

October 16, 2015

Railcar Market Update

Northeast Association of Rail Shippers



GATX

Unless otherwise noted, GATX is the source for data provided.

NYSE: GMT

Forward-Looking Statements

Forward-looking statements in this presentation that are not historical facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements that reflect our current views with respect to, among other things, future events, financial performance and market conditions. In some cases, you may identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” “likely,” “will,” “would” and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Specific risks and uncertainties are identified below, but are not limited to,

- changes in regulatory requirements for tank cars carrying crude, ethanol, and other flammable liquids,
- competitive factors in our primary markets
- weak economic conditions, financial market volatility, and other factors that may decrease demand for our assets and services,
- inability to maintain our assets on lease at satisfactory rates,
- changes to, or failure to comply with, laws, rules, and regulations applicable to our assets and operations,
- operational disruption and increased costs associated with compliance maintenance programs and other maintenance initiatives,
- financial and operational risks associated with long-term railcar purchase commitments,
- deterioration of conditions in the capital markets, reductions in our credit ratings, or increases in our financing costs,
- events having an adverse impact on assets, customers, or regions where we have a large investment,
- decreased demand for certain railcars used in the petroleum industry due to sustained low crude oil prices,
- risks related to international operations and expansion into new geographic markets,
- inadequate allowances to cover credit losses in our portfolio,
- asset impairment charges we may be required to recognize,
- environmental remediation costs or a negative outcome in pending or threatened litigation,
- inability to obtain cost-effective insurance,
- fluctuations in foreign exchange rates,
- operational and financial risks related to our affiliate investments,
- reduced opportunities to generate asset remarketing income,
- failure to successfully negotiate collective bargaining agreements with the unions representing a substantial portion of our employees, and
- other risks discussed in our filings with the US Securities and Exchange Commission (“SEC”), including our Form 10-K for the year ended December 31, 2014, and our subsequently filed Form 10-Q reports, all of which are available on the SEC’s website (www.sec.gov).

You should not place undue reliance on forward-looking statements, which speak only as of the date they are made and do not guarantee future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements.



About GATX

Founded in 1898

Continuous quarterly dividend payment since 1919

Third largest independent rail rolling stock lessor in North America, with approximately 130,000 owned, affiliated, and managed railcars and more than 600 locomotives

- Second largest tank car owner

- Largest boxcar owner

International presence in Europe and India

- Second largest European tank car lessor

Current Railcar Market Topics

Supply side

- New railcar backlogs and builder capacity
- Age-driven car retirements
- Regulation-driven car retrofits and retirements
- The aging boxcar fleet

Demand side

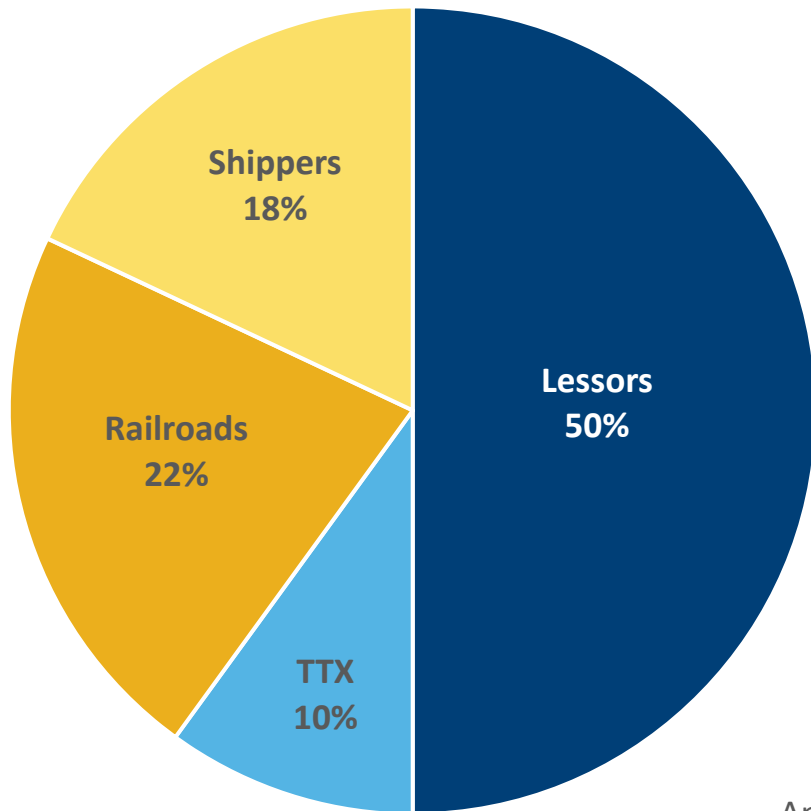
- Carloading trends and macroeconomic conditions
- Railroad velocity
- Coal market



