

GATX



2009

Southwest Association of Rail Shippers Fall
Meeting
October 1, 2009

Sprigs and Sprouts-Preparing for the Harvest

Preparing for the Harvest-Agenda

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- The Current World As We See It
- Indicators we watch
- Key commodity markets
- Comparison to last downturn
- Market & supply chain changes
- GATX at Present
- GATX Sprigs and Sprouts Strategy

Worldwide Rail Fleet

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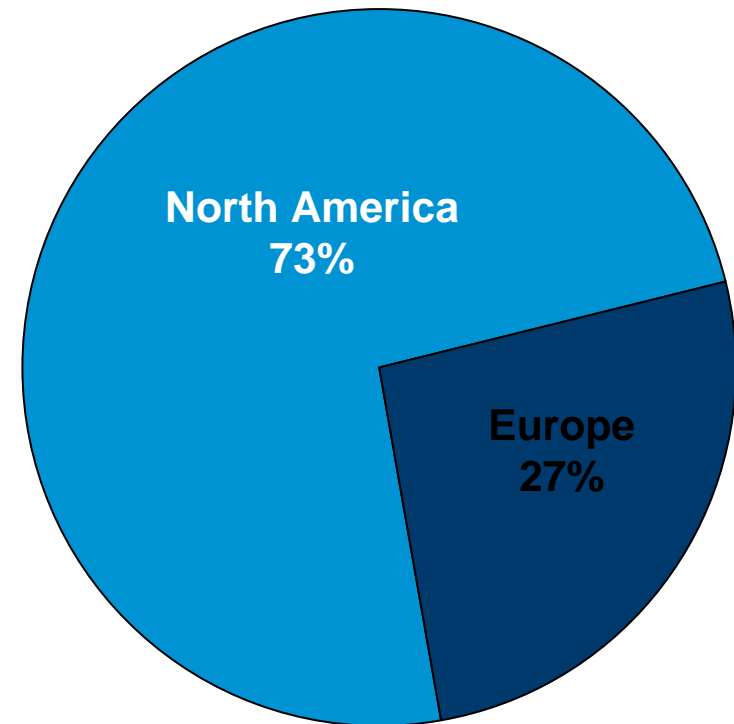


Own, Manage and Interest In Approximately:

- 166,000 Railcars
- 700 Locomotives

GATX Railcar Distribution

| RAILCARS | <u>North America</u> | <u>Europe</u> | <u>Total</u> |
|-------------------|----------------------|---------------|----------------|
| Owned | 113,000 | 20,000 | 133,000 |
| Interest In | 6,000 | 24,000 | 30,000 |
| Managed | 3,000 | <1,000 | 3,000 |
| Rail Total | 122,000 | 44,000 | 166,000 |



166,000 railcars
as of 12/31/08

Key Indicators GATX Monitors



1. Rail Car loadings
2. Market indicators – GDP, Housing starts, Industrial Production, Price of Natural Gas & Steel Price Index, Consumer Confidence
3. New Car orders and backlog
4. Availability of idle rolling stock

