GATX CORPORATION 2016 ANNUAL REPORT









GATX Corporation (NYSE: GATX)

We strive to be recognized as the finest railcar leasing company in the world by our customers, our shareholders, our employees, and the communities where we operate.

As the leading global railcar lessor, we have been providing quality railcars and services to our customers for more than 118 years.

We own railcar fleets in North America, Europe, and Asia. In addition, we operate the largest fleet of US-flagged vessels on the Great Lakes, and own, with Rolls-Royce plc, one of the largest aircraft spare engine leasing portfolios in the world.

We operate through four business segments: Rail North America, Rail International, American Steamship Company, and Portfolio Management.








FINANCIAL HIGHLIGHTS

(In millions, except per share data)

	2014	2015	2016
Net Income	$ 205.0	$ 205.3	**$ 257.1**
Per Diluted Share Net Income	$ 4.48	$ 4.69	**$ 6.29**
Excluding Tax Adjustments and Other Items [a]			
Net Income	$ 205.0	$ 234.9	**$ 235.9**
Per Diluted Share Net Income	$ 4.48	$ 5.37	**$ 5.77**

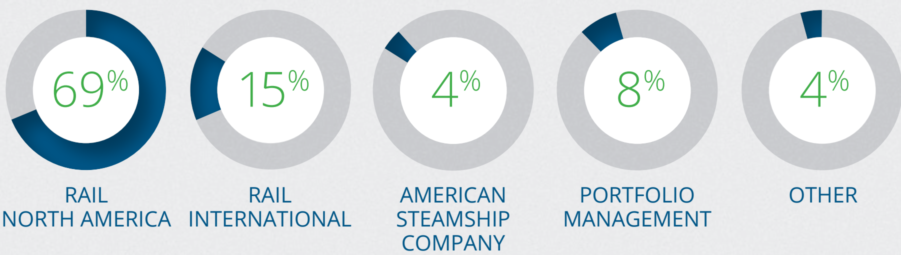
[a] *The following items for each year noted are referred to as "Tax Adjustments and Other Items:"*

- *Results for 2016 included certain tax benefits, residual sharing gains, and losses and gains associated with impairments and sales of certain investments.*
- *Results for 2015 included certain tax expenses and benefits, losses and gains associated with impairments and sales of certain investments, and expenses associated with the roll-out of an early retirement program for certain eligible employees.*

ASSET MIX

Including on- and off-balance-sheet assets

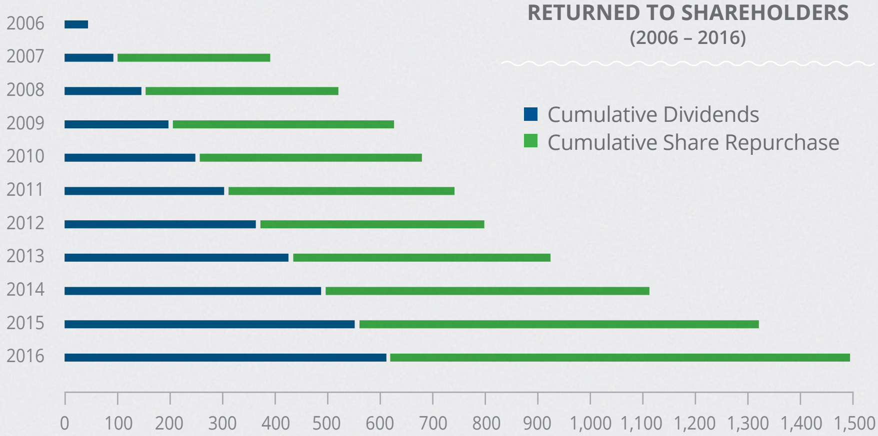
$7.6 Billion
NET BOOK VALUE



CASH RETURNED TO SHAREHOLDERS

($ millions)

$1.5 Billion
RETURNED TO SHAREHOLDERS
(2006 – 2016)

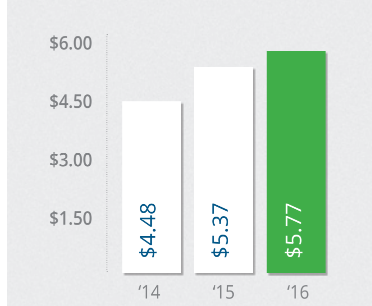


NON-GAAP FINANCIAL MEASURES

For a reconciliation of non-GAAP financial measures contained herein, refer to our Annual Report on Form 10-K that has been included as part of this Annual Report to Shareholders.

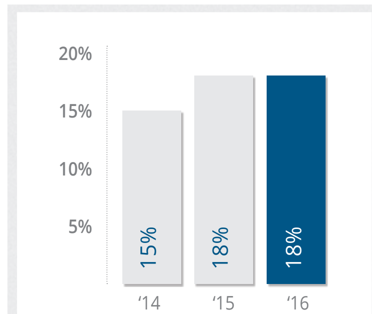
All data (including segment overview sections) as of 12/31/16.

$5.77
INCOME PER DILUTED SHARE*



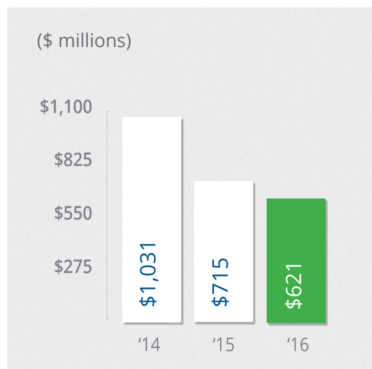
** Excluding Tax Adjustments & Other Items [a]*

18%
RETURN ON EQUITY*

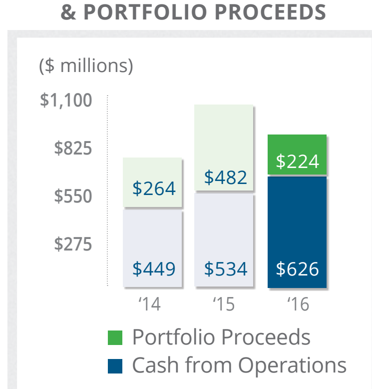


** Excluding Tax Adjustments & Other Items [a]*

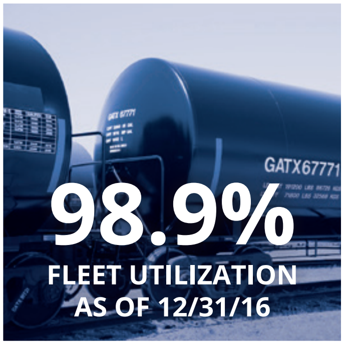
$621 MILLION
INVESTMENT VOLUME



CASH FROM OPERATIONS & PORTFOLIO PROCEEDS



Rail North America



$3.8 Billion

OF COMMITTED LEASE RECEIPTS,
WITH AN EXCELLENT CUSTOMER BASE

GATX is a leading full-service railcar lessor in North America. We provide the maintenance, training, engineering support, and other services our customers rely on to safely ship their products.