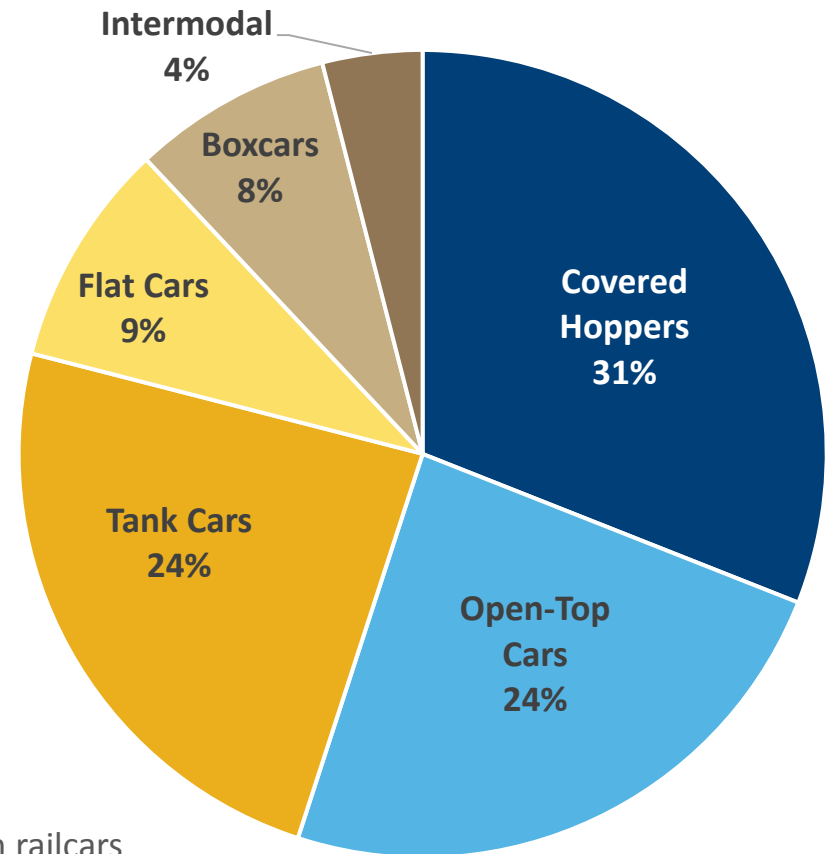
Supply

Railcar ownership is led by lessors; car types are dominated by tank railcars

N. A. Railcar Ownership



N. A. Railcar Fleet Mix



Approximately 1.5 million railcars

The North American fleet has recovered, but is still smaller than the last peak

Overall North American fleet size is **down 6.5%** since 2008

- But it's down only **5.2%** excluding coal

The fleet is **up 1.5%** from the post-recession low in 2011

- And excluding coal, it's **up 2.8%**

Sources of car supply are changing

Lessor share **+6.5%** since 2008

- Lessor landscape has changed, but value proposition has not

Railroad share **-6.3%** over same period

- Railroads concentrating capital on infrastructure

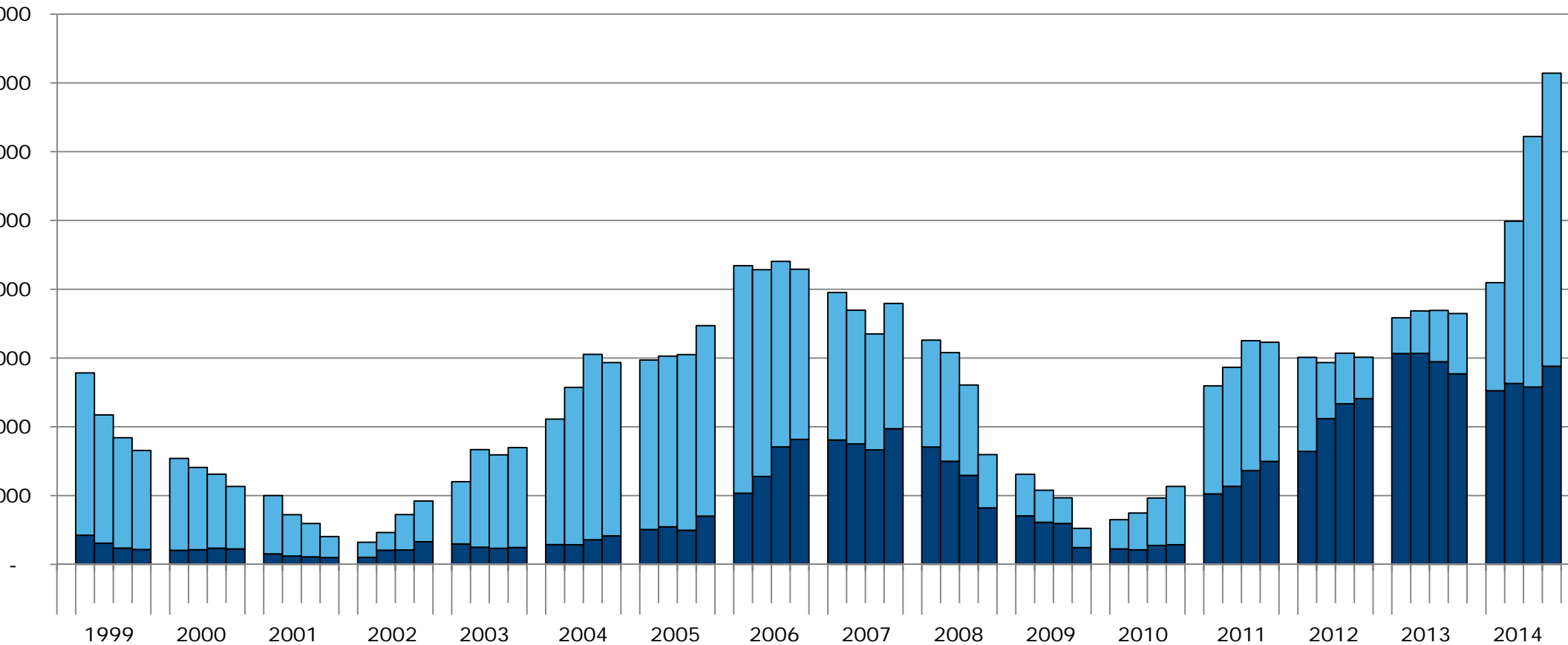
Shipper share relatively constant (**-1%**) since 2008

- But which shippers own cars and what types of cars are shipper-owned is changing

