The Market Bottom: Are we there yet? (And if so, what next?)

Midwest Association of Rail Shippers | July 2017

Forward-Looking Statements

Statements in this Presentation not based on historical facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and, accordingly, involve known and unknown risks and uncertainties that are difficult to predict and could cause our actual results, performance, or achievements to differ materially from those discussed. These statements include statements as to our future expectations, beliefs, plans, strategies, objectives, events, conditions, financial performance, prospects, or future events. In some cases, forward-looking statements can be identified by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” “likely,” “will,” “would”, and similar words and phrases. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Accordingly, you should not place undue reliance on forward-looking statements, which speak only as of the date they are made, and are not guarantees of future performance. We do not undertake any obligation to publicly update or revise these forward-looking statements. The following factors, in addition to those discussed in our other filings with the SEC, including our Form 10-K for the year ended December 31, 2016 and subsequent reports on Form 10-Q, could cause actual results to differ materially from our current expectations expressed in forward-looking statements:

- exposure to damages, fines, criminal and civil penalties, and reputational harm arising from a negative outcome in litigation, including claims arising from an accident involving our railcars
- inability to maintain our assets on lease at satisfactory rates due to oversupply of railcars in the market or other changes in supply and demand
- weak economic conditions and other factors that may decrease demand for our assets and services
- decreased demand for portions of our railcar fleet due to adverse changes in the price of, or demand for, commodities that are shipped in our railcars
- higher costs associated with increased railcar assignments following non-renewal of leases, customer defaults, and compliance maintenance programs or other maintenance initiatives
- events having an adverse impact on assets, customers, or regions where we have a concentrated investment exposure
- financial and operational risks associated with long-term railcar purchase commitments
- reduced opportunities to generate asset remarketing income
- operational and financial risks related to our affiliate investments, including the Rolls-Royce & Partners Finance joint ventures
- fluctuations in foreign exchange rates
- failure to successfully negotiate collective bargaining agreements with the unions representing a substantial portion of our employees
- improvements in railroad efficiency that could decrease demand for railcars
- the impact of regulatory requirements applicable to tank cars carrying crude, ethanol, and other flammable liquids
- asset impairment charges we may be required to recognize
- deterioration of conditions in the capital markets, reductions in our credit ratings, or increases in our financing costs
- competitive factors in our primary markets, including competitors with a significantly lower cost of capital than GATX
- risks related to international operations and expansion into new geographic markets
- changes in, or failure to comply with, laws, rules, and regulations
- inability to obtain cost-effective insurance
- environmental remediation costs
- inadequate allowances to cover credit losses in our portfolio
- inability to maintain and secure our information technology infrastructure from cybersecurity threats and related disruption of our business

Agenda

- About GATX
- Industry Background
- Recent Industry Performance
- Current Trends
- Looking Ahead

About GATX

- $7.6 billion in assets and interest in 146,000 railcars worldwide
- Investment-grade ratings from S&P and Moody's
- 122,000 railcars and 600 locomotives in North America
- 6 major railcar maintenance facilities and 5 field repair centers in North America
- Industry-leading railcar management capability

As of 12/31/16

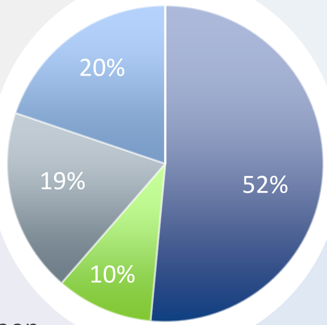
Industry Background: North America Railcar Ownership

RAILROADS (20%)

- Ownership of railcars has been declining
- In 2000, 53% of railcars were owned by railroads
- Virtually no tank car ownership due to complexities and regulations
- Focus of capital investment on infrastructure

LESSORS (52%)

- Shift from railroad and shipper owned railcars to lessor market share
- Lessors dominate the tank car segment due to complex services and compliance requirements



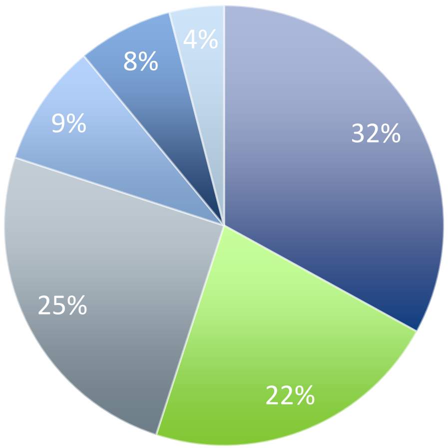
SHIPPERS (19%)

- Shipper market share has been relatively constant since 2008 at ~19%
- Alternative focus of capital on core business versus railcar investments

TTX (10%)

- Fleet is predominantly focused on intermodal, flat cars, and boxcars
- Overall market share has remained steady since 2008 at ~10% of the North American fleet

NORTH AMERICAN FLEET BY CAR TYPE



- 32% Covered Hopper
- 22% Open Top
- 25% Tank
- 9% Flat
- 8% Boxcar
- 4% Intermodal

Approximately 1.6 million railcars

UMLER as of April 2017

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Lessor Market Share

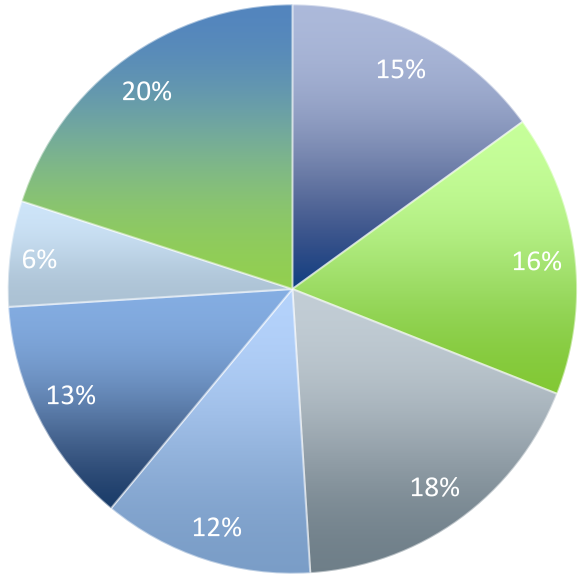
LESSOR TANK CARS

- Approximately 407,500 tank cars in North America
  - About 80% of tank cars are owned by lessors, with the balance owned by shippers
- GATX is the second largest tank car lessor

LESSOR FREIGHT CARS

- Approximately 1.2 million freight cars in North America
  - Ownership is more balanced across owner types than tank
- 43% lessors, 26% railroads, 18% shippers, and 13% TTX

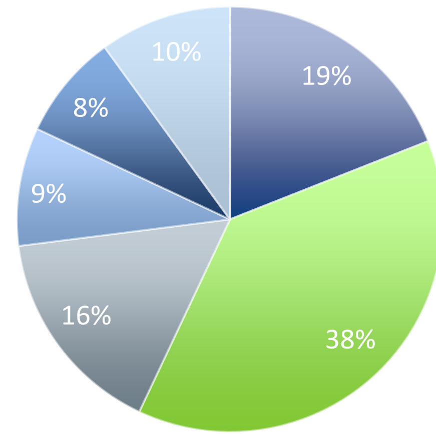
NORTH AMERICAN LEASING SHARE



- 15% GATX
- 16% Union Tank Car
- 18% Wells Fargo
- 12% Trinity
- 13% CIT
- 6% SMBC
- 20% Other

