13,700
Earnings (loss) from unconsolidated affiliates	22,433	(985)		(21,820)	(372)
Net earnings (loss)	14,517	21,397	1,403	(23,989)	13,328
Net (earnings) loss attributable to noncontrolling interest			(231)	1,420	1,189
Net earnings (loss) attributable to Greenbrier	\$ 14,517	\$ 21,397	\$ 1,172	\$ (22,569)	\$ 14,517

THE GREENBRIER COMPANIES, INC.

The Greenbrier Companies, Inc.

Condensed Consolidating Statement of Cash Flows

For the three months ended November 30, 2011

(In thousands)

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net earnings (loss)	\$ 14,517	\$ 21,397	\$ 1,403	\$ (23,989)	\$ 13,328
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:					
Deferred income taxes	4,416	(737)	488	(502)	3,665
Depreciation and amortization	699	7,404	1,803	(17)	9,889
Gain on sales of leased equipment		(3,657)		(1)	(3,658)
Accretion of debt discount	787				787
Stock based compensation expense	1,742				1,742
Other		603	1	1,420	2,024
Decrease (increase) in assets					
Accounts receivable	13,596	(18,628)	38,699	20	33,687
Inventories		14,918	(48,856)	(150)	(34,088)
Leased railcars for syndication		(38,759)		1,420	(37,339)
Other	853	1,049	(1,046)		856
Increase (decrease) in liabilities					
	(24,758)	27,610	(2,571)	(21)	260

Accounts payable and accrued liabilities					
Deferred revenue	(39)	(145)	39		(145)
Net cash provided by (used in) operating activities	11,813	11,055	(10,040)	(21,820)	(8,992)

Cash flows from investing activities:

Proceeds from sales of equipment		5,741			
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Name	Number of Shares
Sandler O'Neill & Partners, L.P.	
Stifel, Nicolaus & Company, Incorporated	
Total	13,600,000

The underwriters are committed to purchase and pay for all such shares of our common stock offered by this prospectus, if any are purchased. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriter may also be increased or the offering may be terminated. However, the underwriters are not obligated to purchase and pay for the shares of our common stock covered by the underwriters' over-allotment option described below, unless and until such option is exercised.

The shares of common stock are being offered by the underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the underwriters and other conditions. The underwriters reserve the right to withdraw, cancel, or modify this offering and to reject orders in whole or in part.

Over-Allotment Option

We have granted to the underwriters an option, exercisable no later than 30 days after the date of the underwriting agreement, to purchase up to an additional 2,040,000 shares of our common stock at the public offering price less the underwriting discount set forth on the cover page of this prospectus supplement. The underwriters may exercise this option only to cover over-allotments, if any, made in connection with this offering. To the extent the option is exercised and the conditions of the underwriting agreement

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are satisfied, we will be obligated to sell to the underwriters, and the underwriters will be obligated to purchase, these additional shares of common stock.

Commissions and Expenses

The underwriters propose to offer the shares of our common stock directly to the public at the offering price set forth on the cover page of this prospectus supplement and to certain securities dealers at the public offering price, less a concession not in excess of \$ _____ per share. The underwriters may allow, and these dealers may reallocate, a concession not in excess of \$ _____ per share on sales to other dealers. After the public offering of our common stock, the underwriters may change the offering price and other selling terms.

The following table shows the per share and total underwriting discount that we will pay to the underwriters and the proceeds we will receive before expenses. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase additional shares of our common stock.

	Per Share	Total Without Over-Allotment	Total With Over-Allotment
Price to public	\$	\$	\$
Underwriting discount or commissions payable by us			
Proceeds to us, before expenses			

We estimate that the total expenses of the offering payable by us, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, will be approximately \$ _____. We have agreed to reimburse the underwriters for their reasonable out-of-pocket expenses incurred in connection with its engagement as underwriter, regardless of whether this offering is consummated, including certain disbursements, fees and expenses of underwriter's counsel and marketing, syndication and travel expenses, up to \$225,000.

The shares of our common stock are being offered by the underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the underwriters and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify this offer and to reject orders in whole or in part.

The underwriting agreement provides that the obligations of the underwriters are conditional and may be terminated at their discretion based on their assessment of the state of the financial markets. The obligations of the underwriters may also be terminated upon the occurrence of the events specified in the underwriting agreement.

Indemnity

We and Trustco Bank have agreed, jointly and severally, to indemnify the underwriters and persons who control the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of these liabilities.