- Shipper-owned large GS tank fleet **+10,100 cars**

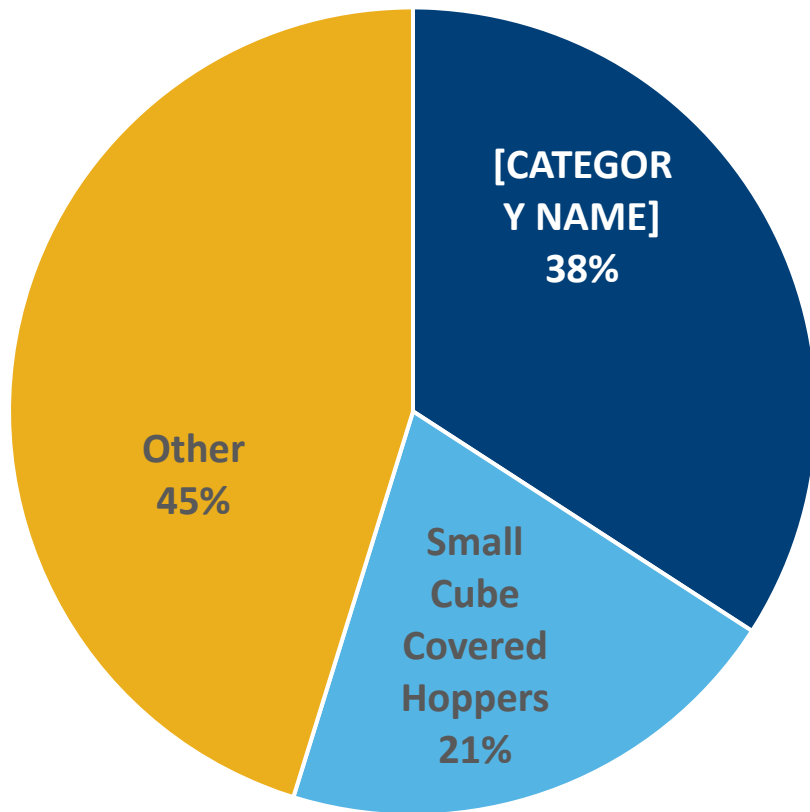
Backlogs are extremely high

North American Railcar Manufacturing Backlog



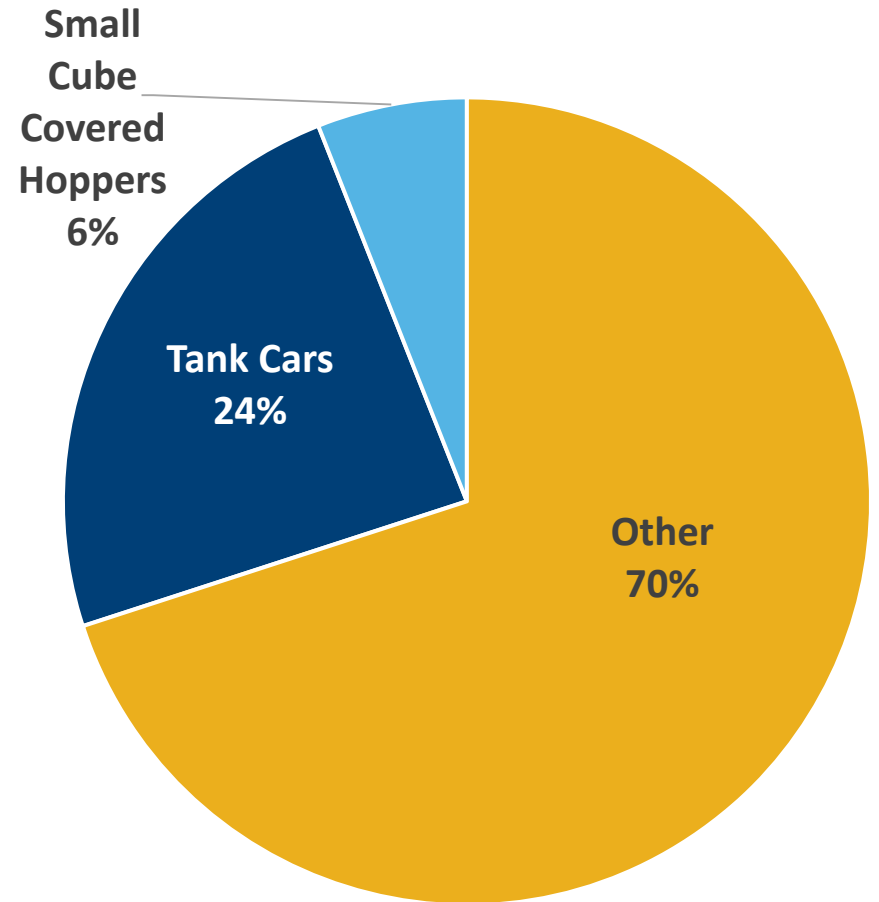
Backlogs are unevenly weighted

North American Backlog



Approximately 136,000 railcars

North American Fleet



Approximately 1.5 million railcars

Age and regulation will drive retirements

40 to 60% of the cars in most key bulk and/or weight-sensitive railcar markets are still not 286K GRL

