GATX

MIDWEST ASSOCIATION OF RAIL SHIPPERS | JULY 2019

TODAY'S AGENDA

- GATX Overview
- North American Railcar Market:
  - Ownership & Market Share
- Current Market Dynamics:
  - Market Update
  - PSR – Lessor Viewpoint
- Structuring Transactions:
  - Opportunities & Challenges

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 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,” ”outlook,” “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, 2018 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
- a significant decline in customer demand for our railcars or other assets or services, including as a result of:
  - weak macroeconomic conditions
  - weak market conditions in our customers' businesses
  - declines in harvest or production volumes
  - adverse changes in the price of, or demand for, commodities
  - changes in railroad operations or efficiency
  - changes in supply chains
  - availability of pipelines, trucks, and other alternative modes of transportation
  - other operational or commercial needs or decisions of our customers
- 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, including increased costs due to tariffs or trade disputes
- reduced opportunities to generate asset remarketing income
- operational and financial risks related to our affiliate investments, including the Rolls-Royce & Partners Finance joint ventures (collectively the "RRPF affiliates")
- fluctuations in foreign exchange rates
- failure to successfully negotiate collective bargaining agreements with the unions representing a substantial portion of our employees
- 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
- Uncertainty relating to the LIBOR calculation process and potential phasing out of LIBOR after 2021
- competitive factors in our primary markets, including competitors with a significantly lower cost of capital than GATX
- risks related to our international operations and expansion into new geographic markets, including the imposition of new or additional tariffs, quotas, or trade barriers
- 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

GATX'S 121-YEAR HISTORY

1898
Established as railcar lessor with 28 railcars

1919
Initiated quarterly dividend

1936
Began rail investment in Canada

1973
Acquired American Steamship Company (ASC)

1985
Began locomotive investment

1994
Began rail investment in Europe & Mexico

1998
Formed Rolls-Royce Partners and Finance (RRPF) Affiliates

2012 & 2013
Began rail investments in India and Russia

2019
$8.0 billion* in assets and approximately 148,000 wholly owned railcars worldwide

**Assets on- and off-balance sheet as of 12/31/2018*

GATX

GATX RAIL NORTH AMERICA OVERVIEW

2018 OVERVIEW

WHOLLY OWNED FLEET COUNT
122,000

CAR TYPE COUNT
160+

AVERAGE FLEET AGE
20 Years

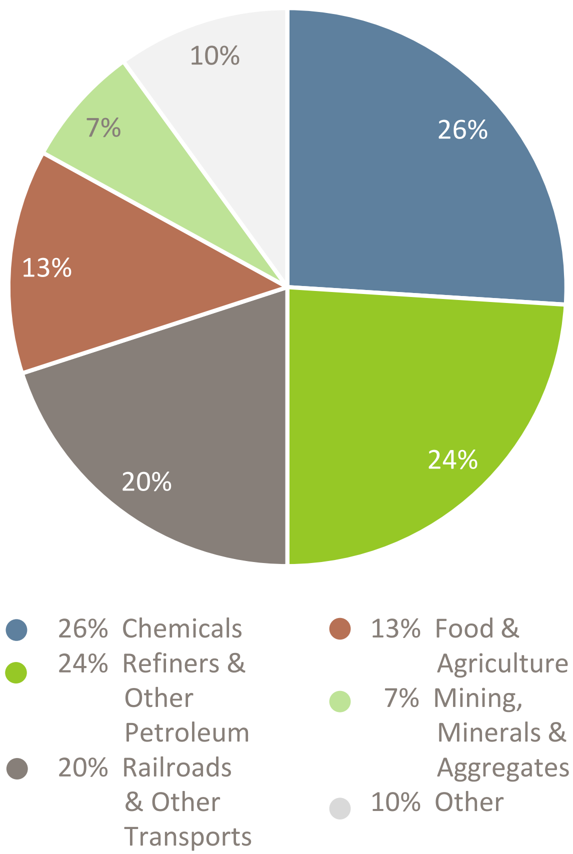
LOCOMOTIVE COUNT
650+

NUMBER OF CUSTOMERS
850+

COUNTRIES OF OPERATIONS
US, Canada, & Mexico

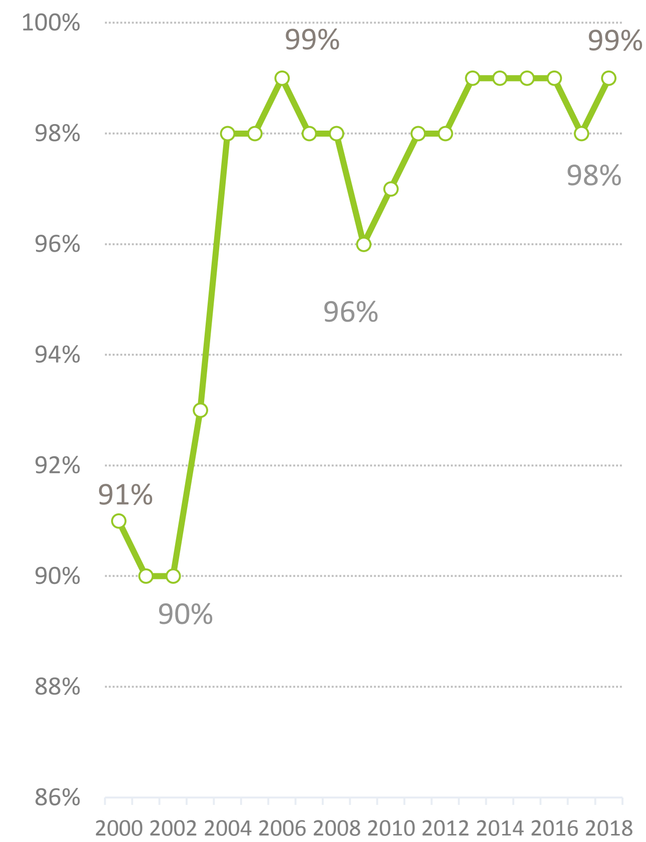
As of 12/31/2018

INDUSTRIES SERVED



Based on 2018 Rail North America Revenue

UTILIZATION*



**Excludes boxcar fleet*

GATX RAIL NORTH AMERICA: MAINTENANCE NETWORK

GATX is known for its integrity, safety, and quality of our operations and superior execution.

EXTENSIVE MAINTENANCE NETWORK

- Eight maintenance facilities
- Seven locations with mobile units
- Five customer site locations
- Third-party maintenance facilities

CUSTOMERS RELY ON GATX MAINTENANCE

- In 2018, GATX Rail North America performed approximately 55,000 maintenance events in its owned and third-party maintenance network
- Using Continuous Improvement, we identify and evaluate opportunities to increase maintenance efficiency to minimize the time our customers are without their railcars





Services range from routine maintenance and regulatory programs to car modifications and rebuilds, including: All mechanical repairs, interior cleaning, interior/exterior blasting, interior/exterior coatings, valve maintenance and qualification, and more.