Based on more than 841,500 lessor-owned railcars

NORTH AMERICAN TANK CAR LEASING SHARE



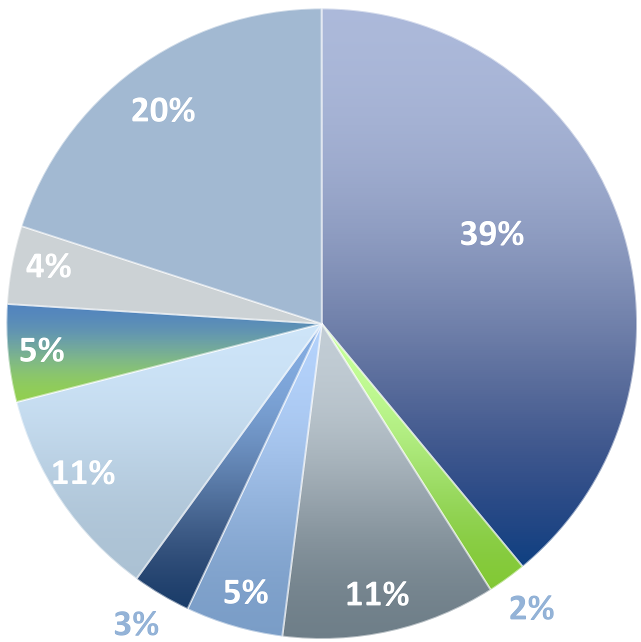
- 19% GATX
- 38% Union Tank Car
- 16% Trinity
- 9% CIT
- 8% SMBC
- 10% Other

Based on approximately 325,000 lessor-owned tank cars

UMLER as of April 2017; SMBC counts are estimated post ARL purchase

Industry Performance:
Carload volumes have declined as mix has changed

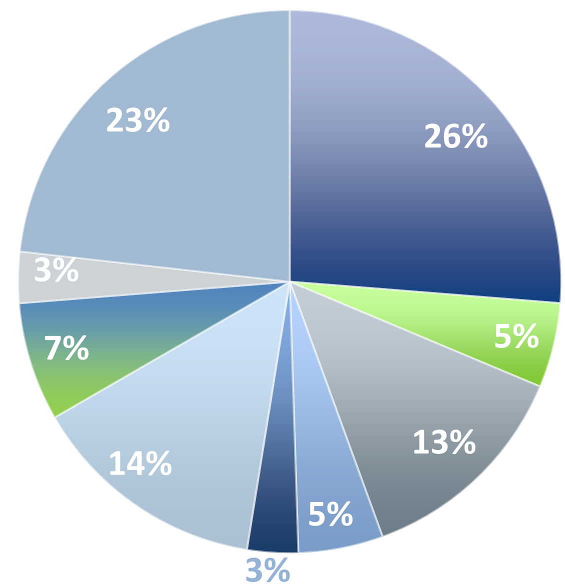
2008



- 39% Coal
- 2% Petroleum Products
- 11% Chemical
- 5% Forest & Paper Products
- 3% Food / Kindred
- 11% Farm Products
- 5% Auto
- 4% Metals
- 20% All Other

Based on 2008 carloads of approximately 20.3 million

2016

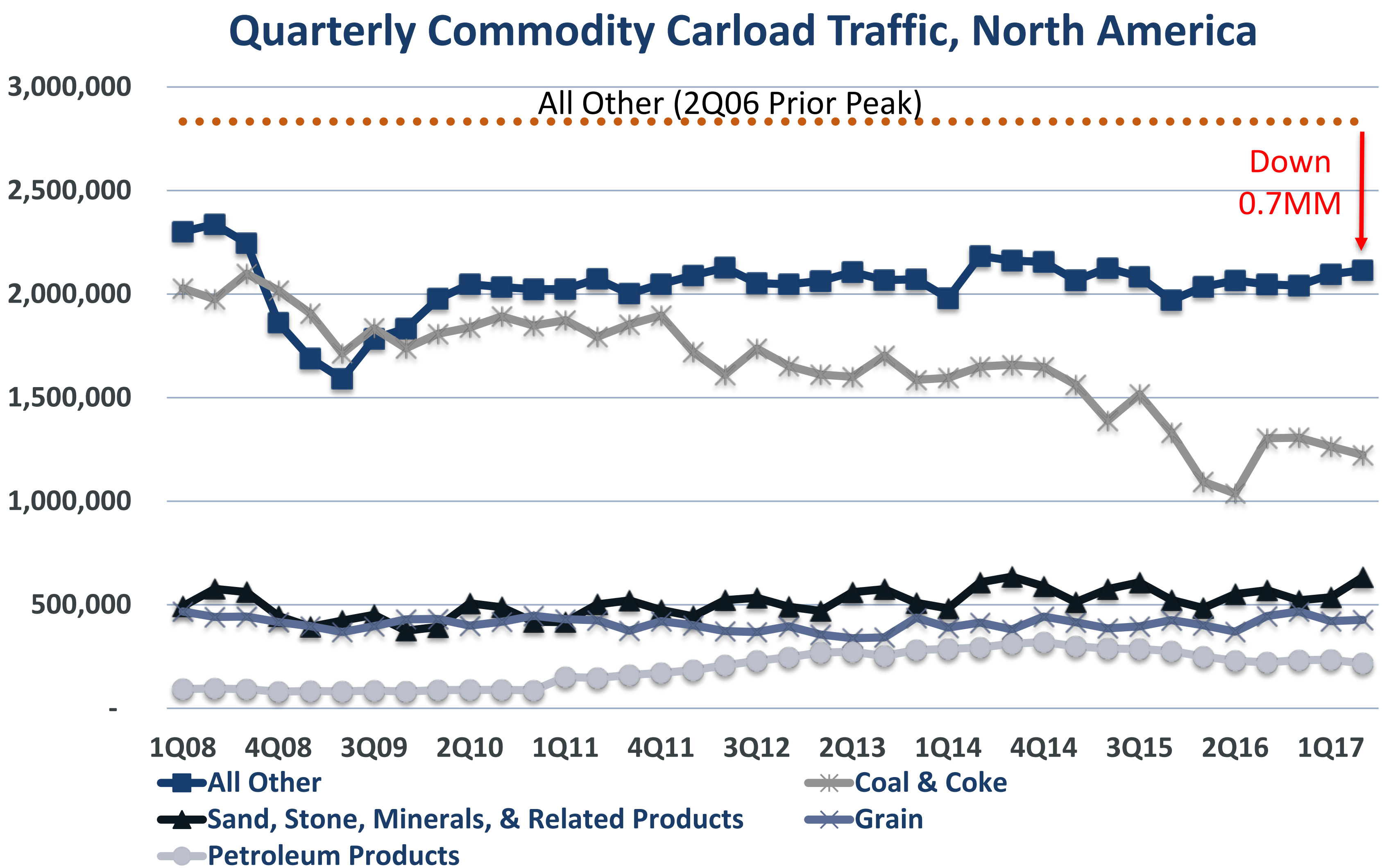


- 26% Coal
- 5% Petroleum Products
- 13% Chemical
- 5% Forest & Paper Products
- 3% Food / Kindred
- 14% Farm Products
- 7% Auto
- 3% Metals
- 23% All Other

Based on 2016 carloads of approximately 16.9 million

AAR as of 12/31/16

Coal and sand are majority of 2017 YTD improvement



Source: AAR (2Q17 Carloads; Pre-Recession Peak excludes Mexican carloads)