Lock-up Agreement

We, and each of our executive officers and directors, have agreed, for the period beginning on and including the date of this prospectus supplement through and including the date that is 90 days after the date of this prospectus supplement, not to sell, offer, agree to sell, contract to sell, hypothecate, pledge, grant any option to purchase, make any short sale, or otherwise dispose of or hedge, directly or indirectly, any shares of our preferred stock or common stock, any of our securities that are substantially similar to any of our common stock or any of our securities convertible into, exchangeable or exercisable for, or that represent the right to receive any shares of our common stock or any of our securities that are substantially similar to our common stock, without, in each case, the prior written consent of Sandler O'Neill & Partners, L.P. These restrictions are expressly agreed to preclude us, and our officers and directors, from engaging in any hedging or other transaction or arrangement that is designed to, or which reasonably could be expected to, lead to or result in a sale, disposition or transfer, in whole or in part, of any of the economic consequences of

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ownership of our common stock, whether such transaction would be settled by delivery of our common stock or other securities, in cash or otherwise. The 90-day restricted period will be automatically extended if (1) during the last 17 days of the 90-day restricted period we issue an earnings release or material news or a material event relating to us occurs or (2) prior to the expiration of the 90-day restricted period, we announce that we will release earnings results or have become aware that material news or a material event relating to us will occur during the 16-day period beginning on the last day of the 90-day restricted period, in which case the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The restrictions described in the preceding paragraph will not apply to (1) the issuance by us of common stock to the underwriters pursuant to the underwriting agreement; (2) the issuance by us of shares, and options to purchase shares, of our common stock pursuant to our 2010 equity incentive plan and our 2010 directors equity incentive plan, as those plans are in effect on the date of this prospectus supplement; (3) the issuance by us of shares of our common stock upon the exercise of stock options or other securities convertible into or exchangeable for common stock that are outstanding as of the date of this prospectus supplement, and the issuance by us of shares of our common stock upon the exercise of stock options issued after the date of this prospectus supplement under the plans referred to in clause (2) of this sentence; (4) a bona fide gift or gifts by any of our officers or directors, provided that the donee or donees thereof agree to be bound in writing by the restrictions described in the preceding paragraph; or (5) a transfer by any of our officers or directors to any trust for the direct or indirect benefit of that officer or director or his or her immediate family, provided that the trustee of the trust agrees to be bound in writing by such restrictions and provided further that any such transfer shall not involve a disposition for value. For purposes of this paragraph, immediate family shall mean any relationship by blood, marriage or adoption not more remote than first cousin.

The underwriters may, in their sole discretion and at any time and from time to time, without notice, release all or any portion of the foregoing shares and other securities from the foregoing restrictions.

Listing on the Nasdaq Stock Market

Our common stock is listed on the Nasdaq Global Select Stock Market under the trading symbol TRST.

Stabilization

In connection with this offering, the underwriters may engage in stabilizing transactions, over-allotment transactions and syndicate covering transactions.

Stabilizing transactions permit bids to purchase shares of common stock so long as the stabilizing bids do not exceed a specified maximum and are engaged in for the purpose of preventing or retarding a decline in the market price of the common stock while the offering is in progress.

Over-allotment transactions involve sales by the underwriters of shares of common stock in excess of the number of shares the underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of shares of common stock over allotted by the underwriters is not

greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by exercising their over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared with the price at which they may purchase shares through exercise of the over-allotment option. If the underwriters sell more shares than could be covered by exercise of the over-allotment option and, therefore, have a naked short position, the position can be closed out only by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing, there could be downward pressure on the price of the shares in the open market that could adversely affect investors who purchase in the offering.

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These stabilizing transactions and syndicate covering transactions may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters makes any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may be effected on the Nasdaq Global Select Stock Market or otherwise and, if commenced, may be discontinued at any time.

Passive Market Making

In connection with this offering, the underwriters and selected dealers, if any, who are qualified market makers on the Nasdaq Global Select Stock Market, may engage in passive market making transactions in our common stock on the Nasdaq Global Select Stock Market in accordance with Rule 103 of Regulation M under the Securities Act. Rule 103 permits passive market making activity by the participants in our common stock offering. Passive market making may occur before the pricing of our offering, or before the commencement of offers or sales of our common stock. Each passive market maker must comply with applicable volume and price limitations and must be identified as a passive market maker. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for the security. If all independent bids are lowered below the bid of the passive market maker, however, the bid must then be lowered when purchase limits are exceeded. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker's average daily trading volume in the common stock during a specified period and must be discontinued when that limit is reached. The underwriters and other dealers are not required to engage in passive market making and may end passive market making activities at any time.

Our Relationship with the Underwriters

From time to time, the underwriters and their affiliates have provided, and may continue to provide, investment banking and other financial advisory services to us in the ordinary course of their businesses, and have received, and may continue to receive, compensation for such services.

Other

A prospectus supplement and accompanying prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically.

LEGAL MATTERS

The legality and validity of the securities offered from time to time under this prospectus supplement will be passed upon by Lewis, Rice & Fingersh, L.C., St. Louis, Missouri. Certain legal matters related to this offering are being passed upon for the underwriters by Arnold & Porter LLP, New York, New York.