As of 4/15/2019

NORTH AMERICA – INDUSTRY RAILCAR OWNERSHIP

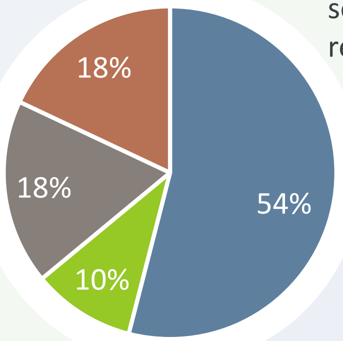
Approximately 1.6 million railcars

RAILROADS (18%)

- Ownership of railcars has been declining
- Virtually no tank car ownership due to complexities and regulations
- Focus of capital investment on infrastructure

LESSORS (54%)

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



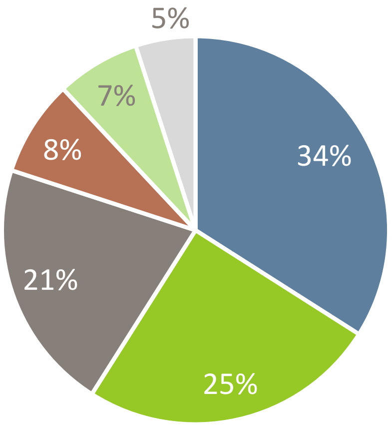
SHIPPERS (18%)

- Shipper market share has been relatively constant since 2008 at ~18%
- 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



- 34% Covered Hopper
- 25% Tank
- 21% Open Top
- 8% Flat
- 7% Boxcar
- 5% Intermodal

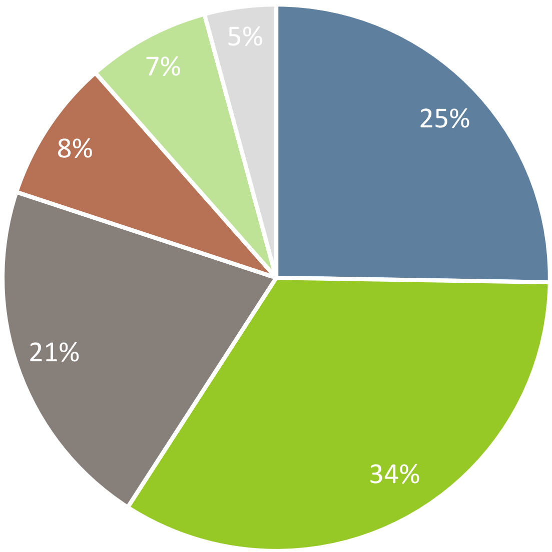
Approximately 1.6 million railcars

UMLER as of January 2019

NORTH AMERICA – TANK & FREIGHT INDUSTRY OWNERSHIP

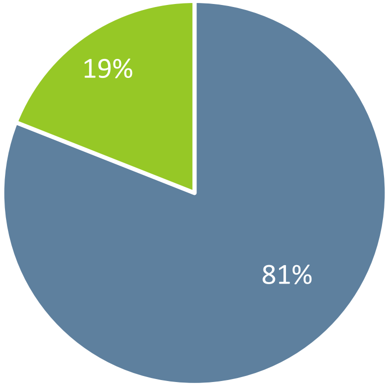
RAILCARS BY TYPE

(Based on approximately 1.6 million railcars)



- 25% Tank
- 34% Covered Hopper
- 21% Open Top
- 8% Flatcar
- 7% Boxcar
- 5% Intermodal

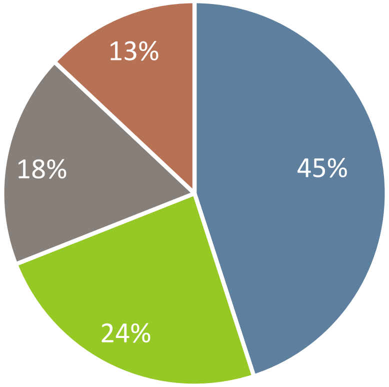
TANK CAR OWNERSHIP SHARE



- 81% Lessor
- 19% Shipper/Other
- <1% Railroad

Based on approximately 410,000 tank cars

FREIGHT CAR OWNERSHIP SHARE



- 45% Lessor
- 24% Railroad
- 18% Shipper/Other
- 13% TTX

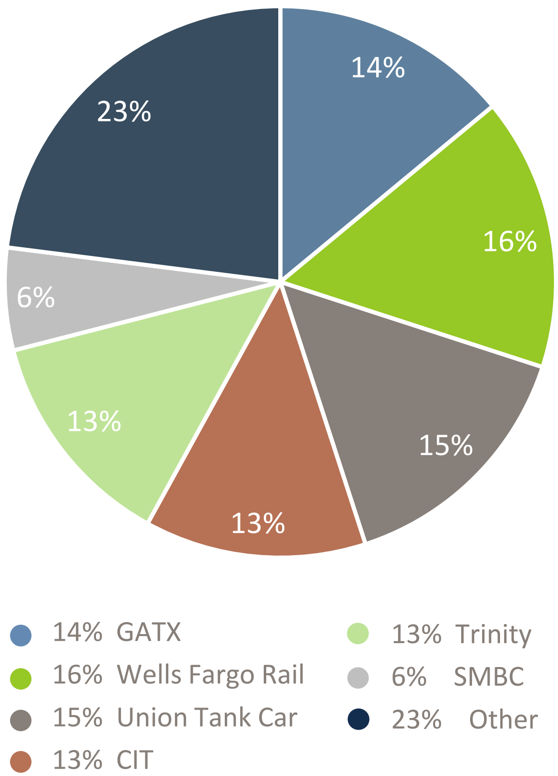
Based on approximately 1.2 million freight cars

UMLER as of January 2019

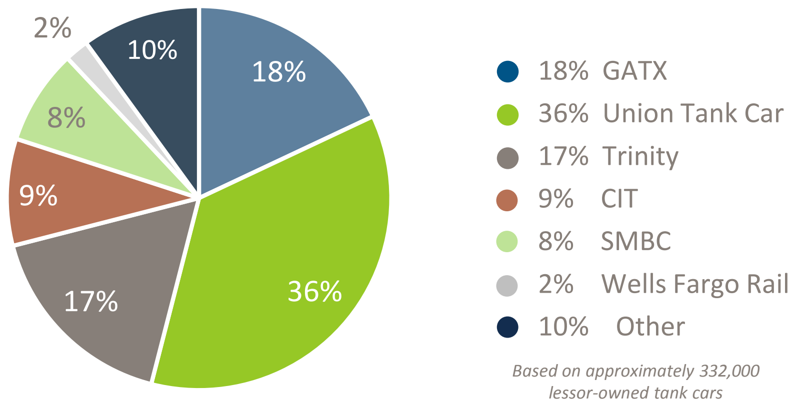
NORTH AMERICA – LESSOR MARKET SHARE

LESSOR OWNERSHIP SHARE

(Based on approximately 876,000 lessor-owned railcars)