In 2016, the rail industry experienced its second year of reduced carloadings and a large oversupply of railcars. Despite this environment, GATX successfully maintained high utilization. We continued to optimize our fleet by selling railcars in a robust secondary market at attractive prices, generating asset remarketing income of more than $46 million. We further advanced our strategy of performing more of our railcar maintenance at GATX-owned service centers. Approximately 75 percent of

Rail International

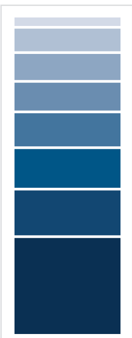
The largest contributor to Rail International is GATX Rail Europe (GRE), a leading full-service tank car lessor in Europe. GRE offers customers a broad range of value-added services. Nearly 80 percent of GRE's revenue is generated in Germany, Poland, and Austria – strong rail freight transport economies. Since 2013, GRE has reduced the age of its fleet while expanding its carrying capacity, helping to contribute to the fleet's high utilization. We also have growing operations in India and Russia.

GATX's tank car and specialty freight car maintenance was performed in our owned network, where we believe the safety, quality, delivery, and cost metrics are superior.

GATX's success in this challenging environment is a direct result of our well-diversified fleet, high-quality customer base, and outstanding service offerings. Our strategy and disciplined approach have put us in an excellent position to outperform our competitors and capitalize on attractive opportunities.

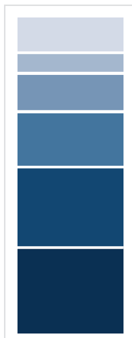
900+ Customers

NORTH AMERICAN FLEET
(**122,200+** WHOLLY OWNED RAILCARS)



- 3% OTHER
- 8% SPECIALTY TANK
- 9% OPEN TOP
- 10% OTHER COVERED HOPPER
- 11% HIGH PRESSURE TANK
- 13% GRAVITY COVERED HOPPER
- 15% BOXCAR
- 31% GENERAL SERVICE TANK

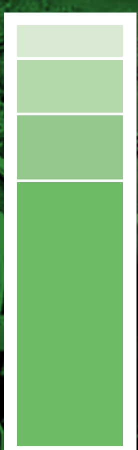
INDUSTRIES SERVED
(**160+** CAR TYPES, **550+** COMMODITIES)



- 11% OTHER
- 7% MINING, MINERALS, & AGGREGATES
- 12% FOOD & AGRICULTURE
- 17% RAILROADS & OTHER TRANSPORTS
- 26% REFINERS & OTHER PETROLEUM
- 27% CHEMICALS

Based on 2016 North America Revenues

220+ Customers



GRE RAILCAR FLEET
(**23,100+** WHOLLY OWNED RAILCARS)

- 8% POWDER & OTHER
- 13% CHEMICALS
- 16% LPG
- 63% LIQUID PETROLEUM PRODUCTS

GRE GEOGRAPHIES SERVED

- 8% OTHER
- 2% SLOVAKIA
- 3% CZECH REPUBLIC
- 4% HUNGARY
- 5% THE NETHERLANDS
- 11% AUSTRIA
- 25% POLAND
- 42% GERMANY

Based on 2016 GRE Revenues

American Steamship Company

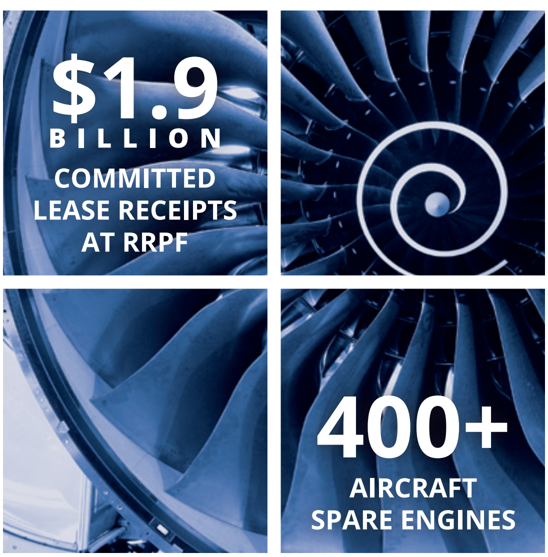
American Steamship Company (ASC) is the largest US-flagged operator on the Great Lakes with 17 self-unloading vessels ranging in length from 635 feet to 1,000 feet. During the navigation season, ASC's vessels operate 24 hours a day, seven days a week and require no onshore assistance to unload cargo.

The diversity of our vessels enables us to transport a variety of dry-bulk commodities. In 2016, ASC moved approximately 25.4 million tons of iron ore, coal, and limestone while focusing on safe, environmentally responsible, and efficient operations.

35%
MARKET SHARE

Portfolio Management

This segment is largely comprised of our 50 percent ownership in each of the Rolls-Royce and Partners Finance affiliates (RRPF). RRPF leases aircraft spare engines to commercial airlines and to Rolls-Royce plc. Given long-term prospects for growth in global aviation, RRPF is well positioned to continue its strong financial and operational performance.



PORTFOLIO MANAGEMENT OWNED ASSETS

- 3% OTHER
- 34% MARINE EQUIPMENT
- 63% AIRCRAFT SPARE ENGINE LEASING AFFILIATES

GATX had another record year in 2016, producing earnings per diluted share of $6.29, earning a return on equity of 19.6 percent, paying more than $67 million in dividends, repurchasing more than $120 million of common stock, and investing nearly $621 million in our businesses around the globe. This performance was especially impressive given that we were operating in an industry experiencing reduced railcar loadings, improved railroad efficiency, and declining industry lease rates for the second consecutive year. We positioned ourselves well in the prior strong market to enable us to perform so well in this tougher environment. I congratulate the employees of GATX on their outstanding achievements, but now let's look ahead.

VALUE CREATION

Economic value in any business is created by growing the amount of capital deployed and earning an attractive risk-adjusted return on that capital. At GATX, we operate in an extremely cyclical railcar leasing market, deploying assets with economic lives of 35 to 50 years or more. Thus, creating economic value requires us to emphasize asset growth and asset return at different points in the cycle, while making these decisions with a very long-term view that matches the lives of our assets. So what are our strategies for growth and return?

... creating economic value requires us to emphasize asset growth and asset return at different points in the cycle ...

GROWTH

Our growth strategies vary across our different markets.

In the mature and extremely cyclical North American railcar leasing market, we stress asset growth in the down cycle, when asset prices generally decline. Historically, fleet acquisitions and new railcar orders have been the most effective way to grow our fleet in these weaker markets. In particular, large fleet acquisition opportunities often arise when lessors who are struggling to compete in a declining market look to exit the railcar leasing business or downsize their fleets. We will strive to grow by taking advantage of these opportunities as they arise. As the market eventually improves, we tend to purchase fewer new railcars at higher prices and look more toward existing railcars that may be out of favor among our competitors, and where we believe we can add value, such as our $340 million boxcar acquisition completed in the stronger market in 2014.

Our European rail business has historically operated in a much less volatile market relative to our North American rail business. Also, the European industry fleet is much older on average, creating more replacement opportunities as those cars retire. Thus, although we are cognizant of European railcar leasing cycles, we are more focused on consistent investment in new cars in order to increase the efficiency of our customers' fleets. We have invested more than $1 billion to modernize and grow our fleet over the last decade and will continue this strategy in 2017 and beyond.