EXPERTS

Our consolidated financial statements incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2010 and 2009, and for each of the three years in the three-year period ended December 31, 2010 have been so incorporated in reliance on the report of Crowe Horwath LLP, independent registered public accounting firm, given on the authority of said firm as experts in

auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 (Registration File No. 333-174331) covering the shares of common stock offered by this prospectus supplement. This prospectus supplement does not contain all of the information contained or incorporated by reference in that registration statement and its exhibits and schedules. You may inspect and obtain a copy of the registration statement, including exhibits, schedules, reports and other information that we have filed with the SEC, as described in the next paragraph. Statements contained in this prospectus supplement concerning the contents of any document we refer you to are not necessarily complete and in each instance we refer you to the applicable document filed with the SEC for more complete information.

We file annual, quarterly and other reports, proxy statements and other information with the SEC. You may inspect and copy these filings at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at

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1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the Internet at the website maintained by the SEC at <http://www.sec.gov> and on our website (www.truistcobank.com) under the Investors Relations tab.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the SEC will update and supersede this information.

The following documents that we filed with the SEC are incorporated by reference:

1. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed March 1, 2011, as amended by the Form 10-K/A filed March 25, 2011.
2. Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 filed May 6, 2011.
3. Our current reports on Form 8-K filed May 23, 2011, May 19, 2011, May 18, 2011, May 17, 2011, April 19, 2011, February 15, 2011, January 21, 2011 and January 18, 2011.
4. All other reports filed by us pursuant to Sections 13(a) or 15(d) of the Exchange Act since December 31, 2010.
5. The description of our common stock which is contained in our Registration Statement on Form S-4 under the Securities Act, Registration No. 33-40379, effective date May 8, 1991, and an update of that description contained in our Current Report on Form 8-K filed on July 9, 1991; and including any amendment or report filed for purposes of updating such description.

We will provide copies of all documents incorporated by reference, other than exhibits to such documents, without charge to each person who receives a copy of this prospectus upon written or oral request to TrustCo Bank Corp NY, 5 Sarnowski Drive, Glenville, New York 12302, Attention: Corporate Secretary, Telephone Number (518) 377-3311.

We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell our securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as information we previously filed with the SEC and have incorporated by reference, is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations, and prospects may have changed since that date.

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PROSPECTUS

\$125,000,000

Common Stock

Preferred Stock

Warrants

Rights

Units

TrustCo Bank Corp NY, a New York corporation, may from time to time, in one or more offerings, offer and sell one or any combination of the securities we describe in this prospectus, either individually or as units comprised of one or more of the offered securities. The aggregate initial offering price of the securities that we offer will not exceed \$125,000,000.

This prospectus describes the general terms that may apply to the securities offered. The specific terms of our securities to be offered, including the specific amount, the price, the terms, and the plan of distribution for that offering, will be described in one or more supplements to this prospectus. The prospectus supplements may also add, update or change information in this prospectus. You should read this prospectus and any applicable supplement carefully before you purchase any of our securities.

We may offer and sell our securities in the same offering or in separate offerings to or through one or more underwriters, dealers, and agents, through underwriting syndicates managed or co-managed by one or more underwriters, or directly to purchasers, on a continuous basis or delayed basis. If any underwriters, dealers or agents are involved, their names and information about any commissions, discounts, and any over-allotment options held by them will be set forth in a prospectus supplement.

Our common stock is traded on the NASDAQ Global Select Market under the symbol TRST. On May 18, 2011, the last reported sales price for our common stock was \$5.75 per share. None of the other securities that we may offer are currently traded on any securities exchange. The applicable prospectus supplement will contain information, where applicable, as to any other listing on the NASDAQ Global Select Market or any securities market or exchange of the securities that the prospectus supplement covers.

Investing in our securities involves risks. See Risk Factors beginning on page 4, as well as those contained or referenced in the applicable prospectus supplement and under similar headings in the other documents that are incorporated by reference into this prospectus, for certain risks and uncertainties that you should consider.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.

The shares offered are our securities and are not savings accounts, deposits or other obligations of any bank subsidiary of ours and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this Prospectus is June 3, 2011.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, which we refer to as the SEC, using the SEC's shelf registration rules. Under the shelf registration rules, using this prospectus, together with a prospectus supplement, we may sell from time to time, in one or more offerings, on a continuous or delayed basis, the securities described in this prospectus for an aggregate initial offering price of up to \$125,000,000.

This prospectus provides a general description of the securities we may offer and sell from time to time. Each time we offer to sell securities under this prospectus, we will provide a prospectus supplement that will contain specific information about the securities offered and the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus does not contain all of the information included in the registration statement. For a complete understanding of the offering of securities, you should refer to the registration statement relating to this prospectus, including its exhibits, and read this prospectus, the applicable prospectus supplement and the additional information described below under "Where You Can Find More Information" before making an investment decision.