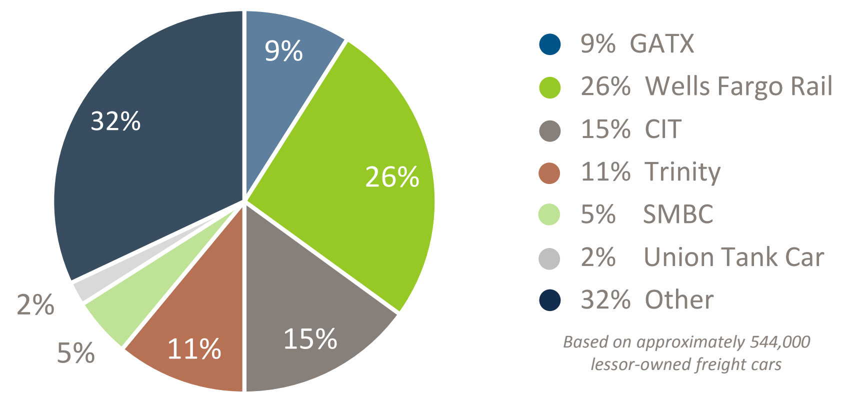


TANK CAR LESSOR OWNERSHIP SHARE



Based on approximately 332,000 lessor-owned tank cars

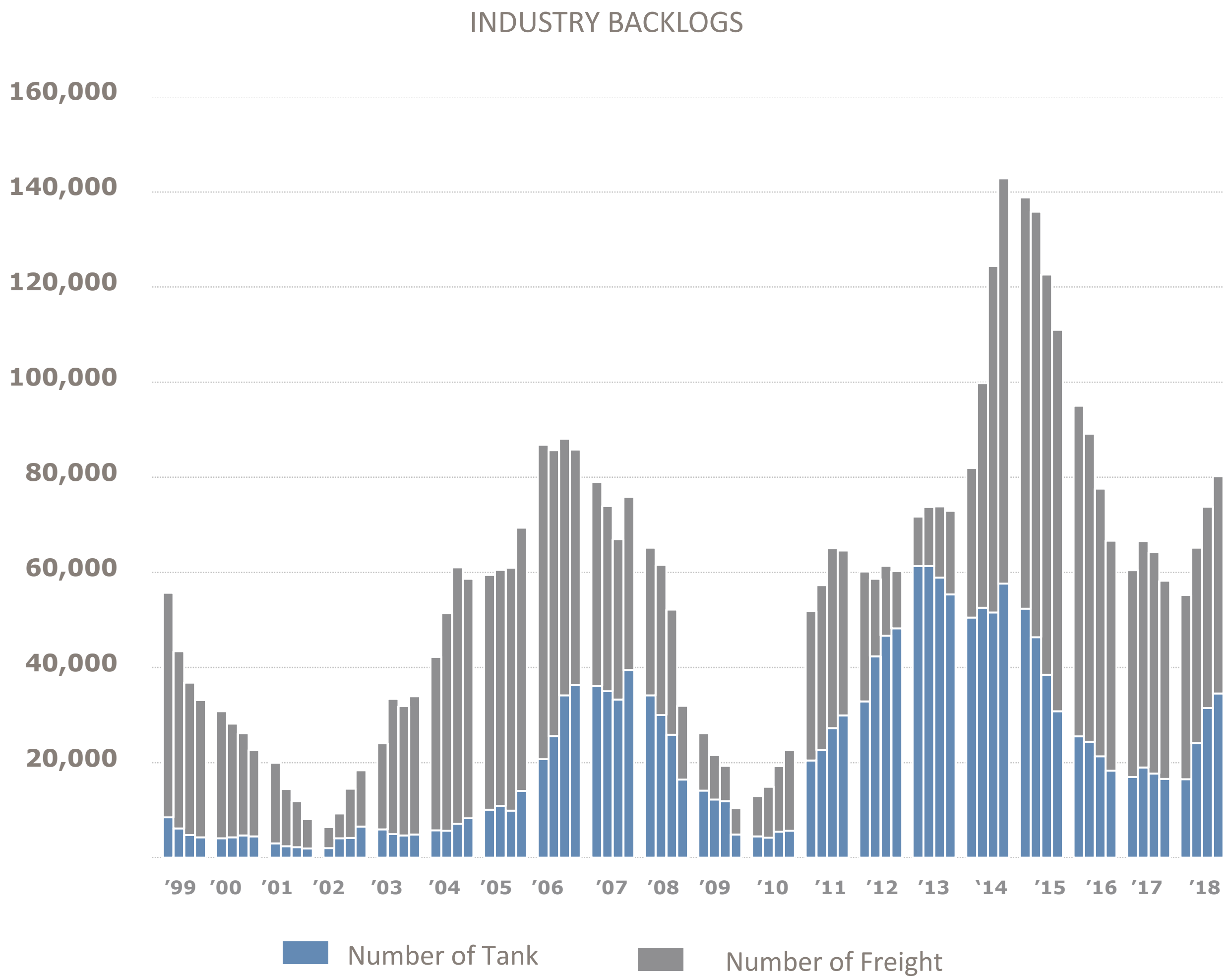
FREIGHT CAR LESSOR OWNERSHIP SHARE



Based on approximately 544,000 lessor-owned freight cars

UMLER as of January 2019

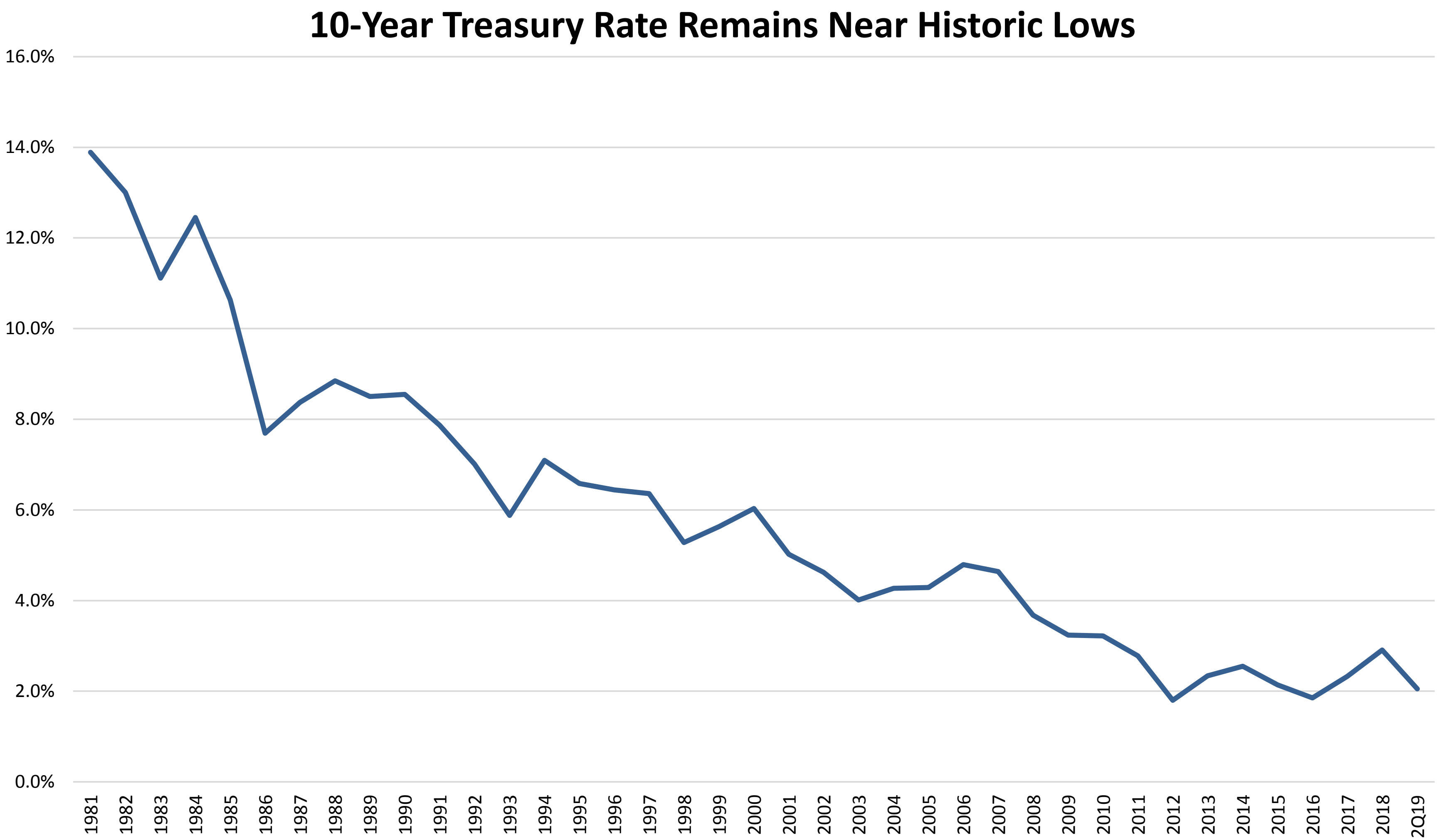
NORTH AMERICA – INDUSTRY BACKLOG



- Cyclicality of the industry is illustrated by the backlog of orders at the railcar manufacturers