In our emerging rail markets, we are applying our railcar leasing model, which has been successful for over 100 years in North America, to rail markets with higher growth rates. We have established a good foundation for expansion in the growing rail markets in India and Russia. We are very aware of the higher risks in these markets, and GATX India and GATX Russia are not yet significant contributors to GATX's assets and earnings. However, consistent with our long-term view, we see these markets as very high potential and we will be patient and diligent in our effort to grow them into businesses that produce an attractive risk-adjusted return.

Lastly, we look for growth where we think there is a good fit with GATX's core strengths – the leasing of long-lived, widely used assets in which service is a critical component. The best example of this is GATX's investment with Rolls-Royce plc in a business that involves the operating leasing of long-lived aircraft spare engines. Service, in the form of the Rolls-Royce Total Care® program, is critical to the customers of this business. Since its formation in 1998, this business has grown steadily to a $3.3 billion portfolio and produces outstanding risk-adjusted returns. We intend to continue the attractive growth of this business.

RETURN

Our strategy to earn an attractive return on our capital employed is consistent across our businesses. In strong markets, we focus our team on aggressively capturing rising lease rates. Equally important, we attempt to increase the length of our lease terms to lock in those attractive rates for as long as possible. We also monitor rising asset prices in strong markets, and we are quick to sell railcars if we think the economics of a sale are more attractive than continuing to own and operate the asset.

In weak markets, we strive to act as the price leader, lowering lease rates as quickly as necessary to keep our railcars on lease. At the same time, we try to shorten the length of our lease terms so that we have the opportunity to more quickly capture value as the market recovers.

Regardless of where GATX is in the business cycle, we focus on return from a shareholder perspective. For instance, 2017 will mark the 99th consecutive year that GATX has paid a dividend. In addition, we have returned $870 million of capital to our shareholders since 2006 through the repurchase of our common stock. We invested more than $7.8 billion in assets over the same period, while maintaining our access to capital and investment-grade credit ratings. This reinforces GATX's belief that the amount of committed lease revenue in our business allows us to consistently return capital to our shareholders while simultaneously growing our capital employed.

Regardless of where GATX is in the business cycle, we focus on return from a shareholder perspective.

CHALLENGES

Like any business, GATX faces myriad challenges, from increasing regulation to volatile emerging markets to changing employee demographics. Given our strategy, the largest challenge we currently face is the growth of competitors with lower costs of capital, especially those in the banking business, who seem determined to aggressively grow their railcar fleets at high prices despite the questionable economics these actions produce. This trend could make it harder for GATX to compete for opportunities to acquire existing railcar fleets, especially if this behavior continues as the market weakens. Our strategy to deal with these competitors is twofold. First, we will continue to win commercially against these competitors through our superior service, experience, and customer relationships – and we will seize every opportunity to displace them from customers. It is one thing to purchase a railcar; it is another to keep that railcar attractively deployed over its long economic life. Second, we may partner with other long-term investors with lower costs of capital that are interested in investing in the railcar leasing business with a company like GATX. We will find creative ways to grow our capital employed, but we will not lose sight of the need to earn an attractive return.

We will find creative ways to grow our capital employed, but we will not lose sight of the need to earn an attractive return.

GATX BOARD OF DIRECTORS

GATX has an extraordinary Board of Directors, with diverse leadership experience in rail, finance, steel, operations, emerging markets, customer viewpoints – among other capabilities essential to GATX's business. They regularly review and frequently challenge our strategy, including a more intense, multi-day annual review of the strategic issues most important to GATX. They understand and endorse our current strategic approach. They will not hesitate to take action if they believe our strategy is not sound. I believe our shareholders should take comfort in the diligence of our Board.

EMPLOYEES

Before I close, I have to discuss the employees of GATX. They are a phenomenal group of knowledgeable and dedicated employees, deeply passionate about our business and the communities in which they live. They are also changing quickly – nearly 50 percent of GATX employees have been hired since 2010. They are more comfortable with new technology, which I view as critical to our future success. GATX has invested heavily in new systems over the last few years, and most of these systems are geared toward improving the quality of service and information for our customers. To continue to be successful with our customers, we need to keep these employees engaged. We will do so by constantly offering them opportunities to learn, by allowing them to make a positive impact on GATX, and by supporting them in their efforts to give back to their communities.

OUR PROMISE

GATX has been a successful railcar leasing company for almost 120 years. But we realize that this is no guarantee of future success. We promise to our shareholders that while we will always adapt and change to stay ahead of changing market conditions, two key philosophies will never change. First, we will always have a long-term focus on investing that matches the long lives of our assets; second, when we do not honestly believe that we can earn an attractive risk-adjusted return on capital, we will return that excess capital to its owners. I am confident that the employees of GATX will continue delivering superior returns.

Brian Kenney

Brian A. Kenney
Chairman, President and Chief Executive Officer
GATX Corporation

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2016

or

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

Commission File Number 1-2328

GATX Corporation

(Exact name of registrant as specified in its charter)

New York	**36-1124040**
(State of incorporation)	*(I.R.S. Employer Identification No.)*

222 West Adams Street
Chicago, IL 60606-5314
(Address of principal executive offices, including zip code)
(312) 621-6200
(Registrant's telephone number, including area code)
Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class or series	Name of each exchange on which registered
Common Stock	New York Stock Exchange Chicago Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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 Regulation S-T (§232.405 of this chapter) 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, or a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

☑ 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 aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $1.8 billion as of June 30, 2016.

As of January 31, 2017, 39.4 million common shares were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

GATX's definitive Proxy Statement to be filed on or about March 24, 2017 — PART III

GATX CORPORATION
2016 FORM 10-K
INDEX

FORWARD-LOOKING STATEMENTS

Statements in this report 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," and "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 under "Risk Factors", and elsewhere in this report and in our other filings with the US Securities and Exchange Commission ("SEC"), 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 (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
- 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

PART I

Item 1. *Business*

GENERAL

GATX Corporation ("GATX", "we," "us," "our," and similar terms), a New York corporation founded in 1898, is the leading global railcar lessor, owning fleets in North America, Europe, and Asia. In addition, we operate the largest fleet of US-flagged vessels on the Great Lakes and jointly with Rolls-Royce plc, we own one of the largest aircraft spare engine lease portfolios in the world. We report our financial results through four primary business segments: Rail North America, Rail International, American Steamship Company ("ASC"), and Portfolio Management.

The following description of our business should be read in conjunction with the information contained in our Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 and the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. For geographic and financial information relating to each of our reportable segments, see "Note 21. Foreign Operations" and "Note 23. Financial Data of Business Segments" included with our consolidated financial statements.

At December 31, 2016, we had total assets of $7.6 billion, comprised largely of railcars. This amount includes $0.5 billion of off-balance sheet assets, primarily railcars that were financed with operating leases.