In this prospectus, TrustCo Bank Corp NY, TrustCo, the Company, we, us, and our refer to TrustCo Bank Corp NY, a New York corporation, and Trustco Bank, and the Bank refer to our subsidiary, Trustco Bank, a federal savings bank, unless the context otherwise requires.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and other reports, proxy statements and other information with the SEC. You may inspect and copy these filings at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the Internet at the website maintained by the SEC at <http://www.sec.gov> and on our website (www.trustcobank.com) under the "Investors Relations" tab.

This prospectus is part of a registration statement and does not contain all of the information included in the registration statement. Whenever a reference is made in this prospectus to any contract or other document of ours, you should refer to the exhibits that are a part of the registration statement or the prospectus supplement for a copy of the referenced contract or document. Statements contained in this prospectus concerning the provisions of any documents are necessarily summaries of those documents, and each statement is qualified in its entirety by reference to the copy of the document filed with the SEC.

The SEC allows us to incorporate by reference the information we file with the SEC and any additional documents that we may file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding portions thereof deemed to be furnished to the SEC pursuant to Item 2.02, Item 7.01 or Item 9.01 of a Current Report on Form 8-K) between the date of this prospectus and the termination of the offering of the securities, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the SEC will update and supersede this information.

The following documents that we filed with the SEC are incorporated by reference:

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1. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed March 1, 2011, as amended by the Form 10-K/A filed March 25, 2011.
2. Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed May 6, 2011.
3. Our current reports on Form 8-K filed May 23, 2011, May 19, 2011, May 18, 2011, May 17, 2011, April 19, 2011, February 15, 2011, January 21, 2011 and January 18, 2011.
4. All other reports filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act since December 31, 2010.
5. The description of our common stock which is contained in our Registration Statement on Form S-4 under the Securities Act, Registration No. 33-40379, effective date May 8, 1991, and an update of that description

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contained in our Current Report on Form 8-K filed on July 9, 1991; and including any amendment or report filed for purposes of updating such description.

We will provide copies of all documents incorporated by reference, other than exhibits to such documents, without charge to each person who receives a copy of this prospectus upon written or oral request to TrustCo Bank Corp NY, 5 Sarnowski Drive, Glenville, New York 12302, Attention: Corporate Secretary, Telephone Number (518) 377-3311.

We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell our securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as information we previously filed with the SEC and have incorporated by reference, is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations, and prospects may have changed since that date.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This prospectus, any prospectus supplement and any documents we incorporate by reference may include forward-looking statements about us and our subsidiaries. These statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995 and can sometimes be identified by the use of forward-looking words such as may, will, should, could, expects, intends, plans, anticipates, believes, estimate, potential or continue, or the negative of these terms or other comparable terminology. The matters addressed by forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

The following important factors, among others, in some cases have affected and in the future could affect our actual results and could cause our actual financial performance to differ materially from that expressed in any forward-looking statement:

credit risk,

the effects of and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, inflation, interest rates, market and monetary fluctuations,

competition,

the effect of changes in financial services laws and regulations (including laws concerning taxation, banking and securities),

real estate and collateral values,

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changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board (FASB) or the Public Company Accounting Oversight Board,

changes in local market areas and general business and economic trends and

the matters described under the heading Risk Factors in our annual report on Form 10-K for the year ended December 31, 2010, as amended, and in our subsequent securities filings.

The foregoing list should not be construed as exhaustive, and we disclaim any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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SUMMARY

This summary provides a general description of the securities we may offer. This summary is not complete and does not contain all of the information that may be important to you. For a more complete understanding of us and the terms of the securities we will offer, you should read carefully this entire prospectus, including the Risk Factors section, the applicable prospectus supplement for the securities and the other documents we refer to and incorporate by reference. In particular, we incorporate important business and financial information into this prospectus by reference.

TrustCo Bank Corp NY

We are a New York corporation organized in 1981 to acquire all of the outstanding stock of Trustco Bank, National Association, formerly known as Trustco Bank New York, and prior to that, The Schenectady Trust Company. Our principal subsidiary, Trustco Bank, is the successor by merger to Trustco Bank, National Association.

Trustco Bank provides general banking services to individuals, partnerships and corporations primarily through its 134 banking offices (and 141 automatic teller machines) in 28 counties in New York, Florida, Massachusetts, New Jersey and Vermont. The Bank provides a wide range of personal and business banking and fiduciary services.

As of March 31, 2011, we had total assets of \$4.0 billion, net loans of \$2.3 billion, total liabilities of \$3.7 billion and total shareholders' equity of \$258.5 million.