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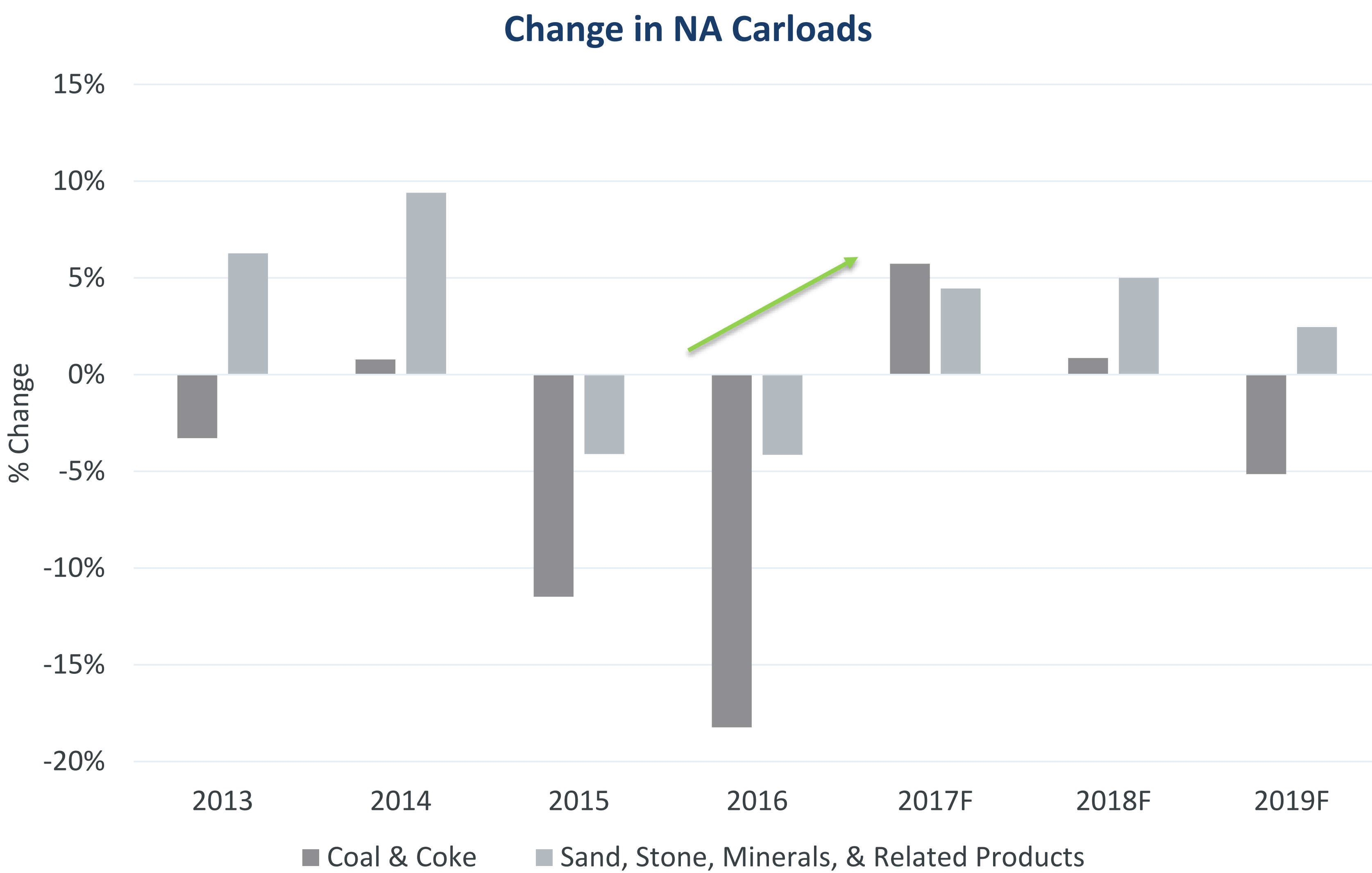
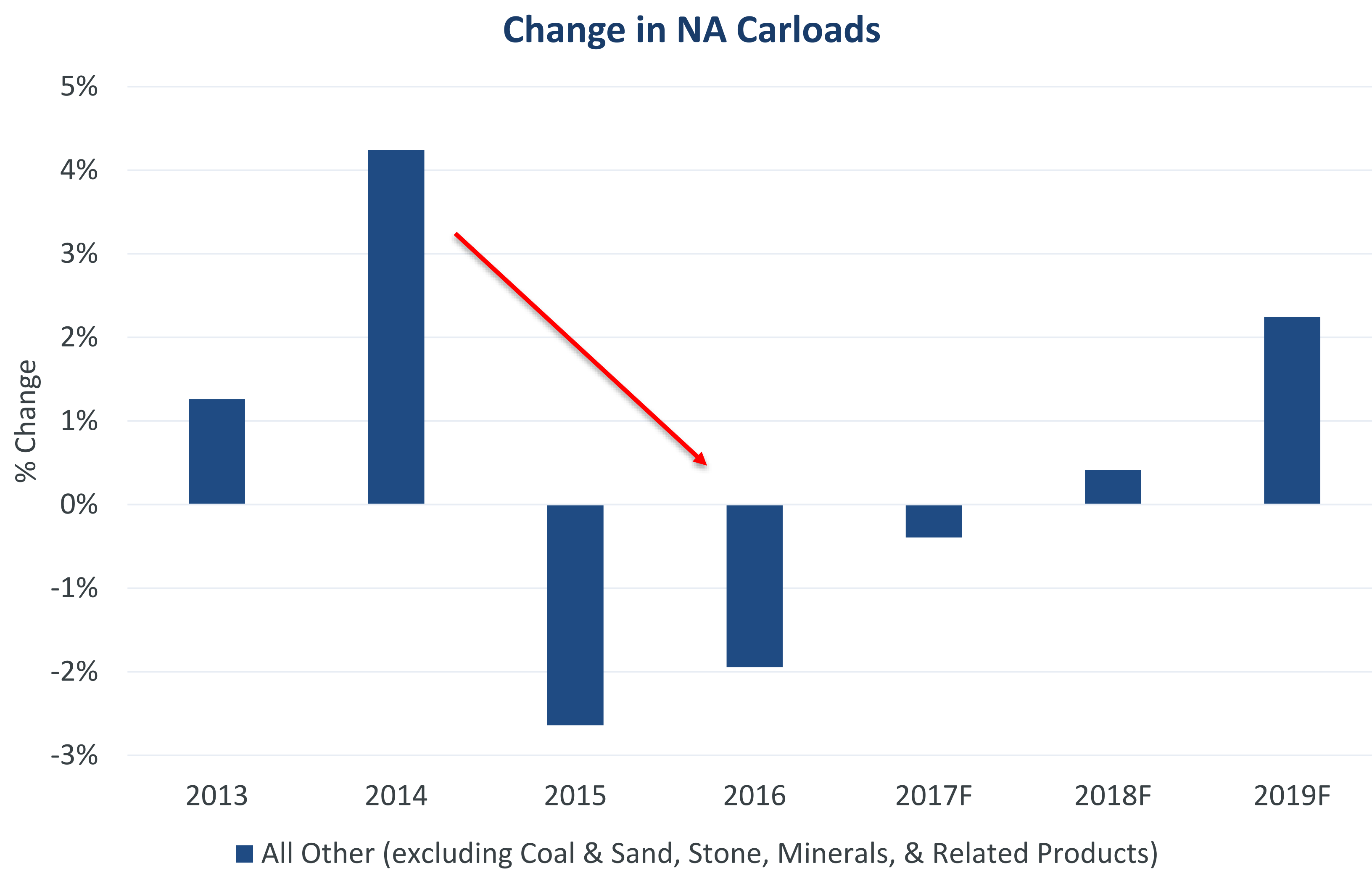
Weak comps make coal and sand look impressive