OPERATIONS

GATX RAIL BUSINESS OVERVIEW

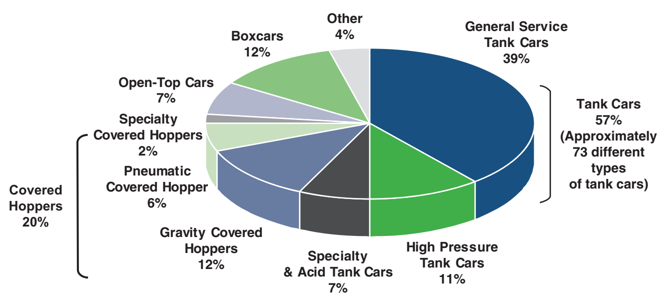
We strive to be recognized as the finest railcar leasing company in the world by our customers, our shareholders, our employees, and the communities where we operate. Our wholly owned fleet of approximately 146,300 railcars is one of the largest railcar lease fleets in the world. With more than a century of rail industry experience, we offer customers leasing, maintenance, asset, financial, and management expertise. We currently lease tank cars, freight cars, and locomotives in North America, tank cars and freight cars in Europe and freight cars in India and Russia. We also have an ownership interest in an affiliate investment that owns approximately 2,200 railcars, and we actively manage approximately 400 railcars for other third-party owners. The following table sets forth our worldwide rail fleet data as of December 31, 2016:

	Tank Railcars	Freight Railcars (1)	Total Fleet	Affiliate Railcars	Managed Railcars	Total Railcars	Locomotives
Rail North America	60,916	61,312	122,228	2,219	418	124,865	660
Rail International	22,502	1,567	24,069	—	7	24,076	—
	83,418	62,879	146,297	2,219	425	148,941	660

Our rail customers primarily operate in the petroleum, chemical, food/agriculture and transportation industries. Our worldwide railcar fleet consists of diverse railcar types that our customers use to ship more than 550 different commodities. The following table presents an overview of our railcar types as well as the industries of our customers and the commodities they ship.

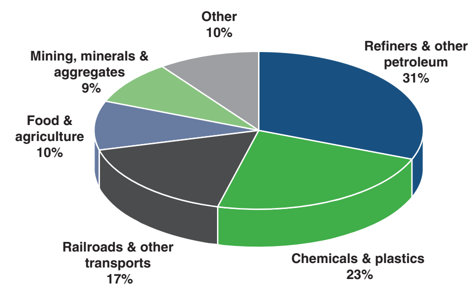
	General-Service Tank Cars	High-Pressure Tank Cars	Specialty and Acid Tank Cars	Specialty Covered Hoppers	Gravity Covered Hoppers	Open-Top Cars	Boxcars
Principal Industries Served	Petroleum	Petroleum	Chemical	Plastics	Agriculture	Energy	Food
	Agriculture	Chemical	Petroleum	Food	Energy	Steel	Consumer Goods
	Construction			Industrial	Industrial	Construction	Forest Products
	Food				Construction	Forest Products	Packaging
	Chemical						Construction
Principal Commodities	Refined Petroleum Products	Natural Gas Liquids	Sulfuric Acid	Plastics	Fertilizer	Coal	Packaged Food and Beverages
	Fertilizer	Propylene	Molten Sulfur	Flour	Sand	Finished and Scrap Steel	Paper and Packaging
	Crude Oil	Vinyl Chloride Monomer	Hydrochloric Acid	Sugar	Grain	Aggregates	Lumber and Building Products
	Ethanol		Caustic Soda	Starch	Cement	Coke	Freight - All Kinds
	Vegetable Oil		Phosphoric Acid	Carbon Black	Soda Ash	Woodchips	

GATX's Worldwide Railcar Fleet



Approximately 146,000 Railcars as of 12/31/2016

GATX's Industries Served



Based on 2016 Combined Rail North America and Rail International revenues

RAIL NORTH AMERICA

Rail North America is composed of our operations in the United States, Canada, and Mexico. Rail North America primarily provides railcars pursuant to full-service leases under which it maintains the railcars, pays ad valorem taxes and property insurance, and provides administrative and other ancillary services. These railcars have estimated useful economic lives of 27 to 45 years and an average age of approximately 20 years. Rail North America has a large and diverse customer base, serving approximately 900 customers. In 2016, no single customer accounted for more than 6% of Rail North America's total lease revenue, and the top ten customers combined accounted for approximately 24% of Rail North America's total lease revenue. Rail North America leases railcars for terms that generally range from three to ten years, although leases may be for longer or shorter terms depending on market conditions. The average remaining lease term of the North American fleet was approximately three years as of December 31, 2016. Rail North America's primary competitors are Union Tank Car Company, Wells Fargo Rail, the CIT Group, Trinity Industries Leasing Company, and SMBC Rail Services, LLC. Rail North America competes primarily on the basis of lease rate, maintenance capabilities, customer relationships, engineering expertise, and availability of railcars.

Rail North America can purchase new railcars from a number of manufacturers, including Trinity Industries, American Railcar Industries, Inc., National Steel Car Ltd., Freightcar America, and The Greenbrier Companies. We also acquire railcars in the secondary market. During 2014, we acquired more than 18,500 boxcars from General Electric Railcar Services Corporation for approximately $340 million (the "Boxcar Fleet"). In 2014, we entered into a long-term supply agreement with Trinity Rail Group, LLC ("Trinity") a subsidiary of Trinity Industries that took effect in mid-2016. Under the terms of that agreement, we may order up to 8,950 newly built railcars over a four-year period from March, 2016 through March, 2020. We may order either tank or freight cars; however, we expect that the majority of the order will be for tank cars. As of December 31, 2016, 3,173 railcars have been ordered, of which 776 railcars have been delivered. Pursuant to the terms of the agreement, the parties conducted a review of the contract pricing in January 2017 as it no longer reflected market rates. Based on this review, the parties agreed to reduce contract pricing for future orders pursuant to the terms of the agreement. Under a prior supply agreement with Trinity entered into in 2011, we ordered 12,500 newly built railcars, of which 12,313 railcars have been delivered as of December 31, 2016.

Rail North America also owns a fleet of locomotives, consisting of 631 older four-axle and 29 six-axle locomotives as of December 31, 2016. Locomotive customers are primarily Class I, regional, and short-line railroads and industrial users. Lease terms vary from month-to-month to 10 years. As of December 31, 2016, the average remaining lease term of the locomotive fleet was approximately six years. Rail North America's primary competitors in locomotive leasing are Wells Fargo Rail, CIT Group Inc., and Progress Rail Services Corporation. Competitive factors in the market include lease rates, customer service, maintenance, and availability.

Rail North America also remarkets rail assets, including assets managed for third parties and an affiliate. Remarketing activities related to GATX's owned fleet generate gains which may contribute significantly to Rail North America's segment profit.

Maintenance

Rail North America operates an extensive network of maintenance facilities in the United States and Canada dedicated to performing safe, timely, efficient, and high quality maintenance for customers. Services include interior cleaning of railcars, routine maintenance and general repairs to the car body and safety appliances, regulatory compliance work, wheelset replacements, exterior blast and painting, and car stenciling. To the extent possible, railcar maintenance is scheduled in a manner that minimizes the amount of time the car is out of service. At December 31, 2016, Rail North America's maintenance network consisted of:

- Six major maintenance facilities that can complete all types of maintenance services.
- Four maintenance facilities that primarily focus on routine cleaning, repair, and regulatory compliance services.
- Six customer-dedicated sites operating solely within specific customer facilities that offer services tailored to the needs of our customers' fleets.
- Seventeen locations with mobile units that travel to many track-side field locations to provide spot repairs and interior cleaning services, thus avoiding the need to send a railcar to a major maintenance facility.