- The 2013 and 2014 spike in tank car backlog was primarily due to the crude/ fracking boom
- Backlogs have moderated post-crude boom but remain high relative to history and relative to carload demand

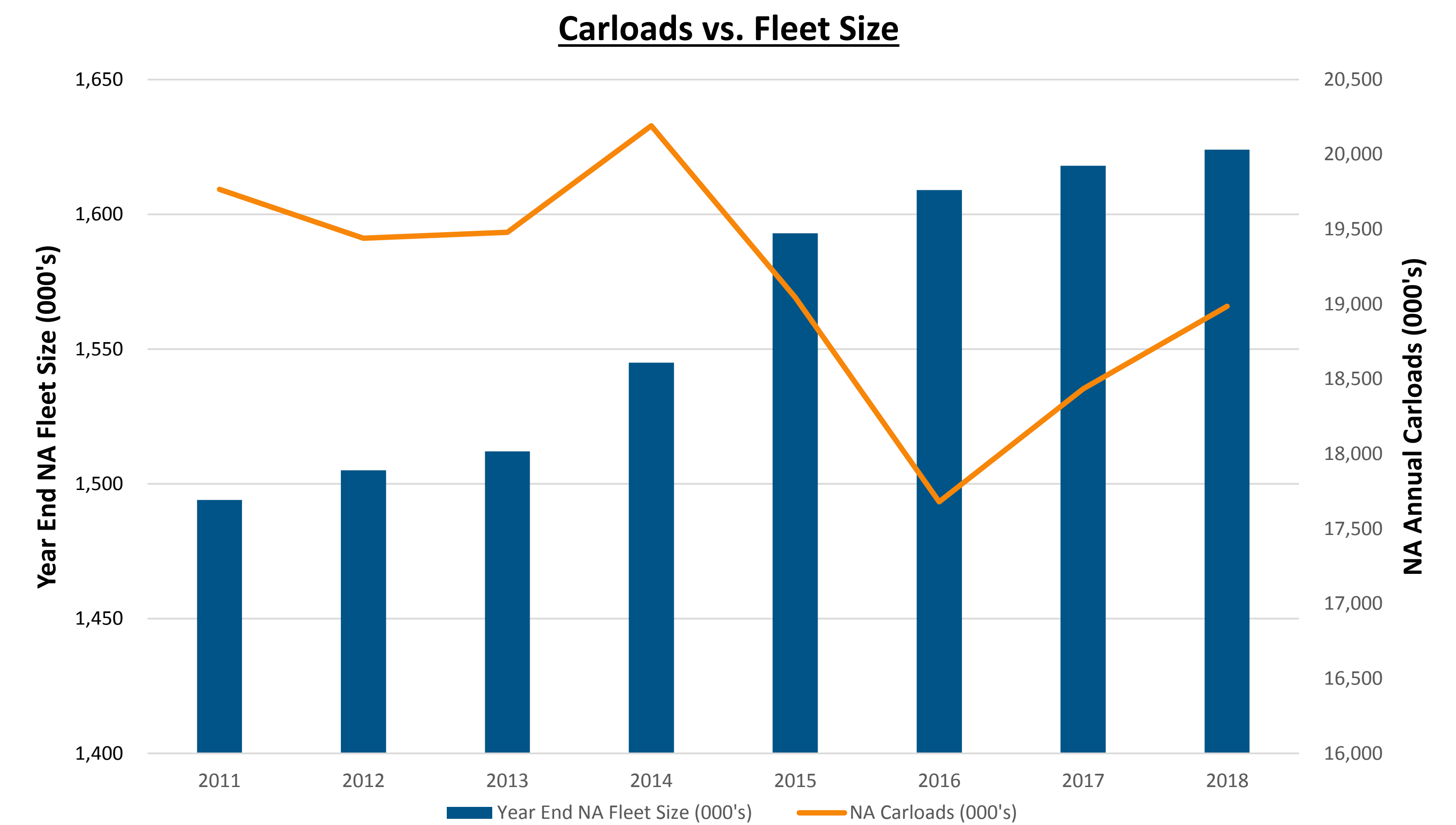
Railway Supply Institute as of January 2019

RAILCAR PRODUCTION SUPPORTED BY CHEAP LIQUIDITY



FRED (10-Year Treasury Constant Maturity Rate)