The Securities We May Offer

We may use this prospectus to offer securities in an aggregate amount of up to \$125,000,000 in one or more offerings. This prospectus describes the general terms that may apply to the securities offered. The specific terms of our securities to be offered, including the specific amount, the price, the terms, and the plan of distribution for that offering, will be described in one or more supplements to this prospectus. The prospectus supplements may also describe risks associated with an investment in our securities in addition to those described in the Risk Factors section of this prospectus.

We may sell the securities directly or through underwriters, dealers, or agents. We and our underwriters, dealers, or agents reserve the right to accept or reject all or part of any proposed purchase of securities. If we do offer securities through underwriters or agents, we will include in the applicable prospectus supplement the names of those underwriters or agents, applicable fees, discounts, and commissions to be paid to them, details regarding over-allotment options, if any and the net proceeds to us.

Common Stock

We may sell our common stock, par value \$1.00 per share. In a prospectus supplement, we will describe the aggregate number of shares offered and the offering price or prices of the shares.

Preferred Stock

We may sell shares of our preferred stock, par value \$10.00 per share, in one or more series. In a prospectus supplement, we will describe the designation, number of shares that constitute the series, dividends, the dividend rate, the dividend periods, any liquidation preference per share, the issue price, any conversion provisions, any conversion rights and any other specific terms.

Warrants and Rights

We may issue warrants and rights entitling the holders of those securities to purchase shares of our capital stock of any class or series or other securities authorized by us. In a prospectus supplement, we will inform you of the specific terms of the warrants or rights, including the exercise price, any offering price, the aggregate number of warrants or rights, the terms of the common stock, preferred stock or other securities that may be purchased upon the exercise of the warrants or rights, any date upon which the warrants or rights will be separately transferable, the number of shares of common stock or preferred stock that may be purchased upon exercise of a warrant or right, the dates on which the right to exercise the warrants or rights commence and expire, any redemption or call provisions and any provisions with respect to the holder's right to require us to repurchase the warrants or rights upon a change in control or similar event.

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Units

We may issue units comprised of one or more of the other classes of securities described in this prospectus in any combination. In a prospectus supplement, we will describe the particular combination of securities constituting any units and any other specific terms of the units.

RISK FACTORS

Investing in our securities involves a degree of risk. You should carefully review the risks and uncertainties described in our most recent Annual Report on Form 10-K, as updated by any subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K that we have filed or will file with the SEC and that are incorporated by reference into this prospectus. The risks described in these documents are not the only ones we face, but those that we currently consider to be material. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Please also read carefully the section above entitled Special Note About Forward-Looking Statements.

FINANCIAL RATIOS

If we offer preferred stock, we will set forth in the applicable prospectus supplement, if required, our historical consolidated ratio of our earnings to combined fixed charges and preferred stock dividends.

USE OF PROCEEDS

We will retain broad discretion over the use of the net proceeds from the sale of the securities offered hereby. Except as otherwise provided in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities covered by this prospectus for general corporate purposes. Such uses may include funding and providing enhanced capital for our bank and non-bank subsidiaries, financing business expansion and investments at the holding company level. Pending any of such uses, we may invest the net proceeds in short-term securities, reduce our short-term indebtedness or hold the net proceeds in deposit accounts in our subsidiary bank.

DESCRIPTION OF THE SECURITIES WE MAY OFFER

This prospectus contains summary descriptions of our common stock, preferred stock, warrants, rights and units that we may offer from time to time. As further described in this prospectus, these summary descriptions are not meant to be complete descriptions of each security. The particular terms of any security will be described in the accompanying prospectus supplement and other offering material. The accompanying prospectus supplement may add, update or change the terms and conditions of the securities as described in this prospectus.

General

We are currently authorized to issue 150,000,000 shares of common stock, par value \$1.00 per share, and 500,000 shares of preferred stock, par value \$10.00 per share. As of May 2, 2011, there were 77,366,611 shares of our common stock issued and outstanding and no shares of the preferred stock are issued or outstanding, plus 5,799,812 shares of treasury stock.

Common Stock

Voting Rights. Holders of our common stock possess exclusive voting rights in us, except to the extent that shares of preferred stock issued in the future may have voting rights. Each holder of shares of our common stock is entitled to one vote for each share held of record on all matters submitted to a vote of our shareholders.

Dividend Rights. Holders of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available therefor, subject to any preferential dividend rights that may attach to preferred stock that we may issue in the future. Under the New York Business Corporation Law (which we may refer to as the NYBCL), we may pay dividends on our common stock unless we are or would thereby be made insolvent. Moreover, we may pay dividends out of surplus only such that our net assets remaining after the dividend payment is at least equal to the amount of our stated capital. If we pay any dividend, in whole or in part, from sources other than earned surplus, we must notify our stockholders of that fact. The ability of

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Trustco Bank to pay cash dividends, which is expected to be our principal source of income, is restricted by applicable banking laws, including the regulations and policies of the Office of Thrift Supervision and its expected successor, the Office of the Comptroller of the Currency. Such dividends have previously been our principal source of income.