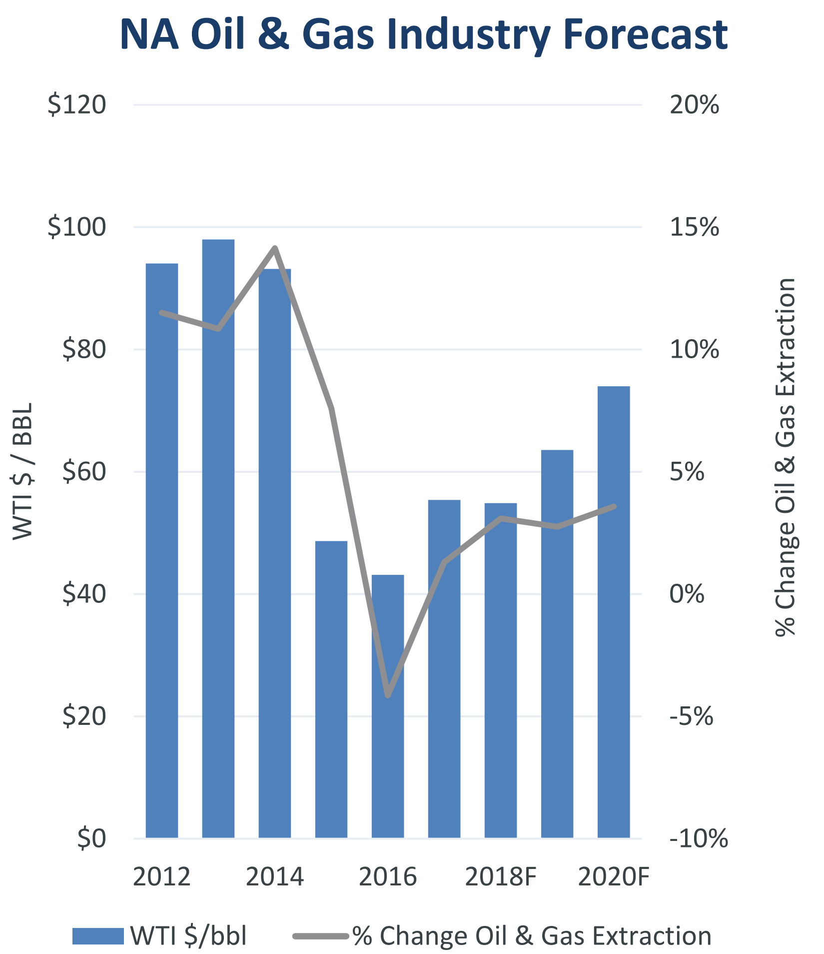
Source: AAR (2013 – 2016), IHS as of 1Q17 (2017 – 2019)

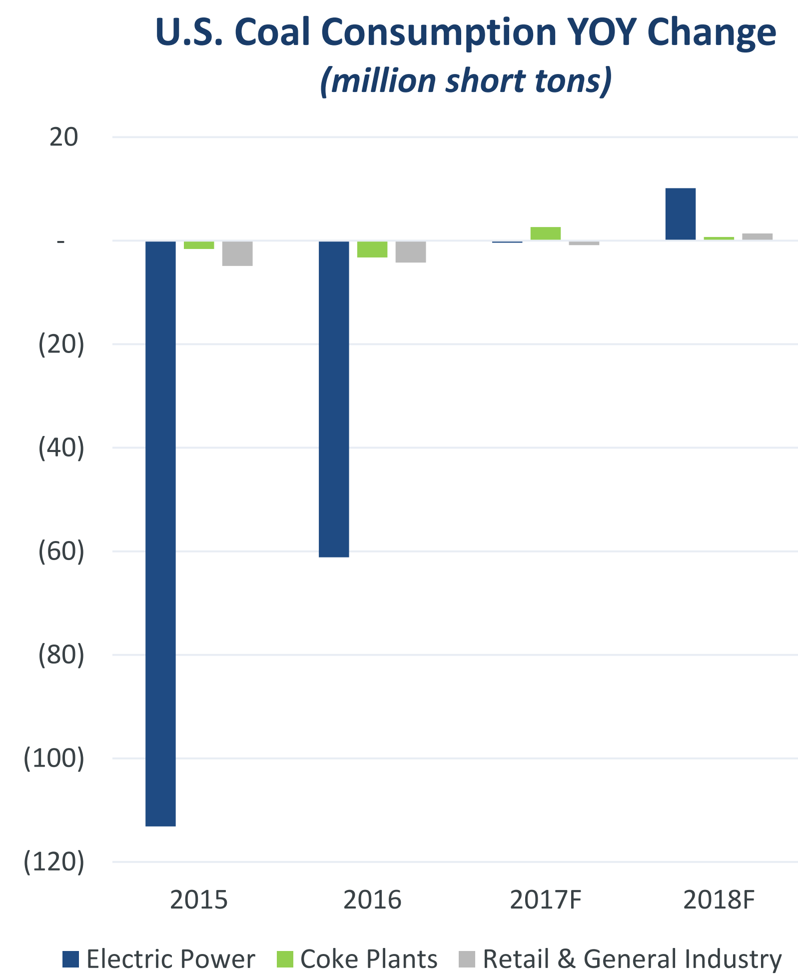
But overall demand fundamentals remain challenged



Source: AAR (2013 – 2016), IHS forecasts as of 1Q17 (2017 – 2019)