The maintenance network is supplemented by a number of preferred third-party maintenance facilities. In certain cases, we have entered into fixed-capacity contracts with these third parties under which Rail North America has secured access to maintenance capacity. In 2016, wholly owned and third-party maintenance facilities performed approximately 62,000 service events, including multiple independent service events for the same car. In 2016, third-party maintenance network expenses accounted for approximately 45% of Rail North America's total maintenance network expenses (excludes repairs performed by railroads). Approximately 75% of the maintenance on our tank cars and specialty freight cars is performed internally.

Our maintenance activities are substantially dedicated to servicing our wholly owned railcar fleet pursuant to the provisions of our lease contracts. Additionally, our customers periodically require services that are not included in the full-service lease agreement, such as repair of railcar damage. We also provide maintenance services to one of our affiliates, as noted below. Revenue earned from these types of maintenance services is recorded in other revenue.

Affiliates

Adler Funding LLC ("Adler") is a 12.5% owned railcar leasing partnership that was formed in 2010 with UniCredit Bank AG, Sperber Rail Holdings Inc., and LBT Holding Corporation. Rail North America provides lease, maintenance and asset remarketing services to Adler, for which it receives a base service fee and a performance-based asset remarketing fee. As of December 31, 2016, Adler owned approximately 2,200 railcars in North America consisting of freight cars with an average age of approximately twelve years.

Southern Capital Corporation LLC ("SCC") was a 50% owned joint venture with the Kansas City Southern Railroad, formed in 1996. During 2014 and 2015, SCC sold its remaining railcars and locomotives.

RAIL INTERNATIONAL

Rail International is composed of our wholly owned European operations ("GATX Rail Europe" or "GRE"), a wholly owned railcar leasing business in India ("Rail India"), and our operations in Russia ("Rail Russia"). GRE leases railcars to customers throughout Europe pursuant to full-service leases under which it maintains the railcars and provides value-adding services according to customer requirements. These railcars have estimated useful lives of 30 to 40 years and an average age of approximately 18 years. GRE has a diverse customer base with approximately 220 customers. In 2016, two customers each accounted for more than 10% of GRE's total lease revenue and the top ten customers combined accounted for approximately 60% of GRE's total lease revenue. GRE's lease terms generally range from one to ten years and as of December 31, 2016, the average remaining lease term of the European fleet was approximately two years. GRE competes principally on the basis of customer relationships, lease rate, maintenance expertise, and availability of railcars. Its primary competitors are VTG Aktiengesellschaft, the Ermewa Group, Nacco, a subsidiary of CIT Group Inc, Wascosa AG, and On Rail.

GRE acquires new railcars primarily from Astra Rail Industries S.R.L., Legios Loco a.s., and Feldbinder Spezialfahrzeugwerke GmbH. Additionally, GRE's Ostróda, Poland maintenance facility assembles several hundred tank cars each year. As of December 31, 2016, GRE has a firm commitment to acquire approximately 400 newly manufactured railcars to be delivered in 2017.

Rail India began operations in 2012 as the first company registered to lease railcars under the Indian Railways Wagon Leasing Scheme. In 2016, Rail India focused on pursuing investment opportunities in new and existing flat wagons, diversification of its fleet, and developing relationships with customers, suppliers and the Indian Railways. As of December 31, 2016 Rail India owned 777 railcars with estimated useful lives of 20-25 years. Rail India's lease terms, all of which are net leases, generally range from one to ten years and as of December 31, 2016, the average remaining lease term of the Indian fleet was approximately four years. In 2017, Rail India expects to continue to pursue investment opportunities to diversify and grow its fleet.

In 2016, Rail Russia focused on managing its small fleet, while developing relationships with potential, future customers. As of December 31, 2016, Rail Russia owned 170 railcars. In 2017, Rail Russia plans to expand its customer base and to pursue investment opportunities to grow its fleet.

Maintenance

GRE operates maintenance facilities in Hannover, Germany and Ostróda, Poland that perform significant repairs, regulatory compliance and modernization work for owned railcars. These service centers are supplemented by a number of third-party repair facilities, which in 2016 accounted for approximately 41% of GRE's fleet repair costs.

Similar to our Rail North America segment, Rail International's customers periodically require maintenance services that are not included in the full-service lease agreement. For GRE, these services are generally related to the repair of damages by customers and railways. Revenue earned from these maintenance activities is recorded in other revenue.

In India, all railcar maintenance is performed by the Indian Railways or an authorized third-party provider, in accordance with regulatory requirements.

Affiliates

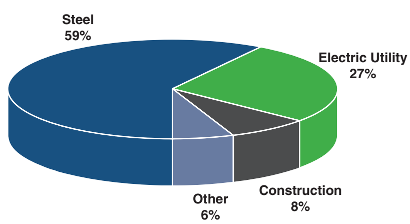
In 2012, IMC-GATX Financial Leasing (Shanghai) Co., Ltd. ("IMC-GATX China") was established as a 50% owned China-based joint venture between GATX and IMC Pan Asia Alliance Group ("IMC") to pursue investing opportunities in rail or other equipment. IMC is a well-established shipping enterprise with experience operating in China and was also our partner in a marine joint venture until we sold our interest in 2015. We have made the determination to exit the joint venture and are in discussions with IMC to dispose of our interest in IMC-GATX China.

ASC

ASC operates the largest fleet of US-flagged vessels on the Great Lakes and strives to attain the highest levels of safety, delivery efficiency, and environmental stewardship. ASC provides waterborne transportation of dry bulk commodities such as iron ore, coal, limestone aggregates, and metallurgical limestone, which serve end markets that include steel making, domestic automobile manufacturing, electricity generation, and non-residential construction. Customer service, primarily in the form of scheduling flexibility, reliability, and operating safety, is key to ASC's success. ASC's sailing season generally runs from April 1 through December 31; however, depending on customer demand and weather conditions, vessels may commence operations during March and continue to operate into January of the following year.

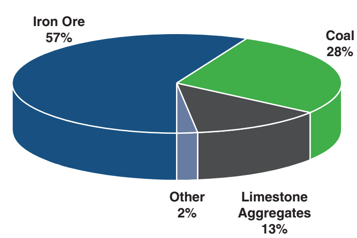
At December 31, 2016, ASC's fleet consisted of 17 vessels with a net book value of $233.9 million and $2.6 million of off-balance sheet assets. All vessels are environmentally and operationally compliant. Fourteen of the vessels are diesel powered, have an average age of 39 years, and estimated useful lives of 65 years. Two steam powered vessels were built in the 1940s and 1950s and have estimated remaining useful lives of three years. The other vessel in ASC's fleet is a diesel-powered articulated tug-barge built in 2012, which is leased by ASC under an operating lease that expires in April 2017. ASC has made the decision to return the vessel at lease expiration. For 2017, fifteen of ASC's vessels are generally available for both service contracts and spot business; the remaining vessel is dedicated to a time charter agreement that is scheduled to expire following the 2018 sailing season. ASC's vessels operate exclusively in the fresh water of the Great Lakes and as a result, with proper maintenance and periodic refurbishment, may achieve extended service well beyond the useful life estimates.

ASC Industries Served



Based on 2016 revenue

ASC Commodities Carried



Based on 2016 volume

All of ASC's vessels are equipped with self-unloading equipment, enabling them to discharge dry bulk cargo without shore-side assistance. This equipment enables the vessels to operate twenty-four hours a day, seven days a week. ASC's vessels are capable of transporting and unloading almost any free flowing, dry bulk commodity. In 2016, ASC served 25 customers with the top five customers accounting for 83% of total revenue.