Liquidation Rights. In the event we are liquidated or dissolved, each holder of our common stock would be entitled to receive, after payment of all our debts and liabilities, a pro rata portion of all of our assets available for distribution to holders of our common stock. If we have issued any preferred stock, the holders thereof may have a priority in liquidation or dissolution over the holders of the our common stock.

Other Characteristics. Holders of our common stock do not have preemptive rights with respect to any additional shares of common stock that we may issue in the future. The shares of our common stock currently outstanding are, and the shares of our common stock that may be issued pursuant to this prospectus and any applicable prospectus supplement will be, when issued and delivered as described in this prospectus and any such prospectus supplement, duly authorized, validly issued, fully paid and non-assessable. There are no redemption or sinking fund provisions applicable to the shares of our common stock. The transfer agent for shares of our common stock is Registrar and Transfer Company.

Preferred Stock

Our certificate of incorporation authorizes the issuance of up to 500,000 shares of preferred stock, par value \$10.00 per share. Our board of directors may authorize the issuance of one or more series of preferred stock and may establish and designate series and the number of shares and the relative rights, preferences and limitations of the respective series of the preferred stock offered by this prospectus and the applicable prospectus supplement. All shares of preferred stock will, when issued, be fully paid and non-assessable.

Any voting powers of our preferred stock may be full or limited but may not exceed one vote per share.

The number of shares and the specific terms of any series of preferred stock will be described in the prospectus supplement by which we offer that series of preferred stock. The terms of particular series of preferred stock may differ, among other things, in:

designation,

number of shares that constitute the series,

dividends (which may be cumulative or noncumulative), the dividend rate or the method of calculating the dividend rate,

dividend periods or the method of calculating the dividend periods,

amount of liquidation preference per share, if any,

price at which the preferred stock will be issued,

conversion provisions, if any,

convertibility into other series of preferred stock or common stock and

any other specific terms of the preferred stock being offered.

Each series of preferred stock will rank, with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up:

junior to any series of our capital stock expressly stated to be senior to that series of preferred stock and

senior to our common stock and any class of our capital stock expressly stated to be junior to that series of preferred stock.

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Anti-Takeover Statutes and Provisions

In general, the NYBCL prohibits any business combination (including, for example, mergers, consolidations and acquisitions of substantially all of the assets) between a New York corporation and an interested stockholder (defined as any owner of 20% or more of the voting stock of such corporation) unless the corporation's board of directors has approved the business combination or the stock acquisition by which the related party's interest reached 20% prior to the date of such stock acquisition. This restriction applies for five years after the date of such stock acquisition. Thereafter, the corporation may enter into a business combination with the related party:

if the combination is approved by a majority of the corporation's voting stock beneficially owned by stockholders other than the related party or

if such disinterested stockholders receive a price for their shares equal to or greater than a price determined in accordance with a statutory formula intended to assure that stockholders receive an equitable price in the business combination.

As a New York corporation, we, and any potential acquiror of us, would be subject to this provision.

In addition, our certificate of incorporation and bylaws contain several provisions that may be deemed to be anti-takeover in nature. Our certificate of incorporation includes a so-called fair consideration provision, which provides that a business combination (including a merger, consolidation or acquisition of substantially all of the assets) involving us or any of our subsidiaries, with any person or entity beneficially owning directly or indirectly more than 5% of our outstanding voting stock may not be consummated without the affirmative vote of at least two-thirds of our voting stock, even if the normal statutory requirements are otherwise met, unless:

the transaction is approved by at least two-thirds of the members of the TrustCo Board who are not affiliated with the 5% stockholder or

the transaction meets certain minimum price requirements (in either of which cases only the normal stockholder and director approval requirements of the NYBCL would govern the transaction).

Our certificate of incorporation requires an affirmative vote of at least two-thirds of our voting stock to change, modify or repeal any provision of our certificate of incorporation or bylaws. Also, our certificate of incorporation provides for a classified board of directors, under which one-third of our directors are elected to three-year terms at each annual meeting of our stockholders. In effect, the classified board may increase the time required for any one or more persons owning a majority or controlling block of our stock to elect a majority of our directors.

Certain Effects of Authorized But Unissued Stock

Subject to the requirements of the NASDAQ Stock Market or other applicable rules, we may issue shares of common stock and preferred stock in future issuances without stockholder approval. We may utilize these additional shares for a variety of corporate

purposes, including future public offerings to raise additional capital, facilitating corporate acquisitions or paying a dividend on our capital stock.