Rail Industry Carloading Trends

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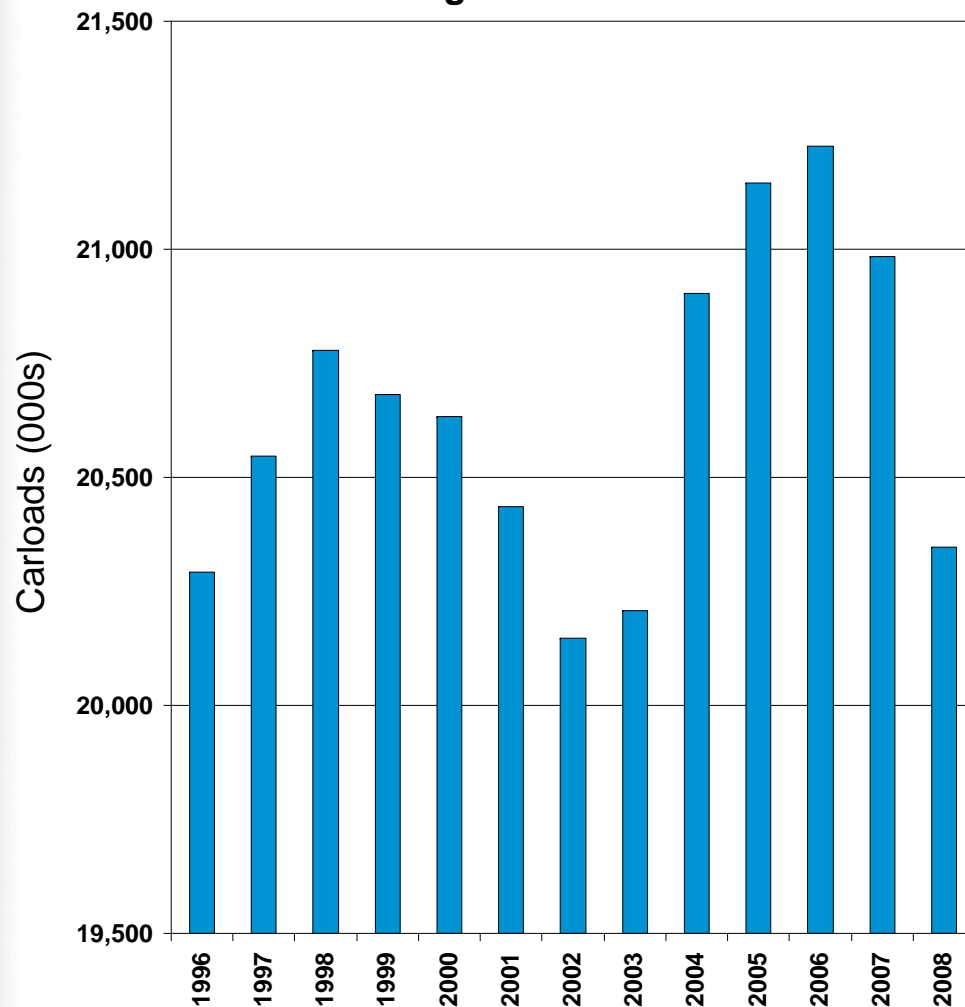
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Carloads Originated – U.S. & Canada



- 2004-2006 rail traffic was driven by increased demand across most major commodity types
- Decline in 2007-2008 carloads reflect difficulties in nearly every sector; sharp decline in 4Q'08
- Combined U.S. and Canadian carload traffic declined 9.0% in the fourth quarter of 2008
- U.S. chemical and petroleum products carloads decreased 2.4% and 6.2% respectively in 2008

Car Loadings for Key Commodities

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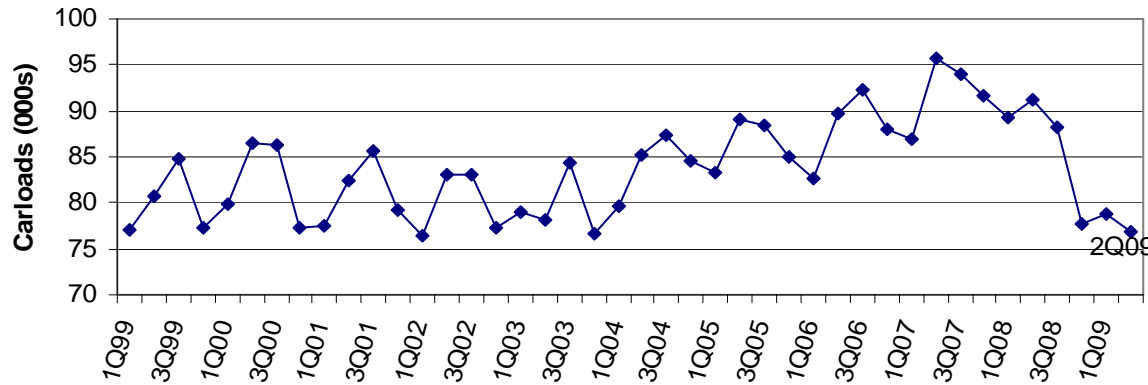
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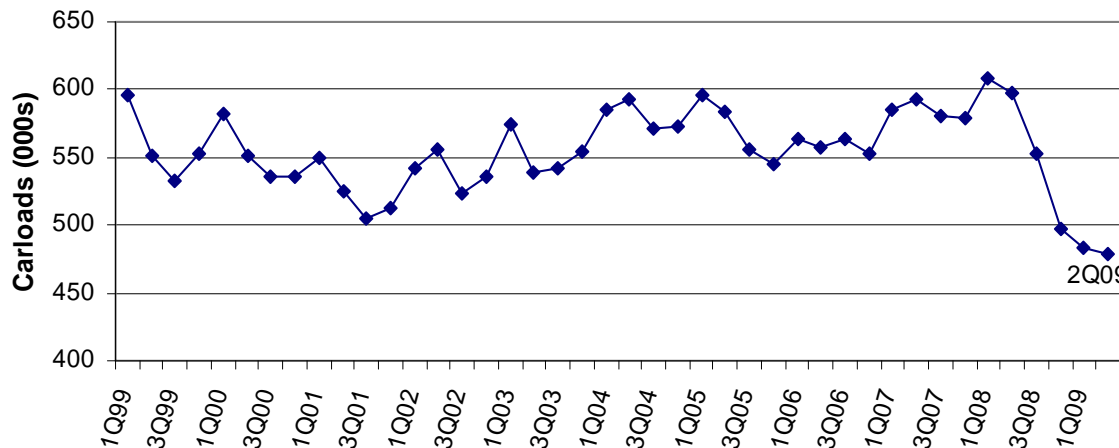