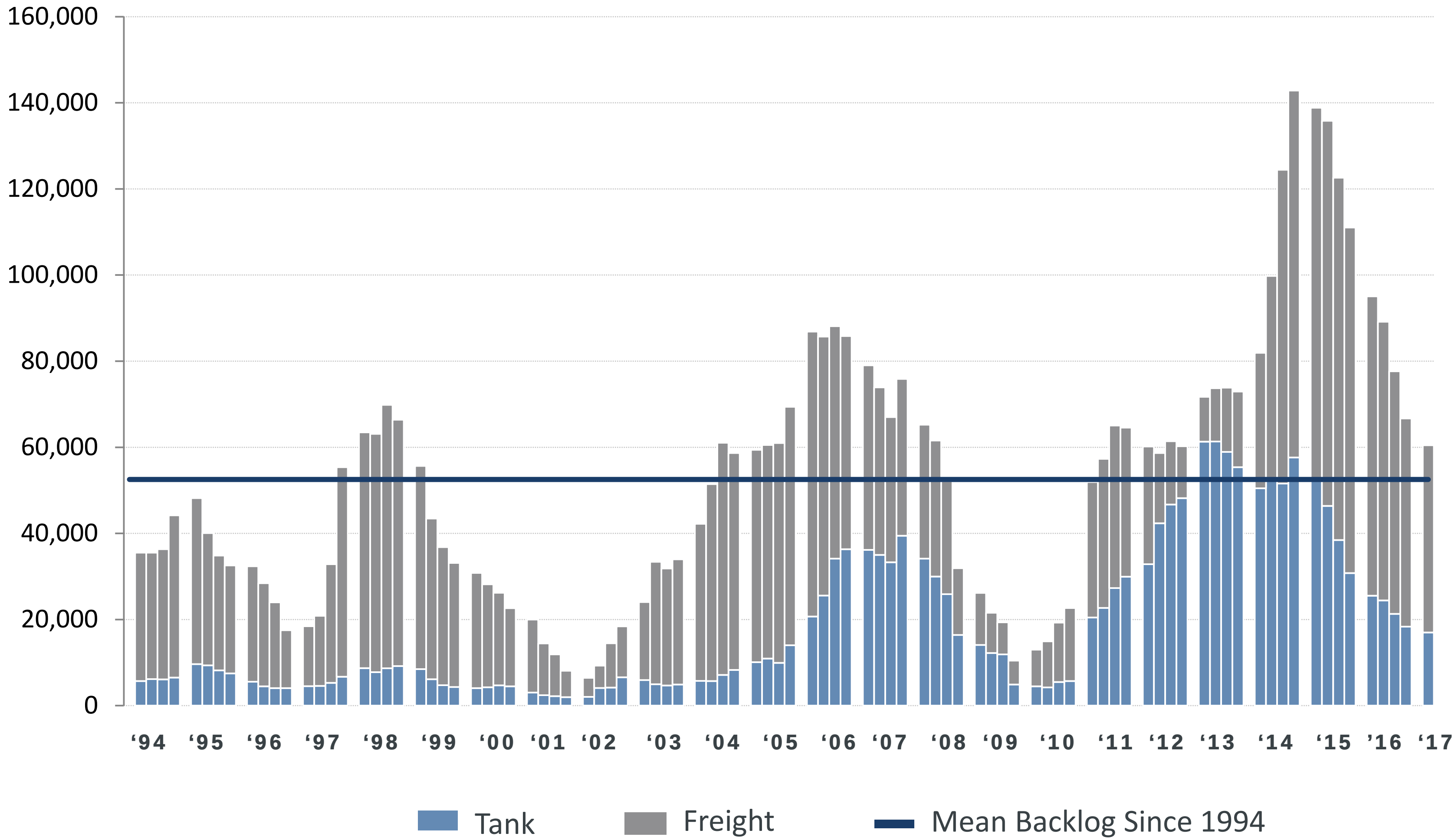
Energy related fundamentals remain weak





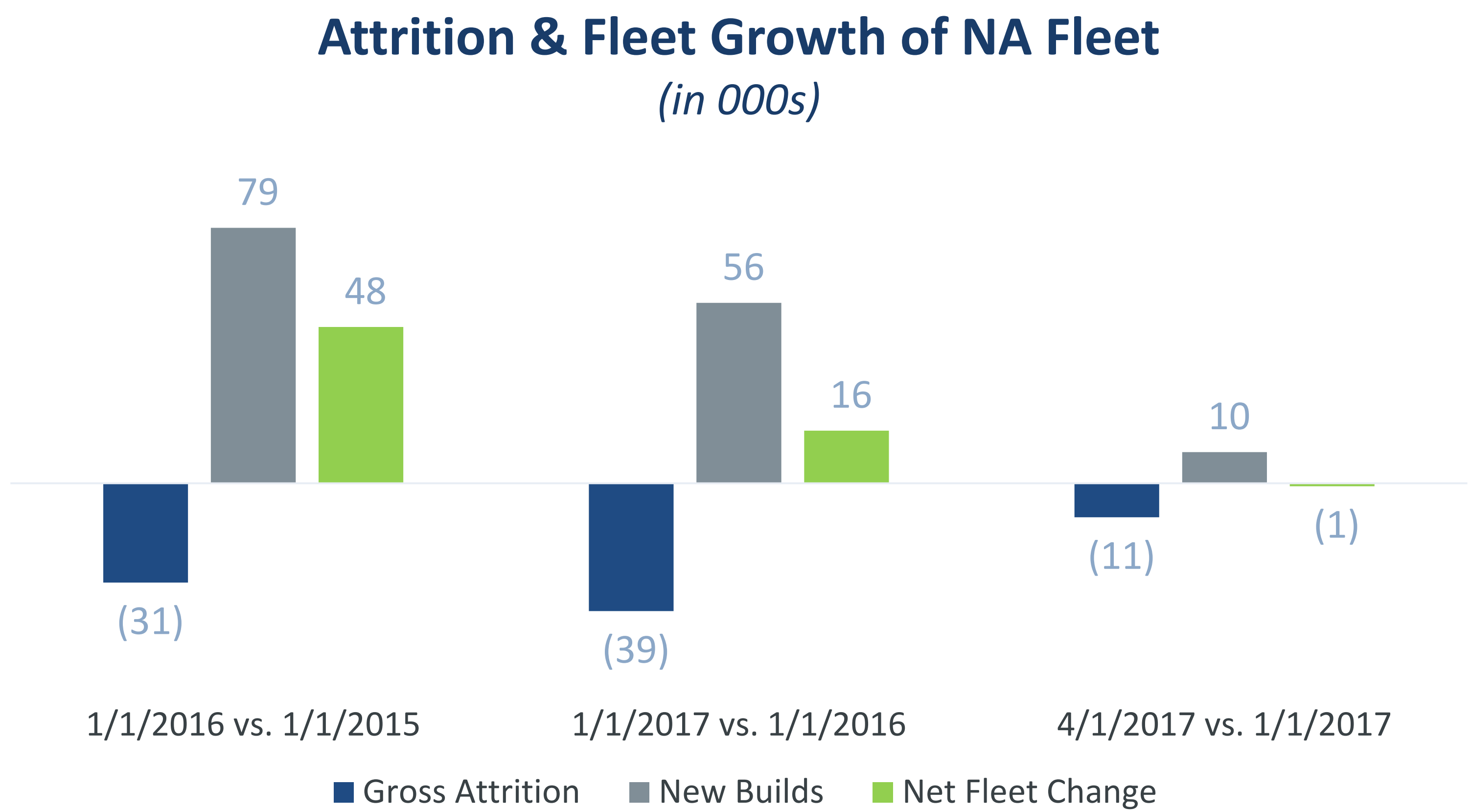
Source: IHS as of 1Q17 (2017 onward forecasts), EIA as of January 2017 (Oil), EIA as of June 2017 (Coal)

New car backlogs continue to decline **but are still well off historical lows**



Railway Supply Institute as of April 2017

Growth in railcar supply only now turning negative



- Low scrap steel prices have failed to spur meaningful attrition

UMLER (comparing 2015, 2016, 2017 fleet counts)