The existence of unissued and unreserved common stock and preferred stock may enable our board of directors to issue shares to persons friendly to current management or to issue preferred stock with terms that could render more difficult or discourage a third party attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, thereby protecting the continuity of our management.

Warrants and Rights

We have the authority to create and issue warrants and rights entitling the holders of those securities to purchase shares of our capital stock of any class or series or other securities authorized by us. Our board has the authority to set the exercise price, duration, times for exercise and other terms of any warrants or rights that we may issue. However, the consideration to be received for any shares of our capital stock subject to any warrant or rights may not be less than the par value of those shares.

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We may issue warrants or rights for the purchase of our preferred stock or common stock, or any combination thereof. Warrants or rights may be issued by us independently or together with our preferred stock or common stock, and may be attached to, or separate from, any other offered securities. Any rights we issue may or may not be transferable by the person purchasing or receiving the rights. In connection with any rights offering to our shareholders, we may enter into a standby underwriting or other arrangement with one or more underwriters or other persons pursuant to which such underwriters or other person would purchase any offered securities remaining unsubscribed for after such rights offering. Each series of warrants or rights will be issued under a separate agreement to be entered into between us and the holder or a bank or trust company, as agent. In the event we engage an agent, the agent will act solely as our agent in connection with the warrants or rights, as applicable. The agent will not have any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants or rights, as applicable. This summary of certain provisions of the warrants and rights is not complete. For the terms of a particular series of warrants or rights, you should refer to the prospectus supplement and the agreement for that particular series.

The prospectus supplement relating to a particular series of warrants or rights to purchase our common stock or preferred stock will describe the terms of the warrants or rights, as applicable, including the following:

the title of the warrants or rights,

the exercise price of the warrants or rights,

the offering price for the warrants or rights, if any,

the aggregate number of warrants or rights,

the designation and terms of the common stock or preferred stock that may be purchased upon the exercise of the warrants or rights,

if applicable, the designation and terms of the securities with which the warrants or rights are issued and the number of warrants or rights issued with each security,

if applicable, the date from and after which the warrants or rights and any securities issued therewith will be separately transferable,

the number of shares of common stock or preferred stock that may be purchased upon exercise of a warrant or right, and the exercise price for the warrants or rights, as applicable,

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the dates on which the right to exercise the warrants or rights commence and expire,

if applicable, the minimum or maximum amount of the warrants or rights that may be exercised at any one time,

if applicable, a discussion of material U.S. federal income tax considerations,

the anti-dilution provisions, if any, of the warrants or rights,

the redemption or call provisions, if any, applicable to the warrants or rights,

any provisions with respect to the holder's right to require us to repurchase the warrants or rights upon a change in control or similar event, and

any additional terms of the warrants or rights, including procedures and limitations relating to the transfer, exchange, exercise and settlement thereof.

Holders of warrants or rights will not be entitled:

to vote, consent or receive dividends;

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receive notice as stockholders with respect to any meeting of stockholders for the election of our directors or any other matter; or

exercise any rights of our stockholders.

Units

We may issue units comprised of one or more of the other classes of securities described in this prospectus in any combination. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security. The prospectus supplement will describe:

the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units may be held or transferred separately;

a description of the terms of any agreement governing the units;

a description of the provisions for the payment, settlement, transfer or exchange of the units; and

a discussion of material federal income tax considerations, if applicable.

The descriptions of the units in this prospectus and in any prospectus supplement are summaries of the material provisions of the applicable agreements. These descriptions do not restate those agreements in their entirety and may not contain all the information that you may find useful. We urge you to read the applicable agreements because they, and not the summaries, define your rights as holders of the units.

PLAN OF DISTRIBUTION

We may sell the offered securities in any of the ways described below or in any combination or in any way set forth in an applicable prospectus supplement from time to time:

to or through underwriters, brokers or dealers;

through one or more agents;

directly to purchasers or to a single purchaser;

through a block trade in which the broker or dealer engaged to handle the block trade will attempt to sell the securities as agent, but may position and

resell a portion of the block as principal to facilitate the transaction; or

through a combination of any of these methods of sale.

The distribution of the securities may be effected from time to time in one or more transactions:

at a fixed price or prices, which may be changed from time to time;

at market prices prevailing at the time of sale;

at prices related to such prevailing market prices or

at negotiated prices.

Each prospectus supplement will describe the method of distribution of the securities and any applicable restrictions.

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The prospectus supplement with respect to the securities of a particular series will describe the terms of the offering of the securities, including the following:

the name or names of any underwriters, dealers or agents and the amounts of securities underwritten or purchased by each of them;

the public offering price of the securities and the proceeds to us and any discounts, commissions or concessions allowed or re-allowed or paid to dealers and

any exchanges on which the securities may be listed.