Petroleum Carloads Originated - US & Canada



2Q-2009: 76,759
2Q-2008: 91,125

Chemical Carloads Originated - US & Canada



2Q-2009: 478,067
2Q-2008: 596,988

Car Loadings for Key Commodities

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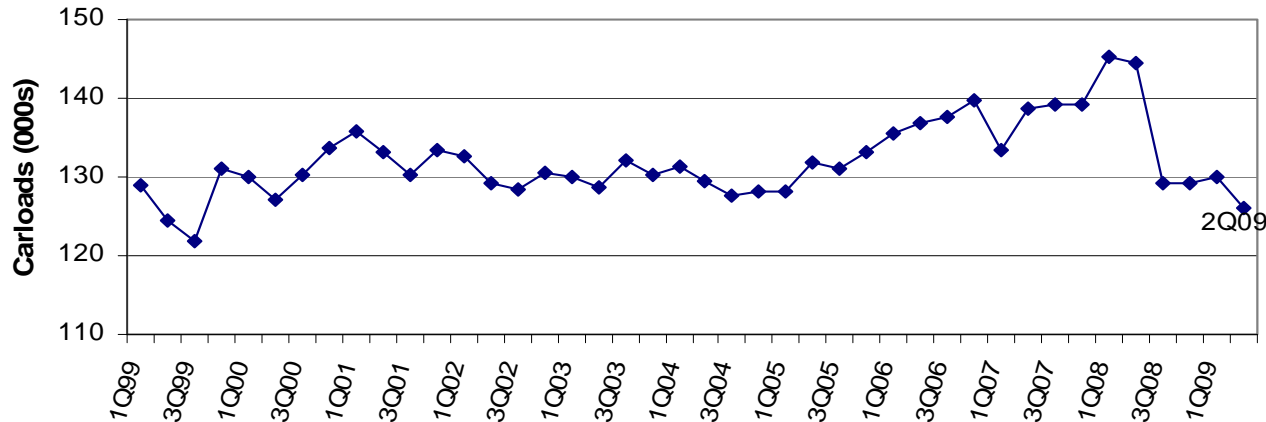
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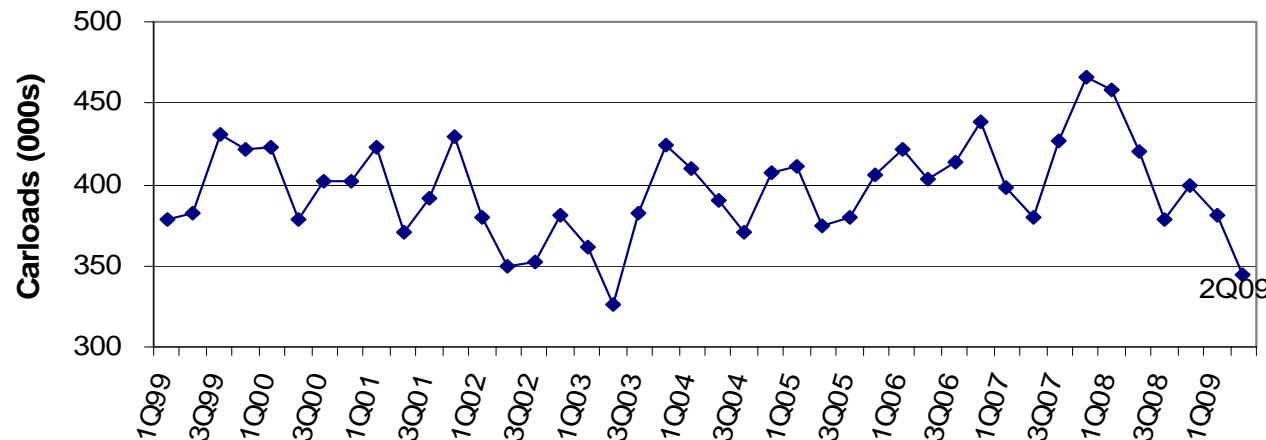