The following table sets forth ASC's fleet as of December 31, 2016:

Great Lakes Vessels	**Length (feet)**	**Capacity (gross tons)**
M/V American Spirit	1004'	62,400
M/V Burns Harbor	1000'	80,900
M/V Indiana Harbor	1000'	80,900
M/V Walter J. McCarthy, Jr	1000'	80,900
M/V American Century	1000'	78,850
M/V American Integrity	1000'	78,850
M/V St. Clair	770'	44,800
M/V American Mariner	730'	37,300
M/V H. Lee White	704'	35,400
M/V John J. Boland	680'	34,000
M/V Adam E. Cornelius	680'	29,200
M/V Buffalo	634'-10"	24,300
M/V Sam Laud	634'-10"	24,300
M/V American Courage	634'-10"	23,800
Str. American Victory	730'	26,300
Str. American Valor	767'	25,500
Ken Boothe and Lakes Contender (articulated tug-barge) (1)	740'	34,000

(1) ASC operates the vessel pursuant to a lease agreement that expires in April, 2017, at which time the vessel will be returned to the lessor.

ASC's vessels operate pursuant to customer contracts that stipulate freight volume and may also be supplemented with additional spot volume opportunities. In 2016, ASC operated 11 vessels and carried 25.4 million net tons of cargo. The number of vessels deployed by ASC in any given year is dependent on customer volume requirements.

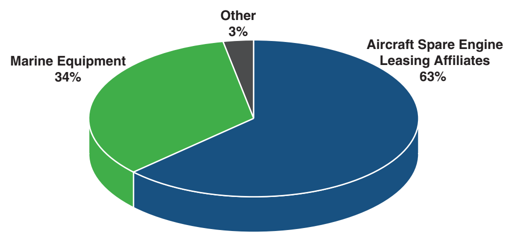
ASC's primary competitors on the Great Lakes are Interlake Steamship Company, Great Lakes Fleet, Inc., Grand River Navigation, Central Marine Logistics, and VanEnkevort Tug and Barge. ASC principally competes on the basis of service capabilities, customer relationships, and price.

The United States shipping industry is subject to the Jones Act, which requires all commercial vessels transporting goods between US ports to be built, owned, operated and manned by US citizens, and registered under the US flag.

PORTFOLIO MANAGEMENT

Portfolio Management is composed primarily of our ownership in a group of joint ventures with Rolls-Royce plc that lease aircraft spare engines, as well as five liquefied gas carrying vessels and assorted other marine assets. In prior years, Portfolio Management generated leasing, marine operating, asset remarketing, and management fee income through a collection of diversified wholly owned assets and joint venture investments. In 2015, we made the decision to exit the majority of the marine investments within our Portfolio Management segment, including six chemical parcel tankers, a number of inland marine vessels, and our 50% interest in the Cardinal Marine joint venture. The six chemical parcel tankers, the majority of our inland marine vessels, and our 50% interest in the Cardinal Marine joint venture were sold during 2015 and 2016, with the remainder expected to be sold in 2017. See the Portfolio Management section in Part II, Item 7 of this Form 10-K for further details.

Investment Portfolio



Aggregate Net Book Value of $593.5 million

The following table sets forth the approximate net book value of Portfolio Management’s assets as of December 31 (in millions):

	Owned Assets	Affiliate Investments	Managed Assets
2016	$ 218.2	$ 375.3	$ 51.8
2015	301.4	335.1	114.5
2014	474.6	338.7	64.1

Owned and Managed Assets

Portfolio Management’s wholly owned portfolio consists of marine assets operating in pooling arrangements, assets subject to operating and finance leases, and secured loans. As of December 31, 2016, $45.6 million of the owned assets were held for sale. Upon completion of the disposal of these assets, Portfolio Management’s remaining owned assets will consist primarily of five liquefied gas carrying vessels operating under a pooling arrangement.

Portfolio Management also manages portfolios of assets for third parties which generate fee and residual sharing income through portfolio administration and the remarketing of these assets.

Affiliates

The Rolls-Royce & Partners Finance companies (collectively the “RRPF affiliates”) are a group of fifteen 50% owned domestic and foreign joint ventures with Rolls-Royce plc (or affiliates thereof, collectively “Rolls-Royce”), a leading manufacturer of commercial aircraft jet engines. The RRPF affiliates are primarily engaged in two business activities: lease financing of aircraft spare engines to a diverse group of commercial aircraft operators worldwide and sale-leaseback financing of aircraft spare engines to Rolls-Royce for use in their engine maintenance programs. As of December 31, 2016, the RRPF affiliates, in aggregate, owned 407 engines, of which 211 were on lease to Rolls-Royce. Aircraft engines generally have an estimated economic useful life of 25 years when new and, depending on actual hours of usage and with proper maintenance, may achieve extended service well beyond the useful life estimates.

As of December 31, 2016, the average age of these engines was approximately 11 years. Lease terms vary but typically range from 3 to 12 years. Rolls-Royce acts as manager for each of the RRPF affiliates and also performs substantially all required maintenance activities.

Cardinal Marine Investments LLC (“Cardinal Marine”) was a 50% owned marine joint venture with IMC Holdings, a subsidiary of IMC. IMC is a leading Asia-focused integrated maritime and industrial solutions provider with diversified interests in dry and liquid bulk shipping, ship and crew management, offshore and marine engineering, oil and gas assets, and services and logistics. Cardinal Marine owned five chemical parcel tankers (each with 45,000 dead weight tons carrying capacity) that operated under a pooling arrangement with IMC’s other chemical tankers in support of the movement of liquid bulk chemicals in the Middle East Gulf/Far East and US Gulf/Far East trades. In 2015, we sold our interest in this joint venture to our partner, IMC Holdings.

Intermodal Investment Funds V and VII were each 50% owned joint ventures with DVB Bank SE. The affiliates were formed to finance shipping containers, which were on direct finance leases to third parties. In 2014, we sold our investments in these joint ventures.

TRADEMARKS, PATENTS AND RESEARCH ACTIVITIES

Patents, trademarks, licenses and research and development activities are not material to our businesses taken as a whole.

SEASONAL NATURE OF BUSINESS

ASC’s fleet is inactive for a significant portion of the first quarter of each year due to the winter conditions on the Great Lakes.

CUSTOMER BASE

GATX, taken as a whole, is not dependent upon a single customer nor does it have any significant customer concentrations. Segment concentrations, if material, are described above.

EMPLOYEES AND EMPLOYEE RELATIONS

As of December 31, 2016, we employed 2,260 persons, of whom approximately 43% were union workers covered by collective bargaining agreements.

See “Note 13. Concentrations” in Part II, Item 8 of this Form 10-K for additional information about our employees and concentration of labor force.

ENVIRONMENTAL MATTERS

Our operations, facilities and properties are subject to extensive federal, state, local, and foreign environmental laws and regulations. These laws cover discharges to waters; air emissions; toxic substances; the generation, handling, storage, transportation, and disposal of waste and hazardous materials; and the investigation and remediation of contamination. These laws have the effect of increasing the cost and liability associated with leasing and operating assets, and violations can result in significant fines, penalties, or other liabilities. Environmental risks and compliance with applicable environmental laws and regulations are inherent in rail operations, which frequently involve transporting chemicals and other hazardous materials.