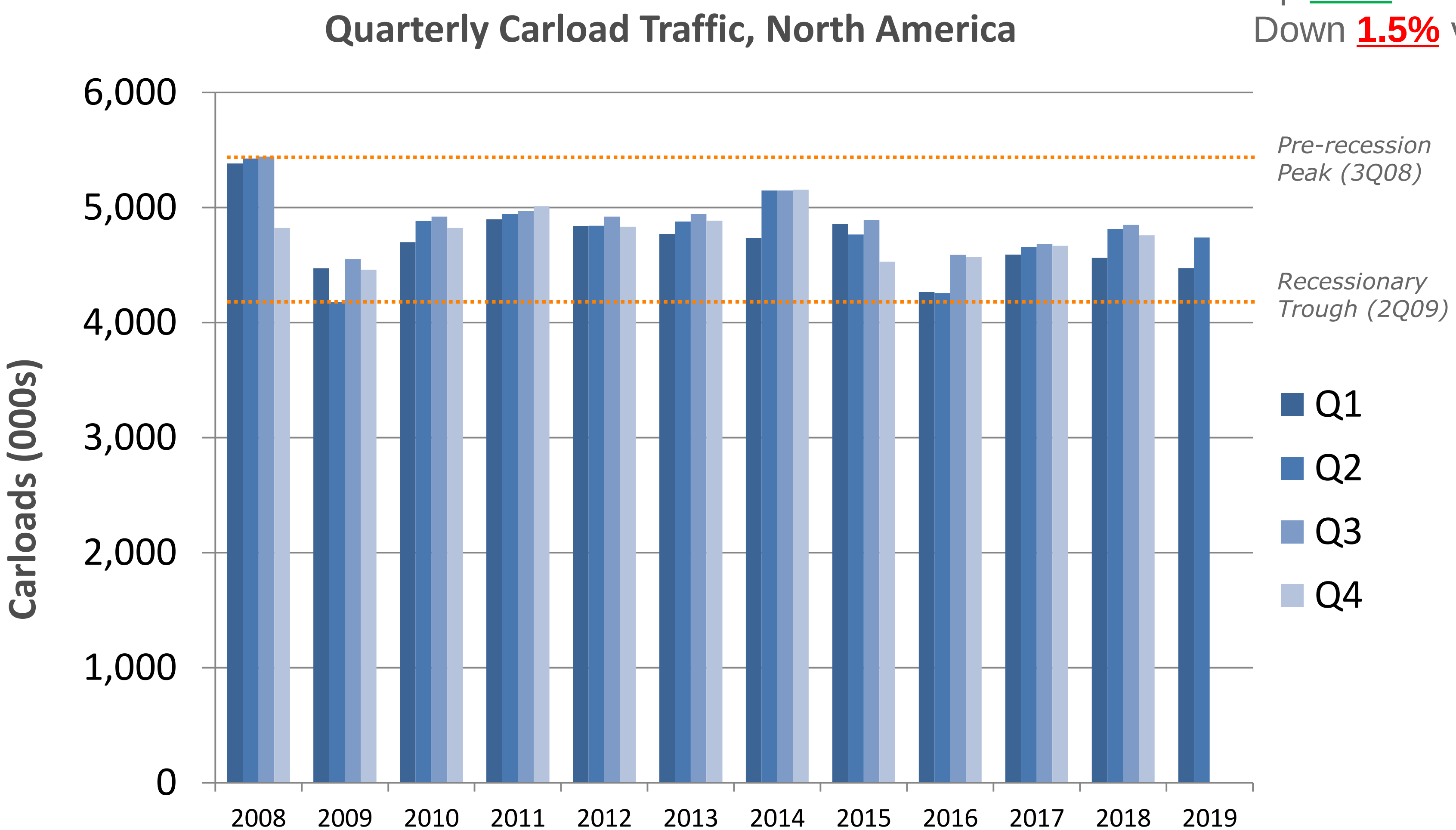
CAR LOADS VS. FLEET SIZE



Sources: UMLER (as of 1/1/2019) - Year End Fleet Sizes defined as January 1 of following year; AAR (Carloads)

CAR LOADINGS – THROUGH 2Q 2019

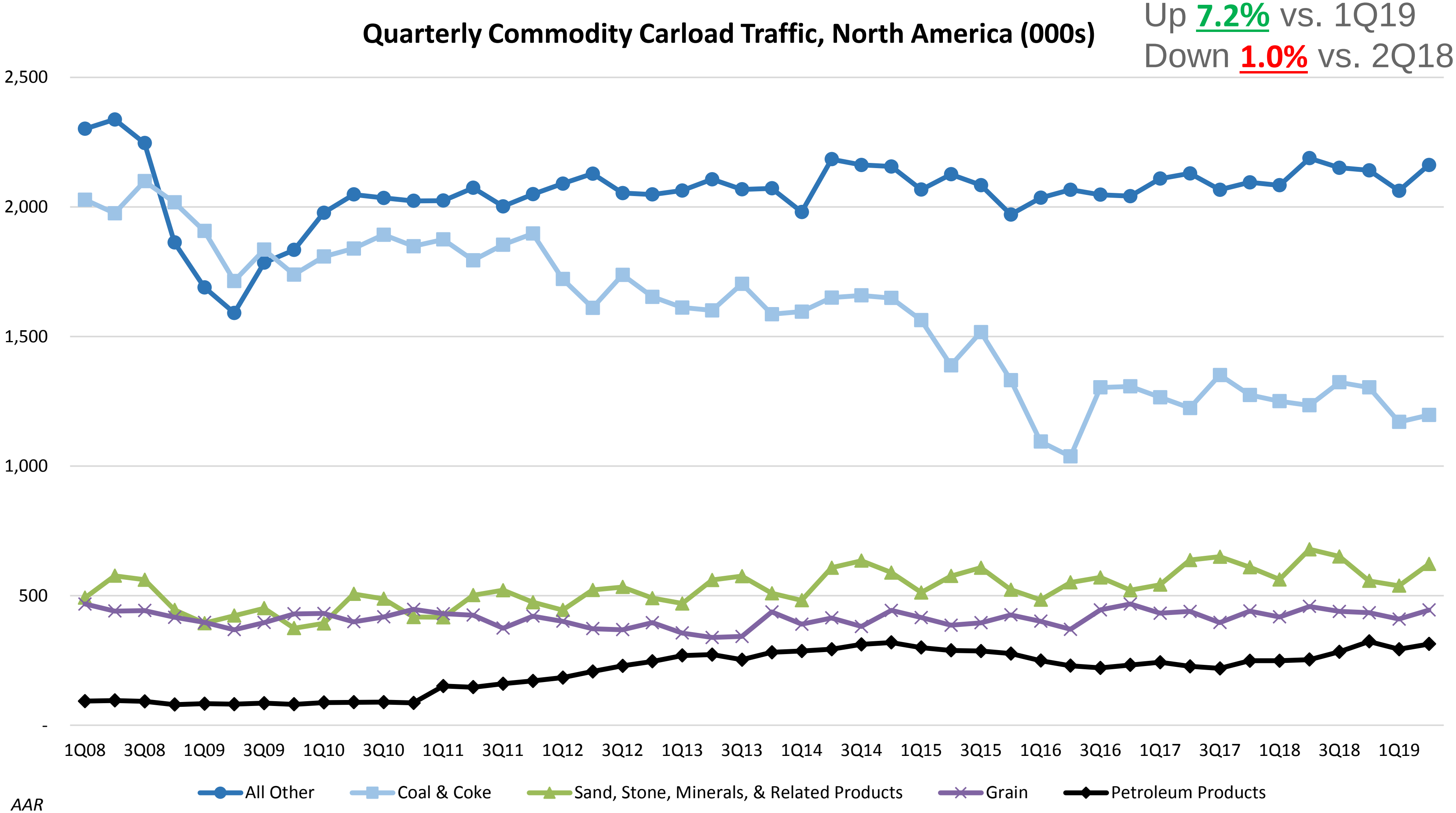
4.7MM Carloads
Up 5.9% vs. 1Q19
Down 1.5% vs. 2Q18



AAR (Rail Time Indicators Report)