Most of these cars have less than 20 remaining years of statutory life (economic life may be less)

Tank cars are generally younger, but face regulatory-driven retirements

- The Railway Supply Institute has projected a 28% retirement rate for “legacy” non-jacketed flammables cars (over 15,000 cars)

Declining boxcar supply is a significant challenge

	Fleet at 1/1/15	New Builds	Life-Expired, Destroyed, or Uneconomical to Repair	Fleet 12/31/15
DOT Cushioned	58.6	8.0	(4.3)	62.3
DOT Rigid	7.2		(1.6)	5.6
OT Cushioned	23.8		(5.0)	18.8
OT Rigid	24.1		(8.2)	15.9
Frig./ Insulated	12.6	0.4	(3.8)	9.2
Total	126.3	8.4	(22.9)	111.8

Figures in thousands.

Recent new car orders are **not sufficient** to meet replacement demand

Exclusive focus on new 60' cars does not address **economics**, **shipper preferences**, and **embedded infrastructure** associated with 50' cars

More Affordable ILS: A Boxcar Solution

GATX and PFITC (the paper and forest products industry transportation council) support changes to AAR's ILS rule

ILS allows [65-year statutory life](#) for cars (versus 50 as built) provided that:

Cars are rebuilt after age 47

New castings and other components are applied

GATX will participate in an

AAR TAG on how to [make](#)

[ILS more economically feasible](#)