We are subject to, and may from time to time continue to be subject to, environmental cleanup and enforcement actions in the US and in the foreign countries in which we operate. In particular, the federal Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as the Superfund law, generally imposes joint and several liability for investigation, cleanup and enforcement costs on current and former owners and operators of a site, without regard to fault or the legality of the original conduct. Accordingly, we have been and may, in the future, be named as a potentially responsible party under CERCLA and other federal, state, local, and foreign laws or regulations for all or a portion of the costs to investigate and clean up sites at which certain contaminants may have been discharged or released by us, our current lessees, former owners or lessees of properties, or other third parties. Environmental remediation and other environmental costs are accrued when considered probable and amounts can be reasonably estimated. As of December 31, 2016, environmental costs were not material to our financial position, results of operations or cash flows. For further discussion, see “Note 22. Legal Proceedings and Other Contingencies” in Part II, Item 8 of this Form 10-K.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following information regarding our executive officers is included in Part I in lieu of inclusion in our definitive Proxy Statement:

Name	Offices Held	Position Held Since	Age
Brian A. Kenney	Chairman, President and Chief Executive Officer	2005	57
Robert C. Lyons	Executive Vice President and Chief Financial Officer	2012	53
James F. Earl	Executive Vice President and President, Rail International	2012	60
Thomas A. Ellman	Executive Vice President and President, Rail North America	2013	48
Deborah A. Golden	Executive Vice President, General Counsel and Corporate Secretary	2012	62
Niyi A. Adedoyin	Senior Vice President and Chief Information Officer	2016	49
Michael T. Brooks	Senior Vice President and Chief Operations Officer, Rail North America	2016	47
James M. Conniff	Senior Vice President, Human Resources	2014	59
William M. Muckian	Senior Vice President, Controller and Chief Accounting Officer	2007	57
Paul F. Titterton	Senior Vice President and Chief Commercial Officer, Rail North America	2015	41
Eric D. Harkness	Vice President, Treasurer and Chief Risk Officer	2012	44
Jeffery R. Young	Vice President and Chief Tax Officer	2015	54

- Mr. Kenney has served as Chairman, President and Chief Executive Officer since 2005. Previously, Mr. Kenney served as President from 2004 to 2005, Senior Vice President, Finance and Chief Financial Officer from 2002 to 2004, Vice President, Finance and Chief Financial Officer from 1999 to 2002, Vice President, Finance from 1998 to 1999, Vice President and Treasurer from 1997 to 1998, and Treasurer from 1995 to 1996.

- Mr. Lyons has served as Executive Vice President and Chief Financial Officer since June 2012. Previously, Mr. Lyons served as Senior Vice President and Chief Financial Officer from 2007 to June 2012, Vice President and Chief Financial Officer from 2004 to 2007, Vice President, Investor Relations from 2000 to 2004, Project Manager, Corporate Finance from 1998 to 2000, and Director of Investor Relations from 1996 to 1998.

- Mr. Earl has served as Executive Vice President and President, Rail International since June 2012. In addition, Mr. Earl has served as the Chief Executive Officer of American Steamship Company since June 2012. Previously, Mr. Earl served as Executive Vice President and Chief Operating Officer from 2006 to June 2012, Executive Vice President — Rail from 2004 to 2006, Executive Vice President — Commercial at Rail from 2001 to 2004 and in a variety of increasingly responsible positions in the GATX Capital Rail Group from 1988 to 2001.

- Mr. Ellman has served as Executive Vice President and President, Rail North America since June 2013. Previously, Mr. Ellman served as Senior Vice President and Chief Commercial Officer from November 2011 to June 2013, Vice President and Chief Commercial Officer from 2006 to November 2011. Prior to re-joining GATX in 2006, Mr. Ellman served as Senior Vice President and Chief Risk Officer and Senior Vice President, Asset Management of GE Equipment Services, Railcar Services and held various positions at GATX in the GATX Rail Finance Group.

- Ms. Golden has served as Executive Vice President, General Counsel and Corporate Secretary since June 2012. Previously, Ms. Golden served as Senior Vice President, General Counsel and Corporate Secretary from 2007 to June 2012. Ms. Golden joined GATX in 2006 as Vice President, General Counsel and Corporate Secretary. Prior to joining GATX, Ms. Golden served as Vice President and General Counsel of Midwest Generation, LLC from 2004 to 2005, Deputy General Counsel, State of Illinois, Office of the Governor from 2003 to 2004 and Assistant General Counsel with Ameritech Corporation/SBC Communications, Inc. from 1997 to 2001.

- Mr. Adedoyin was elected Senior Vice President and Chief Information Officer in January 2016. Previously, Mr. Adedoyin served as Vice President and Chief Information Officer from 2013 to 2016 and Senior Director, IT Strategy and Project Management Office from 2008 to 2013.

- Mr. Brooks was elected Senior Vice President and Chief Operations Officer, Rail North America in April 2016. Previously, Mr. Brooks served as Senior Vice President, Operations and Technology since June 2013 and Senior Vice President and Chief Information Officer from January 2008 to June 2013. Prior to joining GATX, Mr. Brooks served as Chief Information Officer and

Vice President of the retail division of Constellation Energy and held various consulting roles of increasing responsibility with Accenture and Oracle Corporation.

- Mr. Conniff has served as Senior Vice President, Human Resources since December 2014. Previously, Mr. Conniff served as Vice President, Human Resources since 2014 and Senior Director, Benefits and Employee Services since 2008. Mr. Conniff joined GATX in 1981 and has held a variety of positions in finance and human resources.

- Mr. Muckian has served as Senior Vice President, Controller and Chief Accounting Officer since 2007. Previously, Mr. Muckian served as Vice President, Controller and Chief Accounting Officer from 2002 to 2007, Controller and Chief Accounting Officer from 2000 to 2002, and Director of Taxes of GATX from 1994 to 2000.

- Mr. Titterton has served as Senior Vice President and Chief Commercial Officer, Rail North America since April 2015. Previously, Mr. Titterton served as Vice President and Chief Commercial Officer from June 2013 to April 2015, Vice President and Group Executive, Fleet Management, Marketing and Government Affairs from December 2011 to June 2013, Vice President and Executive Director, Fleet Management from 2008 to 2011, and in a variety of increasingly responsible positions since joining the company in 1997.

- Mr. Harkness has served as Vice President, Treasurer and Chief Risk Officer since October 2012. Previously, Mr. Harkness served as Vice President, Chief Risk Officer from September 2010 to October 2012 and Senior Investment Risk Officer from 2007 to September 2010. Prior to joining GATX, Mr. Harkness served in a variety of positions of increasing responsibility in the financial services industry.

- Mr. Young has served as Vice President and Chief Tax Officer since January 2015. Previously, Mr. Young served as Vice President of Tax from 2007 to January 2015 and as Director of Tax from 2003 to 2007. Prior to joining GATX, Mr. Young spent twenty years in a variety of tax related positions in public accounting and the financial services industry.