COMMODITY CAR LOADINGS – THROUGH 2Q 2019

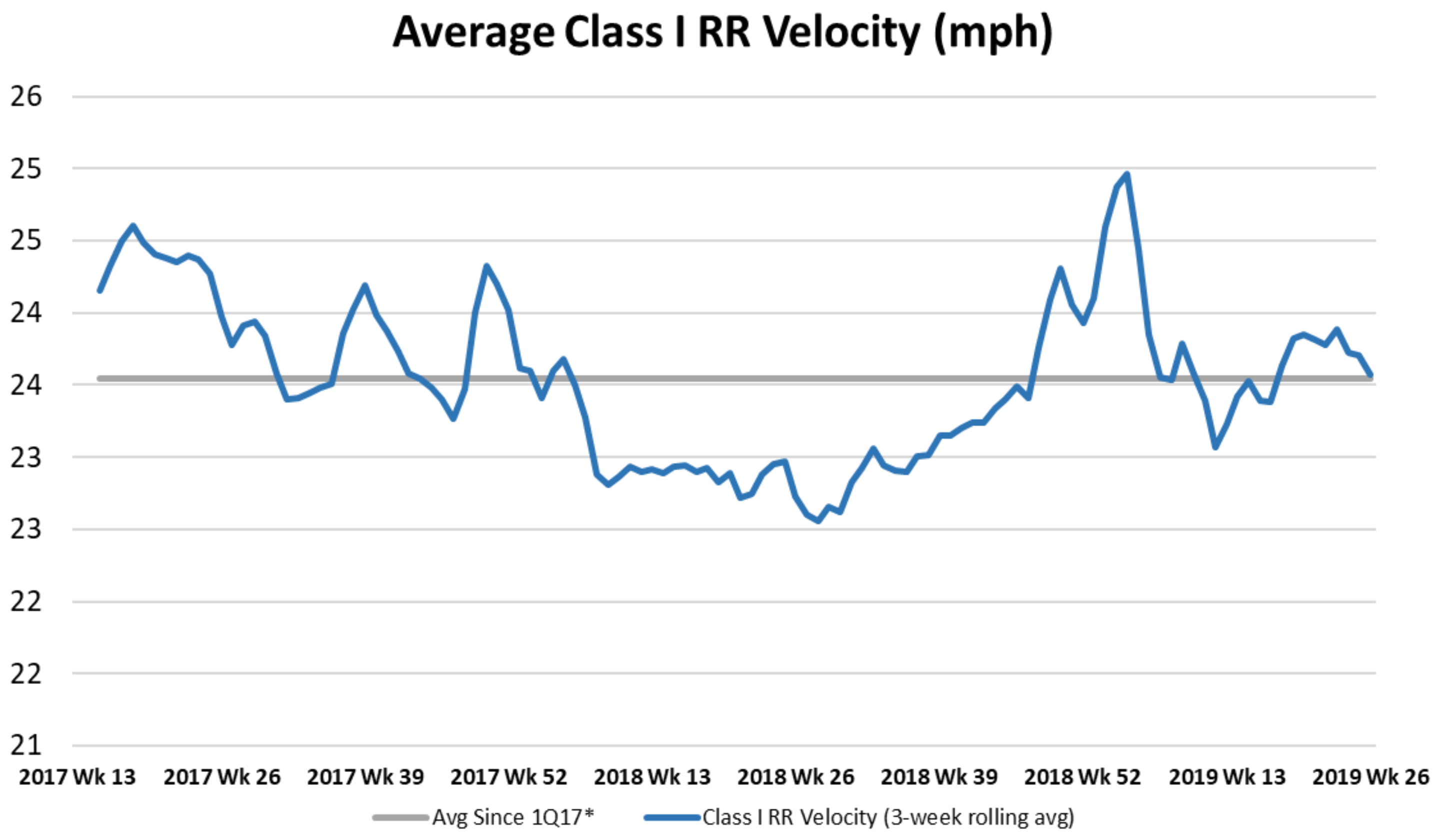
Ex-coal
Up **7.2%** vs. 1Q19
Down **1.0%** vs. 2Q18



AAR

INDUSTRY UPDATE: RAIL TRAFFIC

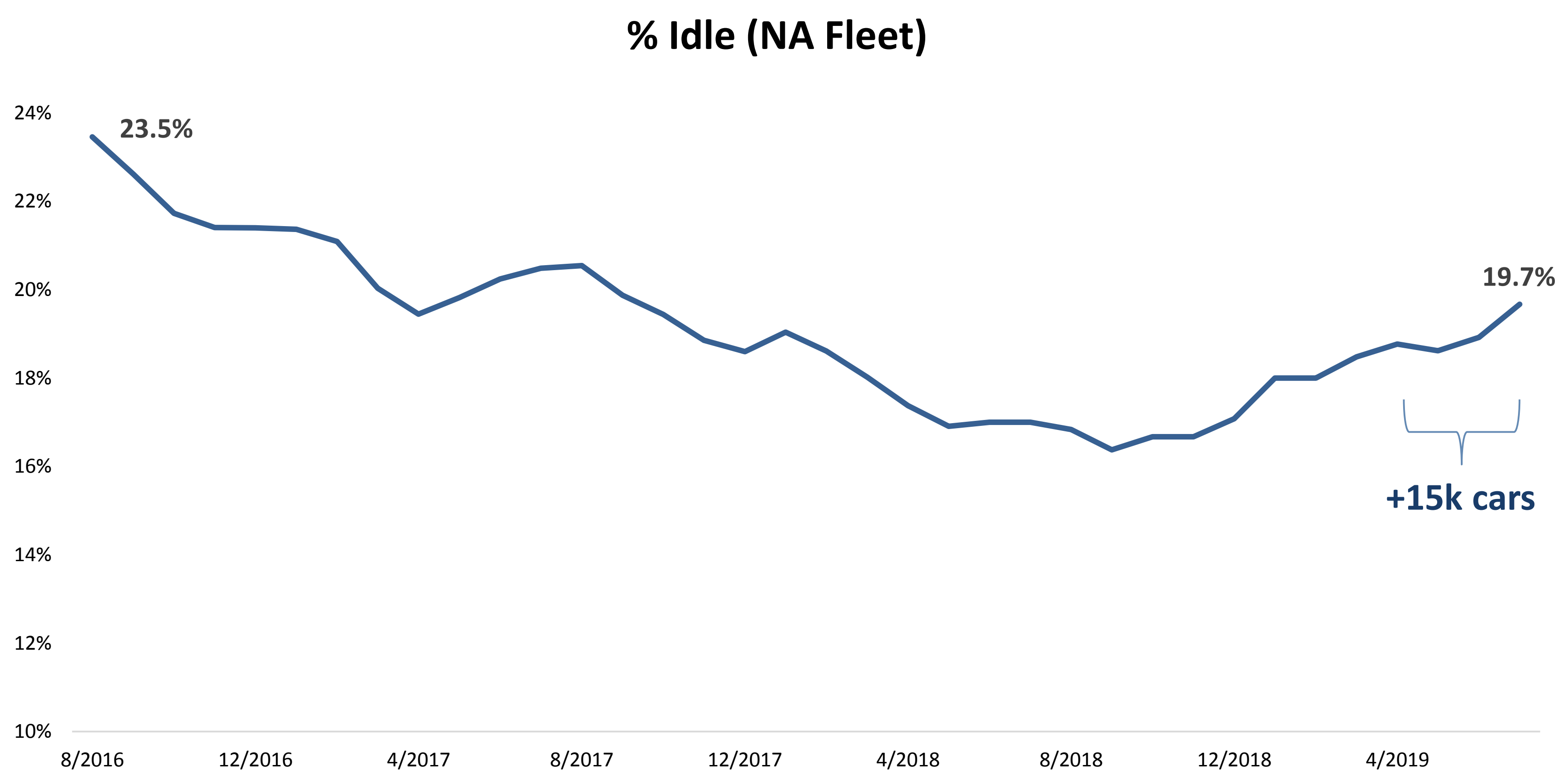
- Rail service improves in 2Q19
  - Velocity improved by +3.6% YOY and dwell times decreased by -10.7% YOY
  - Despite sustained flooding in 2Q19, velocity only fell slightly by -0.9% QOQ and dwell times improved markedly (-7.2% QOQ)



Note: STB data (under current methodology) only goes back to early 2017 and CN system data only covers US operations

AAR'S IDLE FLEET METRIC REVERSES TREND IN 2019

– ~15k more idle cars compared to 4/1/19



AAR (Rail Time Indicators Report)

TARIFFS, TRADE AND PSR = UNCERTAINTY

- **Political uncertainty**
  - Trade tariffs affecting nearly all freight car types
  - Export markets taking a toll (surplus grain cars)

- **Short and long term Impacts of PSR on car owners**

- **Haven't even gotten to:**
  - Efficiency/cost Improvements in Trucking
  - Added Pipeline Capacity
  - Flammables Tank Car Situation Unsettled
  - In-Basin Proppants
  - Etc., Etc.