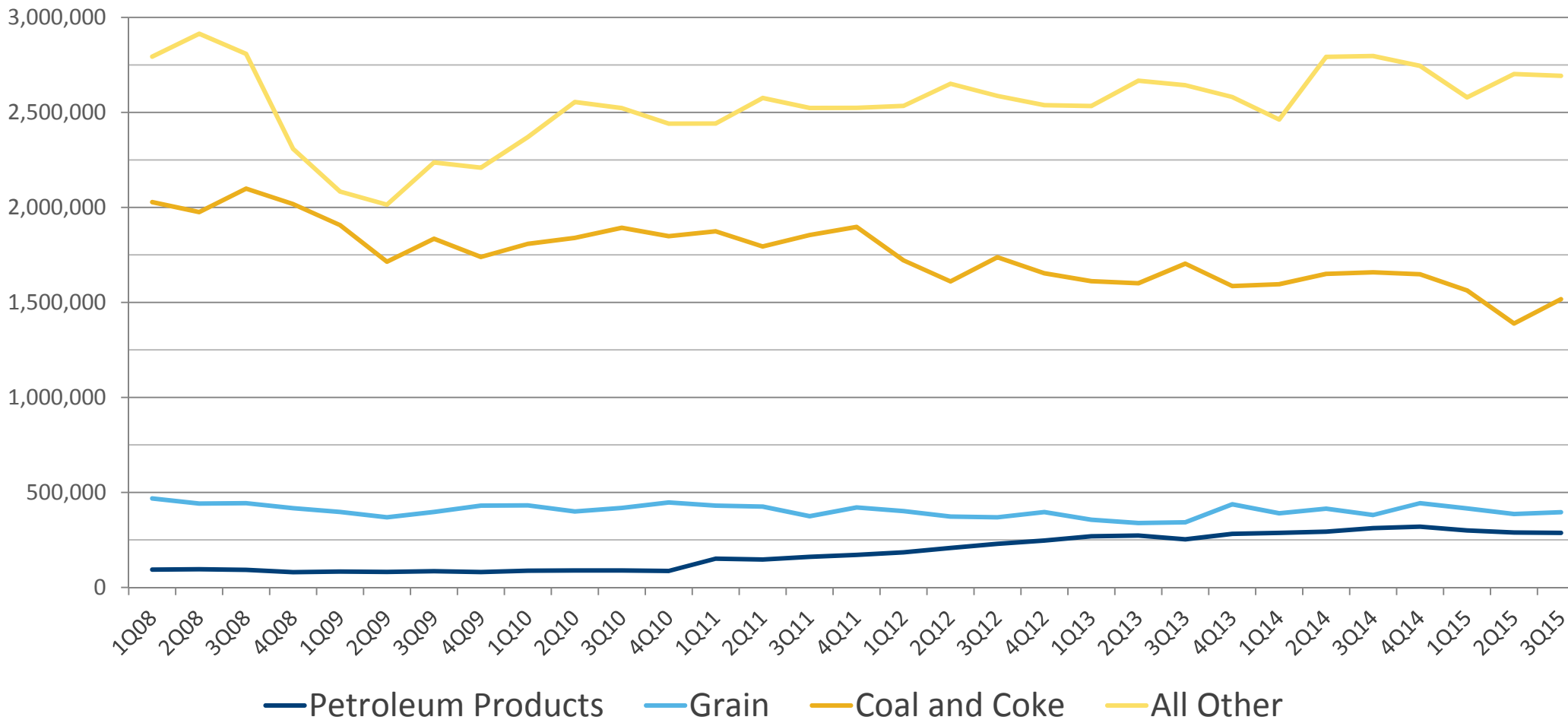




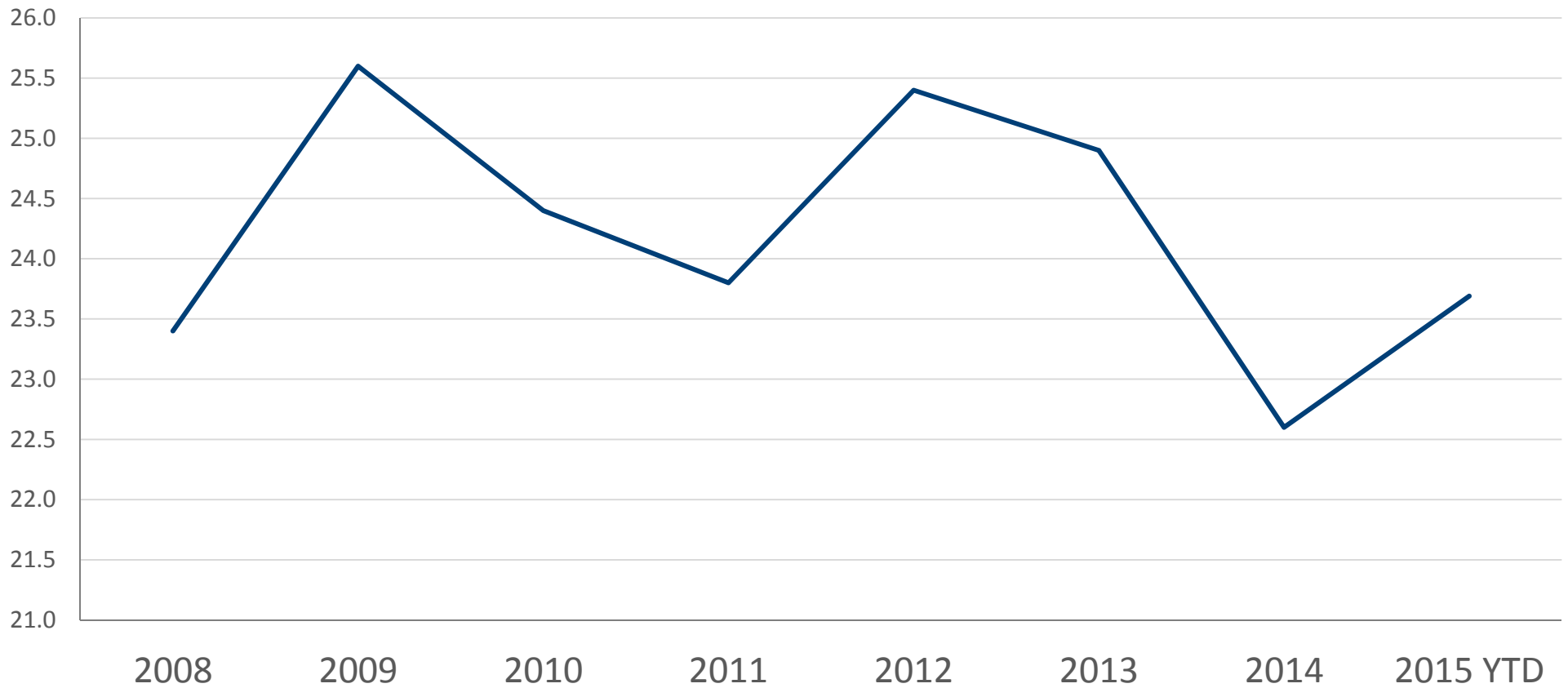
Demand

Carload performance varies by commodity

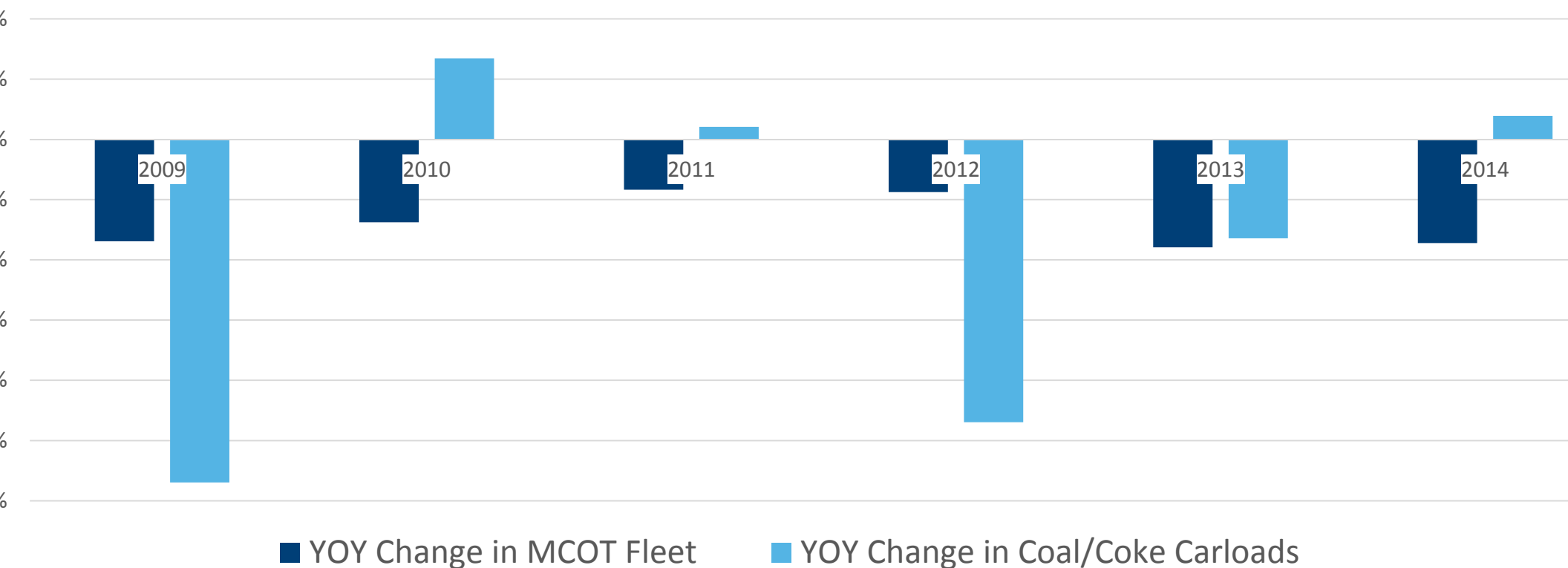
Quarterly North American Carload Traffic



Railroad velocity is improving from 2014 lows but still has room for improvement



Steady decline in coal cars lags an uneven but steep decline in coal carloads



- Cumulative carload decline 1Q08-3Q15: **25%**
- Cumulative fleet decline: 1/1/08-1/1/15: **14%**



Conclusion

The Railcar Market is Changing

Energy markets drove robust railcar demand growth 2011-2014

- Suppliers responded with record production
- Low velocity and an improving North American macro picture accentuated demand growth

Thus far in 2015, energy markets have pulled back and velocity has improved

Near-term railcar market direction is difficult to decipher

Questions?