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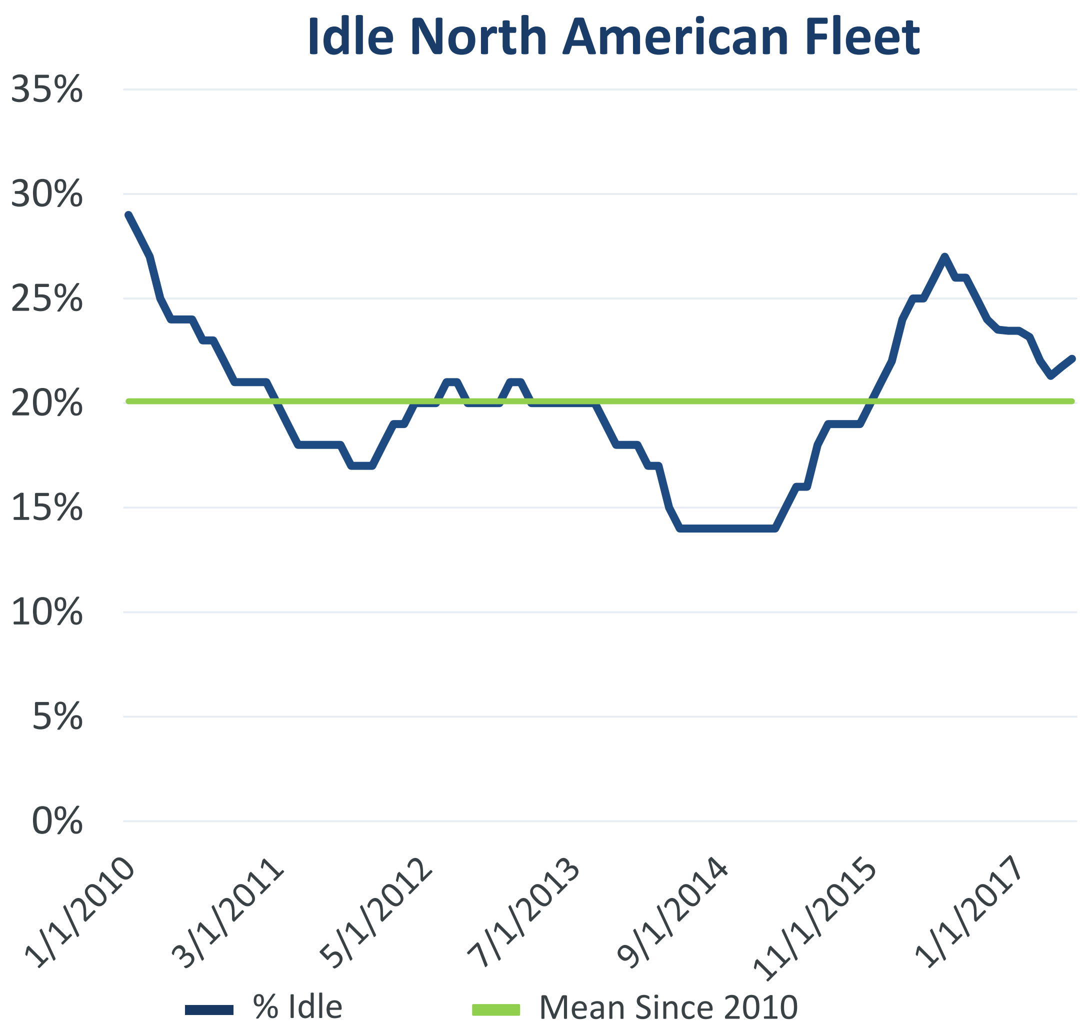
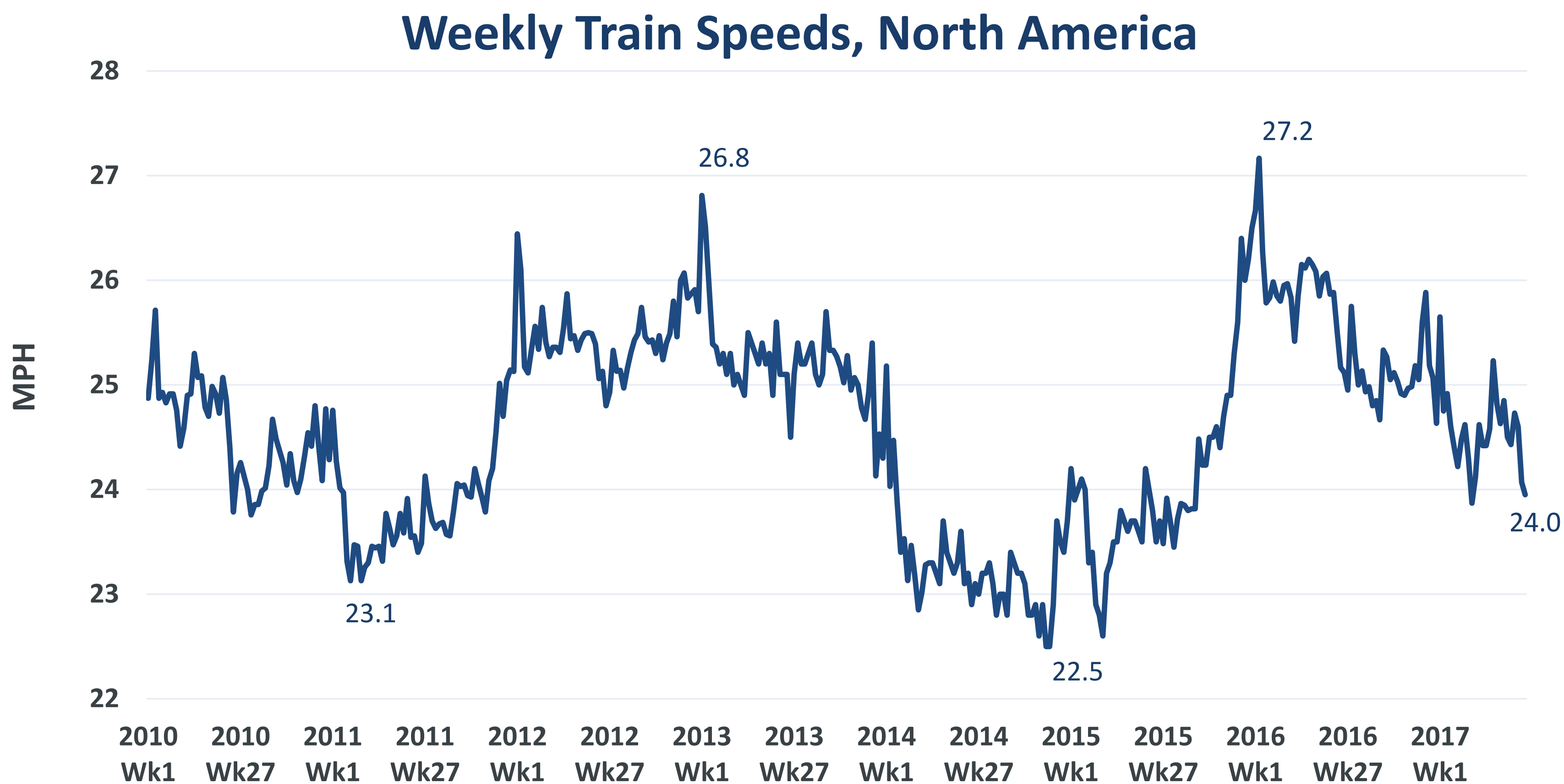
Idle cars are high, but have moderated slightly



- Roughly 22% of NA fleet considered idle
  - Defined as having no moves in past 60 days
- 91% stored empty
  - 35% tank cars
  - 27% covered hoppers
  - 15% gondolas
- Recent velocity declines activated some cars
  - ~70k fewer cars reported idle vs peak in June 2016

Source: AAR as of June 2017

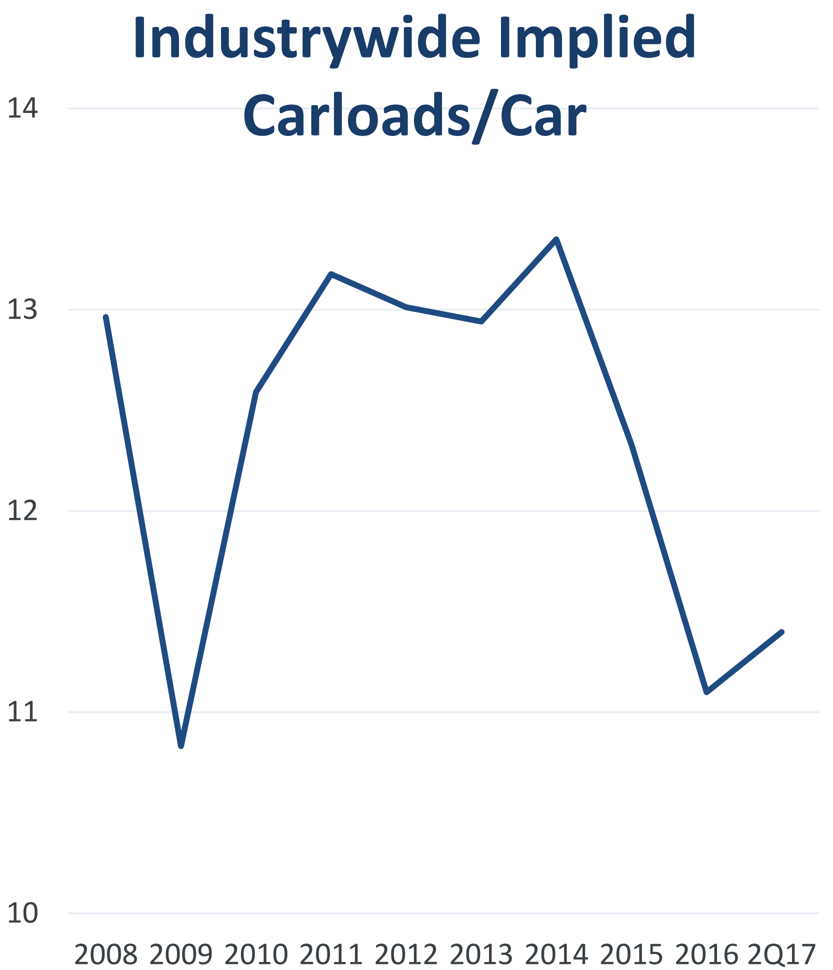
Velocity has moderated, but insufficiently to offset demand weakness