Food Carloads Originated - US & Canada



2Q-2009: 126,043
2Q-2008: 144,367

Grain Carloads Originated - US & Canada



2Q-2009: 344,836
2Q-2008: 420,739

Car Loadings for Key Commodities

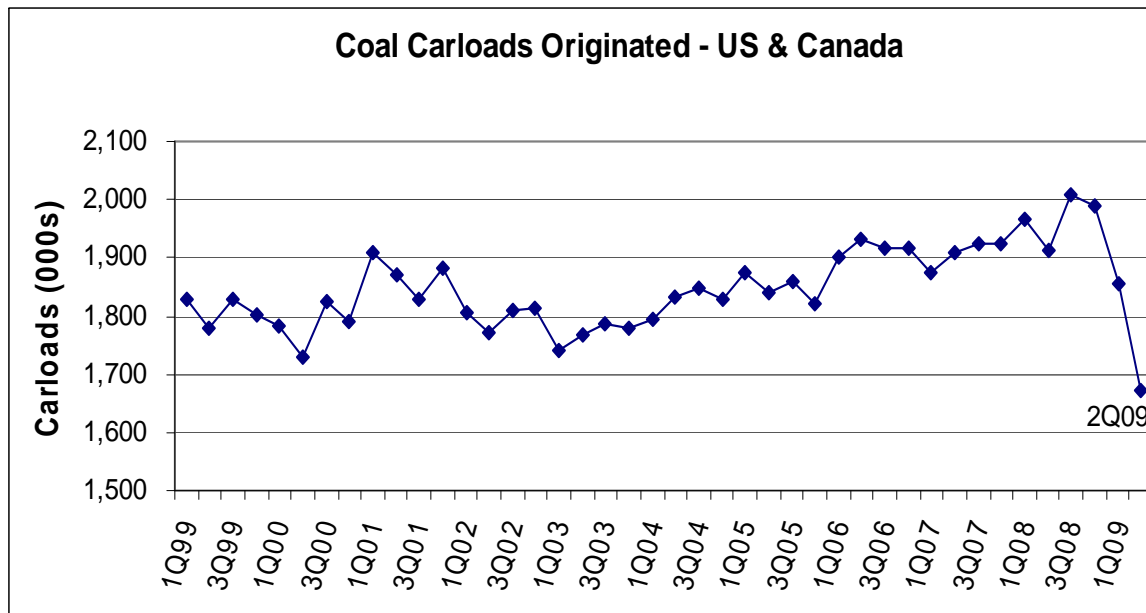
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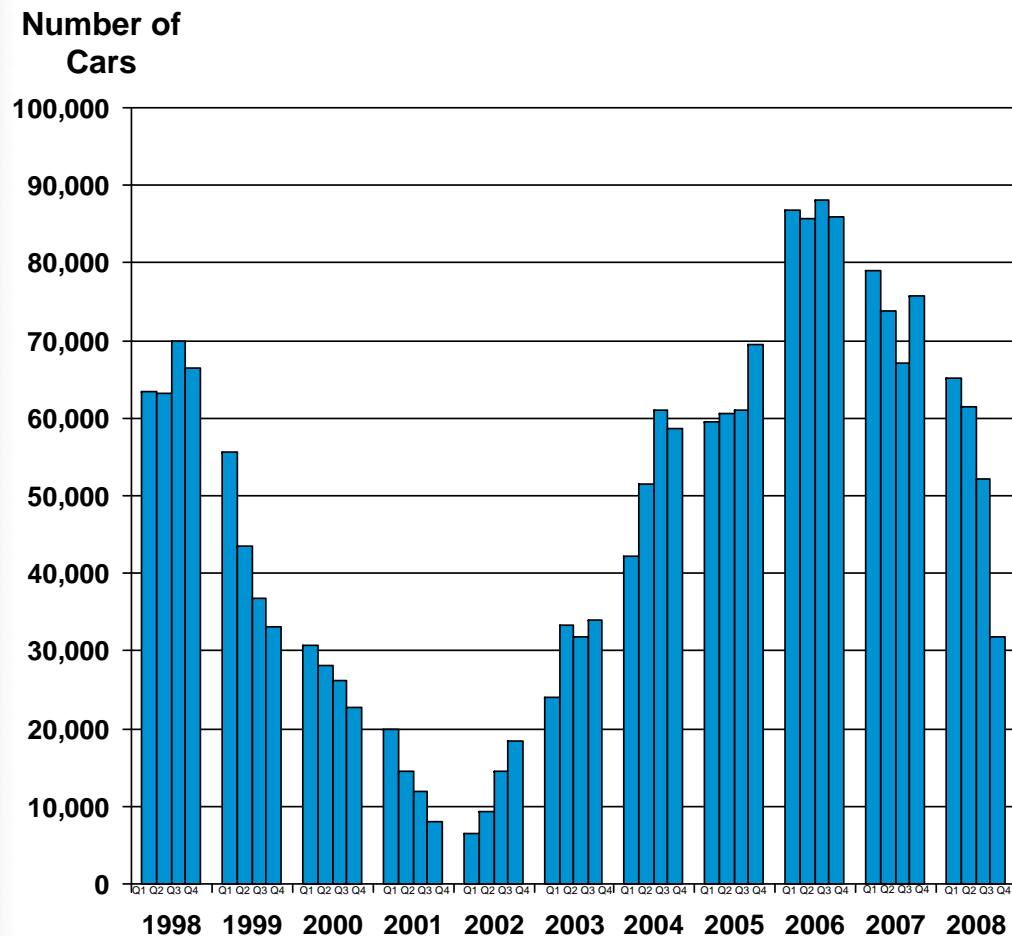
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2Q-2009: 1,670,844
 2Q-2008: 1,911,976