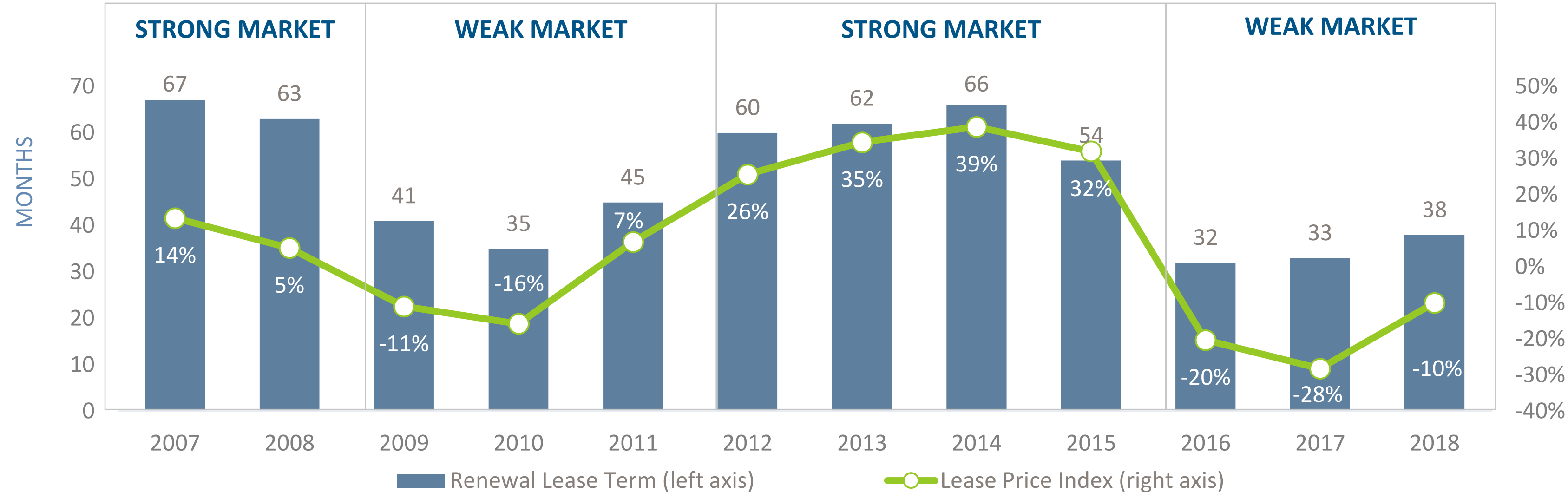
GATX

LESSOR VIEW OF PSR

- **Every Class I railroad is pursuing PSR, regardless of what they call it**
- **Class I's focused on:**
  - Efficiency improvement across network
  - Removing excess cars from the system
  - Passing on certain customer/volume opportunities in the name of greater efficiency
- **Shippers focused on:**
  - Securing cars for service
  - Improving ability to source multiple transport modes
- **GATX is focused on:**
  - Maintaining a <u>highly</u> diversified fleet across customers, commodities and car types
  - Proactively managing exposure to most PSR-sensitive car types

GATX ACTIVELY MANAGES THROUGH CYCLES

GATX proactively manages changing market conditions by utilizing our strong customer relationships and diversity of our fleet to adjust rate and term.



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Approximate # of railcars scheduled for renewal**	20,000	17,500	15,000	17,000	21,000	20,000	21,000	20,000	17,000	12,500	15,100	13,900	17,800
Renewal Success** Rate	73%	60%	54%	62%	77%	82%	81%	86%	81%	67%	75%	83%	N/A
Utilization**	98%	98%	96%	97%	98%	98%	99%	99%	99%	99%	98%	99%	N/A

**As of 12/31/2018*
***Excludes boxcar fleet*
LPI = Lease Price Index: The average renewal lease rate change is reported as the percentage change between the average renewal lease rate and the average expiring lease rate, weighted by GATX's North American fleet composition (excluding boxcars).
Renewal Success Rate: The percentage of expiring leases that were renewed with the existing lessee.

IDENTIFYING RISK

- *Equipment*
  - Remarketing considerations
- *Counterparty/Credit*
  - Due diligence
- *Financial*
  - Buying right
  - Interest rate risk
- *Legal/Contractual*
  - Return conditions
  - Assignability

SUCCESSFUL DEALMAKING

- Communication is key
  - Levels of risk aversion vary
  - Natural hedges
  - Go beyond lease rate/term to create value

SUCCESSFUL DEALMAKING – CONTINUED

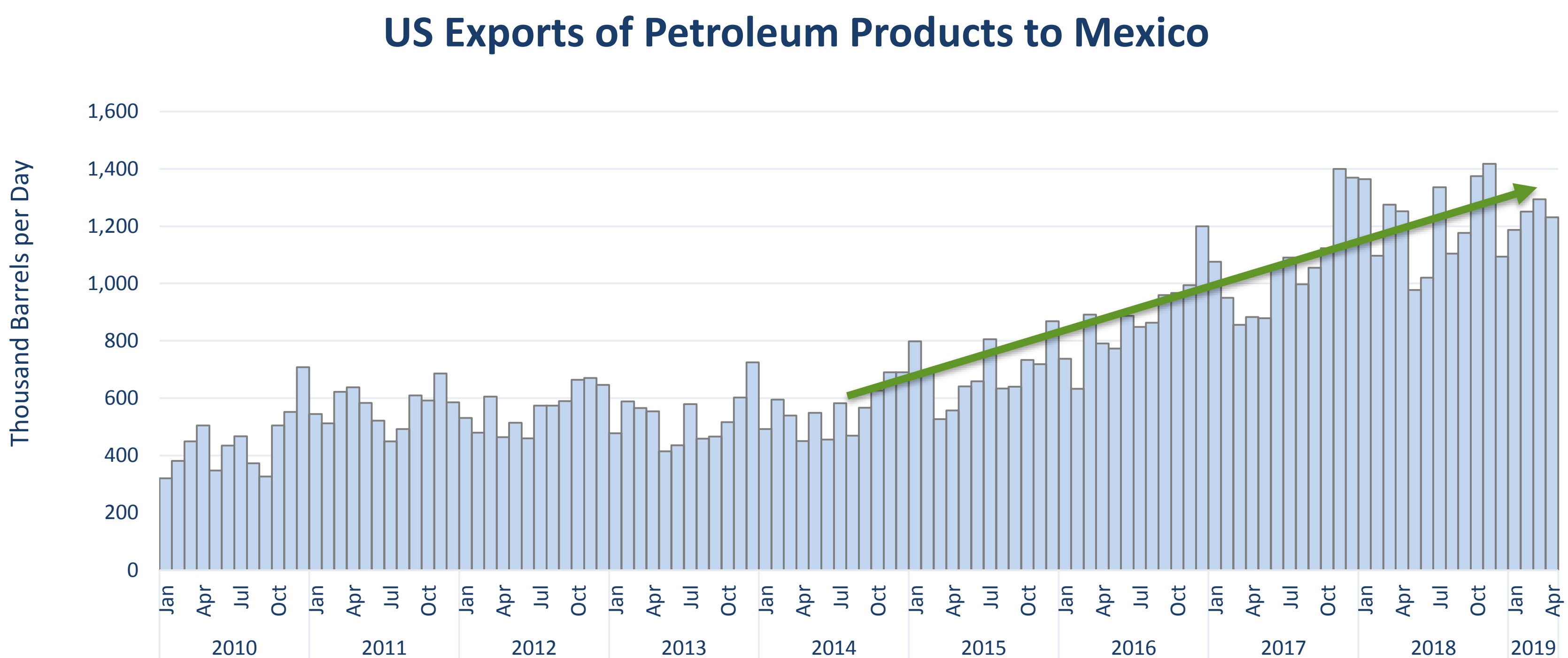
- Get creative!
  - Explore mutually beneficial financing structures
  - Add assets/package deals
  - GATX can utilize breadth of customer base and diversity of fleet to right size customer fleets
  - Partnership mentality
    - End of lease negotiations
    - Supply agreement space
    - Capital projects, fleet upgrades, etc.