Underwriters may offer and sell the offered securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase the securities will be subject to the conditions set forth in an underwriting agreement between us and the underwriters. If underwriters are used in the sale of any securities, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions described above. The securities may be either offered to the public through underwriting syndicates represented by managing underwriters, or directly by underwriters. Generally, the underwriters' obligations to purchase the securities will be subject to certain conditions precedent. The underwriters will be obligated to purchase all of the securities if they purchase any of the securities. We may use underwriters with whom we have a material relationship. We will describe in the prospectus supplement or a free writing prospectus, naming the underwriter, the nature of any such relationship.

Any offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only the agents or underwriters named in each prospectus supplement are agents or underwriters in connection with the securities being offered thereby.

We may authorize underwriters, dealers or other persons acting as our agents to solicit offers by certain institutions to purchase securities from us pursuant to delayed delivery contracts providing for payment and delivery on the date stated in each applicable prospectus supplement. Each contract will be for an amount not less than, and the aggregate amount of securities sold pursuant to such contracts will not be less than nor more than, the respective amounts stated in each applicable prospectus supplement. Institutions with whom the contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutions, in each case subject to our approval. Delayed delivery contracts will be subject only to those conditions set forth in each applicable prospectus supplement, and each prospectus supplement will set forth any commissions we pay for solicitation of these contracts.

We may from time to time engage a firm to act as our agent for one or more offerings of our securities. We sometimes refer to this agent as our offering agent. If we reach agreement with an offering agent with respect to a specific offering, including the number of securities and any minimum price below which sales may not be made, then the offering agent will try to sell such securities on the agreed terms. The offering agent could make sales in privately negotiated transactions or using any other method permitted by law, including sales deemed to be an at the market offering as defined in

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Rule 415 promulgated under the Securities Act, including sales made directly on the NASDAQ Global Select Market, or sales made to or through a market maker other than on an exchange. The offering agent will be deemed to be an underwriter within the meaning of the Securities Act with respect to any sales effected through an at the market offering.

Agents, underwriters and other third parties described above may be entitled to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution from us with respect to payments that the agents, underwriters or other third parties may be required to make in respect of these civil liabilities. Agents, underwriters and such other third parties may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

Certain underwriters may use the prospectus and any accompanying prospectus supplement for offers and sales related to market-making transactions in the securities. These underwriters may act as principal or agent in these transactions, and the sales will be made at prices related to prevailing market prices at the time of sale.

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All securities we offer, other than common stock, will be new issues of securities with no established trading market. Any underwriters may make a market in these securities, but will not be obligated to do so and may discontinue any market making at any time without notice. We cannot guarantee the liquidity of the trading markets for any securities.

Certain persons participating in an offering may engage in over-allotment, stabilizing transactions, short covering transactions and penalty bids in accordance with rules and regulations under the Exchange Act. Over-allotment involves sales in excess of the offering size, which create a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Short covering transactions involve purchases of the securities in the open market after the distribution is completed to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the securities originally sold by the dealer are purchased in a short covering transaction to cover short positions. Those activities may cause the price of the securities to be higher than it would otherwise be. If commenced, the underwriters may discontinue any of the activities at any time.

To the extent permitted by and in accordance with Regulation M under the Exchange Act, any underwriters who are qualified market makers on the NASDAQ Global Select Market may engage in passive market making transactions in the securities on the NASDAQ Global Select Market during the business day prior to the pricing of an offering, before the commencement of offers or sales of the securities. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker's bid, however, the passive market maker's bid must then be lowered when certain purchase limits are exceeded.

We also may sell any of the securities through agents designated by us from time to time. We will name any agent involved in the offer or sale of these securities and will list commissions payable by us to these agents in the applicable prospectus supplement. These agents will be acting on a best efforts basis to solicit purchases for the period of their appointment, unless stated otherwise in the applicable prospectus supplements.

LEGAL MATTERS

The validity of the securities offered by this prospectus will be passed upon by Lewis, Rice & Fingersh, L.C., St. Louis, Missouri. If the validity of any securities is also passed upon by counsel to any underwriters, dealers or agents, that counsel will be named in the prospectus supplement relating to that specific offering.

EXPERTS

Our consolidated financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2010 and 2009, and for each of the three years in the three-year period ended December 31, 2010 have been so incorporated in reliance on the report of Crowe Horwath LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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\$125,000,000

Common Stock

Preferred Stock

Warrants

Rights

Units

Prospectus

June 3, 2011

You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement or free writing prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell our securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as information we previously filed with the SEC and have incorporated by reference, is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations, and prospects may have changed since that date.

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13,600,000 Shares

Common Stock

PROSPECTUS SUPPLEMENT

SANDLER O NEILL PARTNERS, L.P. **STIFEL NICOLAUS WEISEL**

, 2011