Rail Industry

Railcar Manufacturing Backlog



- The cyclical nature of the railcar manufacturing industry is reflected in the backlog of railcar orders at the railcar manufacturers, bottoming at 6,000 cars in early 2002
- High railcar order backlogs in 2006 and 2007 resulted from market conditions and speculation in certain car types, particularly for ethanol service
- Decline in 2008 reflects drop in orders as economic pressures mounted

Key Commodity Markets – Where Are We?

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- **Automotive**-weak but seems to have bottomed
- **Chemical**-recent up tick in car loadings
- **Coal**-demand weak, car supply plentiful, many sets parked
- **Food/Agriculture**-steady with some improvement seen.
- **Forest Products**-weak but recent signs of an increase in starts
- **Petrochemicals**-recent signs of improvement
- **Petroleum**-steady but low crude price keeping expansion projects on hold
- **Plastics**-significant increase in production for export. Low natural gas pricing improving margins.

Supply chain participant “behaviors” to look for



- Inquiry volume changes (customers)
- Decision making expediency (customers)
- Customer fleet utilization levels/ surplus cars – good question to repeatedly ask!! (customers)
- Commodity price levels, inventories, and changes (customers)
- Manufacturing capacity changes (suppliers)
- Car cost monitoring (suppliers)
- Competitor availability and new car spec positions (competitors)

Market upturn - background

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- Preparing for a market upturn begins with steps taken during the weak market trough
- Within the GATX organization, the market environment drives varied decisions and approaches in:
 - Lease structuring
 - Customer targeting
 - New car purchasing/supply agreements
 - Operations/repair approaches
 - Secondary market investment
 - Existing fleet investment and design/development project work

Process Tactics Implemented



- **Improved Reaction Time:**
 - Mid-month pricing target reviews by Fleet and Sales teams
 - Maintain properly sized “ready fleet” for new opportunities
- **Adapt to Customer Challenges, Reduce Costs, Optimize Utilization:**
 - Completed several new car fleet swaps
 - Lease profile restructures
 - Scrap/replacement efforts & process improvements
 - ERL decision making approach changes
 - Reconfigure riders when release notification is given

Focus for GATX When Market Begins to Turn Up



- Car prices
- Manufacturing costs & production rates
- Lease pricing and terms
- Borrowing costs
- Investment philosophy (suppliers, competitors & customers)
- Duration of time surrounding decision making

Proper reaction to changes is critical!

GATX Up turn strategy-The Harvest

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- Selectively prepare cars in strengthening market for rapid redeployment.
- Continue to monitor supply chain activity and be prepared to quickly react to positive changes in markets served.
- Secure long term new car supply
- Continue frequent customer visits to gauge market conditions.
- Invest in existing fleet portfolios to gain share and grow the company.



Order more railcars!!!!!!!!!!

Questions?????