GATX MEXICO

- Restructured the Mexican business in response to changing market conditions and customer feedback
- Overhauled from the ground up to improve efficiency and create value for GATX and our Mexican customers
  - Importation
  - Tax Efficiency
  - Risk Management
  - Lease structure flexibility
  - Fleet management/equipment upgrades
- Positioned to help drive industry growth and improve the customer experience for the long term

MEXICAN ENERGY MARKET LIBERALIZATION

- Falling crude and refined product production has led to increased demand for refined product imports



Source: EIA

GATX

PARTNERING WITH GATX

- Communication:
  - Sometimes it is just about the lease rate, and that's ok!
  - But…if other T&C's, services, structures, options, etc. are valued, that information is helpful in developing a proposal/strategy
- Take advantage of GATX's industry expertise:
  - Regulatory knowledge & Engineering
  - Buying and selling railcars
  - Monetizing customer-owned equipment
- Uncertainty reigns, so hedge risk where you can:
  - What is true today may not be true tomorrow

Questions

RECONCILIATION OF NON-GAAP MEASURES – NET INCOME MEASURES

Net Income	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
(in millions)										
Net income (GAAP)	$ 81.4	$ 80.8	$ 110.8	$ 137.3	$ 169.3	$ 205.0	$ 205.3	$ 257.1	$ 502.0	$ 211.3
Adjustments attributable to consolidated pre-tax income:										
Cost attributable to the closure of a maintenance facility at Rail International	-	-	-	-	-	-	-	-	-	9.5
Railcar impairment at Rail North America	-	-	-	-	-	-	-	29.8	-	-
Net loss (gain) on wholly owned Portfolio Management marine investments	-	-	-	-	-	-	9.2	2.5	(1.8)	-
Residual sharing settlement at Portfolio Management	-	-	-	-	-	-	-	(49.1)	-	-
Early retirement program	-	-	-	-	-	-	9.0	-	-	-
Litigation recoveries	-	(6.5)	(3.2)	-	-	-	-	-	-	-
Leveraged lease adjustment	-	-	(5.5)	-	-	-	-	-	-	-
Total adjustments attributable to consolidated pre-tax income	$ -	$ (6.5)	$ (8.7)	$ -	$ -	$ -	$ 18.2	$ (16.8)	$ (1.8)	$ 9.5
Income taxes thereon, based on applicable effective tax rate	$ -	$ 2.4	$ 2.0	$ -	$ -	$ -	$ (6.9)	$ 7.2	$ 0.7	$ (3.1)
Other income tax adjustments attributable to consolidated income:										
Income tax rate changes	-	-	-	0.7	-	-	14.1	-	-	-
GATX income taxes on sale of AAE	-	-	-	-	23.2	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act of 2017	-	-	-	-	-	-	-	-	(315.9)	(16.5)
Foreign tax credit utilization	(7.4)	-	-	(4.6)	(3.9)	-	-	(7.1)	-	(1.4)
Tax benefits upon close of tax audits	-	(9.5)	(4.8)	(15.5)	-	-	-	-	-	-
Total other income tax adjustments attributable to consolidated income	$ (7.4)	$ (9.5)	$ (4.8)	$ (19.4)	$ 19.3	$ -	$ 14.1	$ (7.1)	$ (315.9)	$ (17.9)
Adjustments attributable to affiliates' earnings, net of taxes:										
Net loss (gain) on Portfolio Management affiliate	-	-	-	-	-	-	11.9	(0.6)	-	-
Income tax rate changes	-	(1.9)	(4.1)	(4.6)	(7.6)	-	(7.7)	(3.9)	-	-
Pre-tax gain on sale of AAE	-	-	-	-	(9.3)	-	-	-	-	-
Interest rate swaps at AAE	20.7	9.3	(0.2)	20.5	(6.9)	-	-	-	-	-
Total adjustments attributable to affiliates' earnings, net of taxes	$ 20.7	$ 7.4	$ (4.3)	$ 15.9	$ (23.8)	$ -	$ 4.2	$ (4.5)	$ -	$ -
Net Income, excluding tax adjustments and other items (non-GAAP)	$ 94.7	$ 74.6	$ 95.0	$ 133.8	$ 164.8	$ 205.0	$ 234.9	$ 235.9	$ 185.0	$ 199.8

Earnings per Share	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Diluted earnings per share (GAAP)	$ 1.70	$ 1.72	$ 2.35	$ 2.88	$ 3.59	$ 4.48	$ 4.69	$ 6.29	$ 12.75	$ 5.52
Diluted earnings per share, excluding tax adjustments and other items (non-GAAP)	$ 1.97	$ 1.59	$ 2.01	$ 2.81	$ 3.50	$ 4.48	$ 5.37	$ 5.77	$ 4.70	$ 5.22

RECONCILIATION OF NON-GAAP MEASURES – BALANCE SHEET MEASURES

On- and Off-Balance Sheet Assets	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total assets (GAAP)	$ 5,206.4	$ 5,442.4	$ 5,846.0	$ 6,044.7	$ 6,535.5	$ 6,919.9	$ 6,894.2	$ 7,105.4	$ 7,422.4	$ 7,616.7
Off-balance sheet assets:										
Rail North America	1,012.1	968.1	884.5	863.5	887.9	606.1	488.7	456.5	435.7	430.2
ASC	-	-	-	21.0	16.5	11.7	6.8	2.6	-	-
Portfolio Management	4.0	3.4	2.6	-	-	-	-	-	-	-
Total off-balance sheet assets	$1,016.1	$ 971.5	$ 887.1	$ 884.5	$ 904.4	$ 617.8	$ 495.5	$ 459.1	$ 435.7	$ 430.2
Total assets, as adjusted (non-GAAP)	$6,222.5	$6,413.9	$6,733.1	$6,929.2	$7,439.9	$7,537.7	$7,389.7	$7,564.5	$7,858.1	$8,046.9