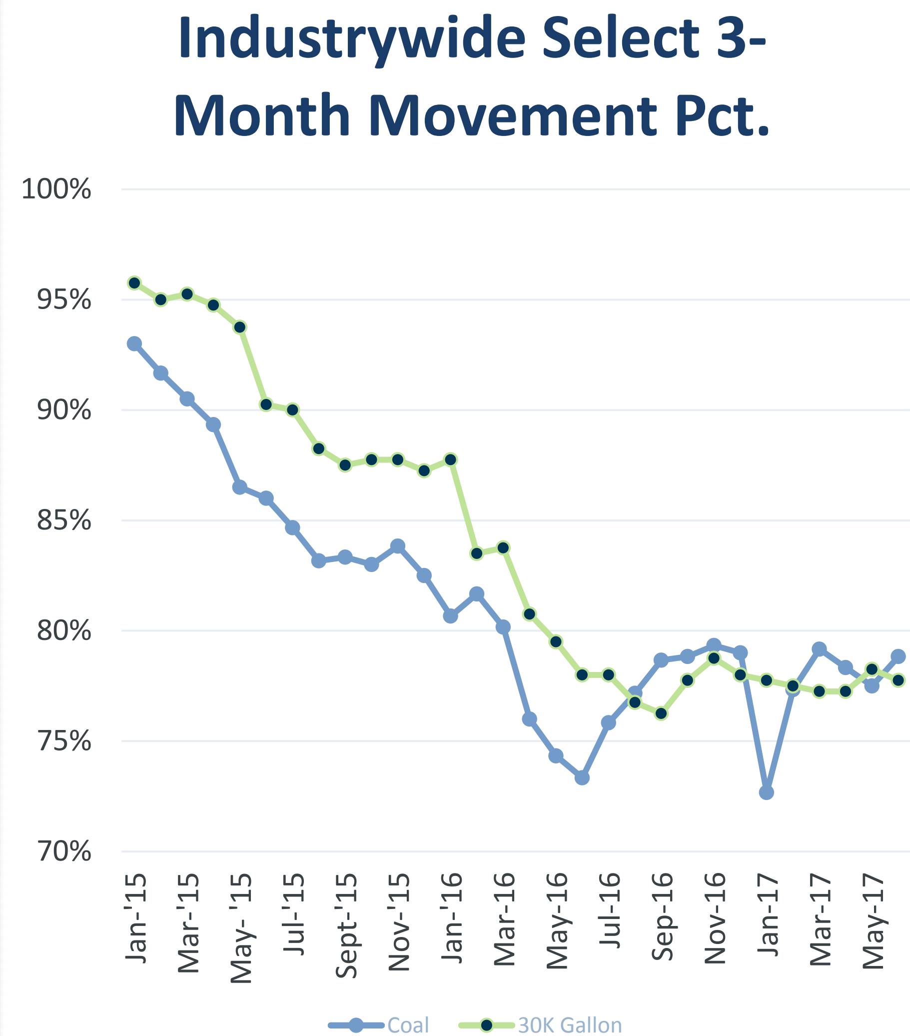


- For every 1 MPH change in rail velocity, railcar demand changes ~50K cars
- Trough-peak demand variance implies idling/activation of **~1/6 of the N. A. fleet**

Source: AAR & FTR

Excess railcar supply impacting NA industry fleet

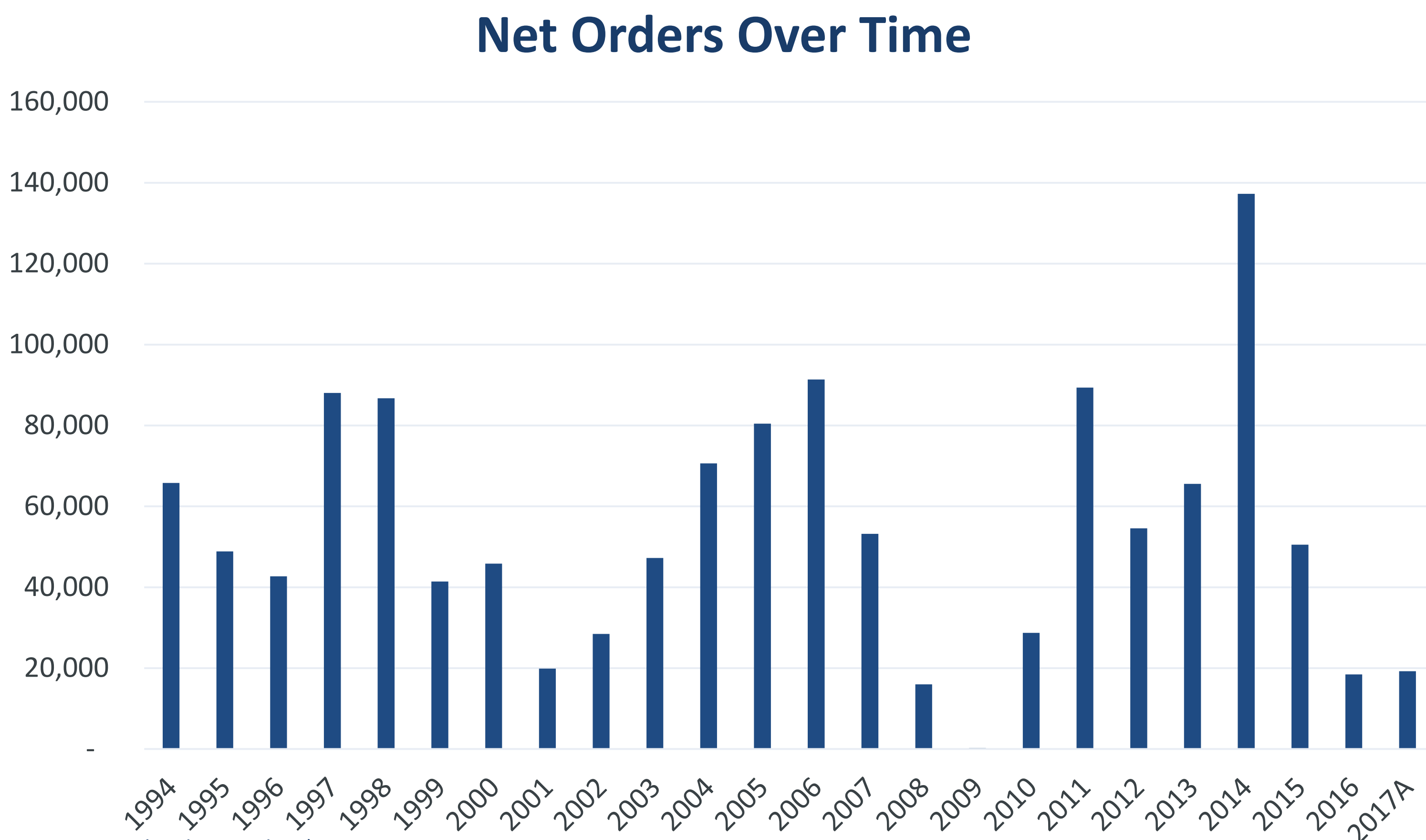




Source: Umler as of April 2017; AAR carloads as of June 2017; Railinc CLM analysis

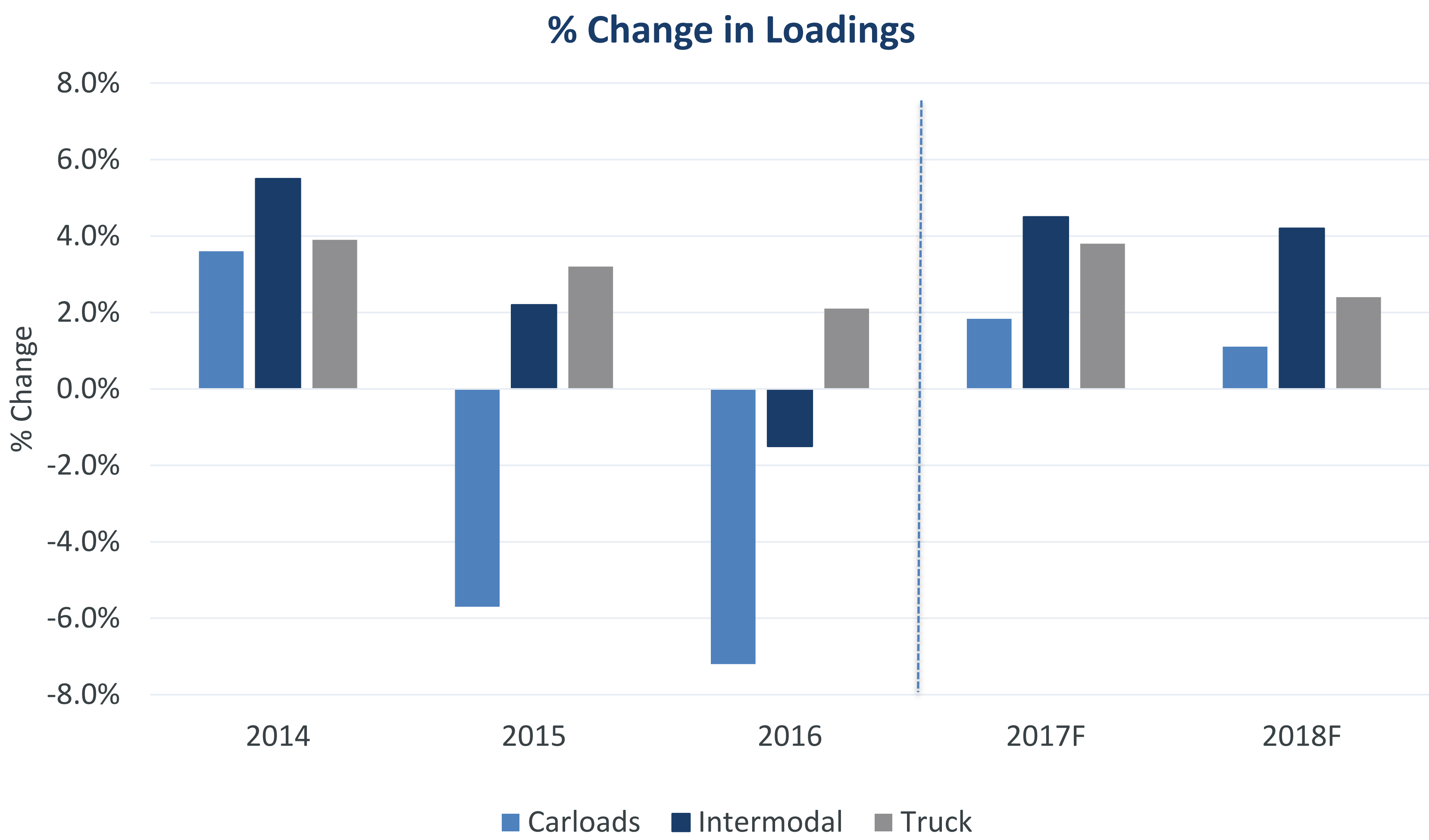
Weak industry performance has stalled new railcar orders

- Orders still remain low with 1Q17 net orders (~4,800) near lowest point since 2009 crisis



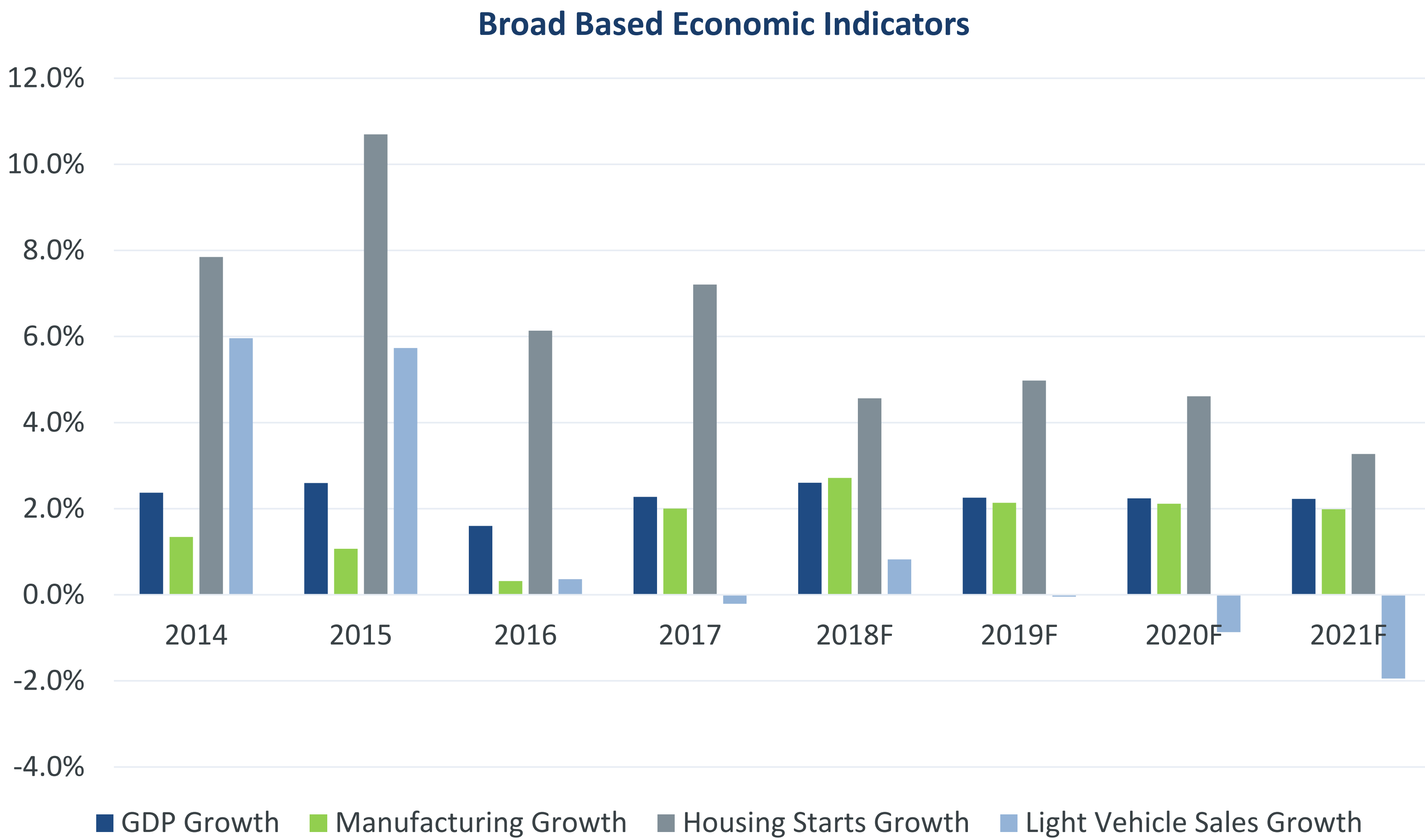
Source: ARCI (2017A = annualized 1Q17 data)

Rail loading growth sluggish compared to intermodal and truck



Source: FTR, IHS as of June 2017

Macroeconomic forecast is mixed



Source: IHS as of 1Q17 (forecast starts 2017)

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Will new developments in 2017 affect the railcar market?

- CSXT adopts “precision railroading”
- Proposed federal infrastructure plans in US and Canada
  - What might they be, and will they get done?
- New leadership at USDOT
- Changes in energy markets and (maybe) energy policy
  - A “pro-coal” US administration
  - Pipeline construction
  - Mexican energy market liberalization

Has the railcar market bottomed?

- Some industry observers assert that the worst of the supply and demand imbalance is over, but market signals are mixed, and backlogs remain high relative to past market bottoms
- Coal and sand offer near-term hope, but broad demand picture is uncertain
- Customer retention and modal share shift remain longer-term concerns in the carload market
- Absent a new demand driver, return to balance in the railcar market will be slow
- It is notoriously difficult to call a bottom and time a recovery

Questions?