AVAILABLE INFORMATION

We make available free of charge at our website, www.gatx.com, our most recent annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the US Securities and Exchange Commission ("SEC"). Charters for the Audit Committee, Compensation Committee and Governance Committee of the Board of Directors, the Corporate Governance Guidelines, the Code of Business Conduct and Ethics and the Code of Ethics for Senior Company Officers are posted under Corporate Governance in the Investor Relations section of our website, and are available in print upon request by any shareholder. Within the time period prescribed by SEC and New York Stock Exchange regulations, we will post on our website any amendment to the Code of Ethics for Senior Company Officers and the Code of Business Conduct and Ethics or any waivers thereof. The information on our website is not incorporated by reference into this report.

Item 1A. ***Risk Factors***

Investors should consider the risk factors described below as well as other information contained in this filing or our other filings with the US Securities and Exchange Commission before investing in our securities. If any of the events described in the risk factors below occur, our business, financial condition and results of operations could be materially adversely affected.

We have been and may continue to be involved in various types of litigation, including claims for personal injury, property damage, environmental damage, and other claims arising from an accident involving our railcars.

The nature of our business and our assets potentially exposes us to significant personal injury and property damage claims and litigation, environmental claims, or other types of lawsuits inside and outside the US. Customers use certain types of our railcars to transport flammable liquids and other hazardous materials, and an accident involving our railcars could lead to litigation and subject us to significant liability, particularly where the accident involves serious personal injuries or the loss of life. If we do not maintain railcars in compliance with governmental regulations and industry rules, we could be subject to fines, penalties, and claims for personal injury, property damage, and environmental damage. In some jurisdictions, an accident can give rise to both civil and criminal liabilities for us and, in some cases, our employees. In the event of an unfavorable outcome, we could be subject to substantial penalties or monetary damages, including criminal penalties and fines, and our employees who are named as criminal defendants in any such litigation may be subject to incarceration and fines. A substantial adverse judgment against us could have a material effect on our financial position, results of operations, cash flows, and reputation.

We may be unable to maintain assets on lease at satisfactory rates due to decreases in customer demand, oversupply of railcars in the market, or other changes in supply and demand.

Our profitability depends on our ability to lease assets at satisfactory rates and to re-lease assets upon lease expiration. Circumstances such as excess capacity in particular railcar types or generally in the marketplace, decreases in customer demand for our railcars, economic downturns, changes in customer behavior, or other changes in supply or demand can adversely affect asset utilization rates and lease rates. Economic uncertainty or a decline in customer demand for our assets could cause customers to request shorter lease terms and lower lease rates, which may result in a decrease in our asset utilization rate and reduced revenues. Alternatively, customers may seek to lock-in relatively low lease rates for longer terms, which may result in an adverse impact on current or future revenues.

Weak economic conditions and other factors may decrease customer demand for our assets and services and negatively impact our business and results of operations.

We rely on continued demand from our customers to lease our railcars. Demand for these assets and services depends on the markets for our customers' products and services and the strength and growth of their businesses. Some of our customers operate in cyclical markets, such as the steel, energy, chemical, and construction industries, which are susceptible to macroeconomic downturns and may experience significant changes in demand over time. Weakness in certain sectors of the economy in the United States and other parts of the world may make it more difficult for us to lease certain types of railcars that are either returned at the end of a lease term or returned as a result of a customer bankruptcy or default.

Additional factors, such as changes in harvest or production volumes, changes in supply chains, choices in types of transportation assets, availability of pipelines or other modes of transportation, and other operational needs may also influence customer demand for our assets. Demand for our marine assets and shipping services also depends on many of the factors discussed above. Significant declines in customer demand for our assets and services could adversely affect our financial performance.

In many cases, demand for our assets also depends on our customers' desire to lease, rather than buy, the assets. Tax and accounting considerations, interest rates, and operational flexibility, among other factors, may influence a customer's decision to lease or buy assets. We have no control over these external considerations, and changes in these factors, including anticipated changes to lease accounting rules, could negatively impact demand for our assets held for lease.

Adverse changes in the price of, or demand for, commodities could reduce demand for our railcars and have a negative impact on our results of operations.

Adverse changes in commodity prices or reduced demand for commodities could reduce customer demand for various types of railcars in our fleet. A significant decrease in the price of a commodity may cause producers of that commodity to reduce their production levels. A significant increase in the price of a commodity could cause our customers to switch to less expensive alternatives that are not delivered by rail. In each case, these changes in customer behavior can reduce demand for the portions of our fleet that are used to transport the commodity.

Demand for railcars that are used to transport crude oil and related products, including commodities used in drilling operations and commodities produced by refineries, is dependent on the demand for these commodities. While only about 1.4% of our worldwide fleet is engaged in the shipment of crude oil, approximately 21% of our North American fleet is leased to refiners and other petroleum-related customers, making them an important source of our worldwide revenue. Sustained low oil prices have caused and may continue to cause oil producers to curtail the drilling of new wells or cease production at certain existing wells that are uneconomical to operate at current crude price levels. Reduced oil drilling activity has resulted in and may continue to result in decreased demand for our railcars used to transport the commodities used in drilling operations, such as frac sand and fracking chemicals, and the commodities produced by drilling operations, including crude oil and natural gas liquids. Market conditions unfavorable to refiners could result in decreased shipments of refined products such as gasoline, diesel fuel, petrochemicals and natural gas liquids. Sustained low prices for crude oil and/or the existence of unfavorable market conditions for North American refiners could reduce (and in some cases have already reduced) customer demand for our railcars and negatively impact revenue and our results of operations.

Demand for railcars that are used to transport ethanol and other renewable fuels may be affected by government subsidies and mandates, which may be enacted, changed, or eliminated from time to time. It is possible that the reduction or elimination of current US mandates for ethanol blending in motor fuels could reduce the production of ethanol, which would reduce demand for portions of our tank car fleet and negatively impact our revenue and profitability.

A significant decrease in lease renewals by our customers or a significant increase in the number of tank cars requiring compliance-based maintenance could negatively impact operations and substantially increase our costs.

Decreases in customer demand for our railcars could increase the number of leases that are not renewed upon expiration, resulting in the early return of railcars. Railcars that are returned by our customers often must undergo maintenance and service work before being leased to new customers. A significant increase in the number of railcars requiring maintenance may negatively affect our operations and substantially increase maintenance and other related costs. In addition, low demand for certain types of railcars in our fleet may make those railcars more difficult to lease to new customers if they are returned at the end of their existing leases or following a customer default, which could negatively affect our results of operations.

We also perform a variety of government or industry-mandated maintenance programs on our full-service tank cars based on their service time. These compliance programs are cyclical in nature, and as a result, we can face significant increases in the volume of tank cars requiring extensive maintenance in any given year. A significant increase in the number of tank cars requiring maintenance may negatively impact our operations and substantially increase maintenance and other related costs. In addition, while we have contracted with third party maintenance providers to assist with these compliance procedures to the extent our demand exceeds our owned maintenance capacity, high demand faced by these providers from other tank car owners may constrain our access to the providers or may substantially increase our costs.

Events that negatively affect certain assets, customers, or geographic regions could have a negative impact on our results of operations.

We generally derive our revenues from a variety of asset types, customers, industries, and geographic locations. However, from time to time we could have a large investment in a particular asset type, a large revenue stream associated with a particular customer or industry, or a large number of customers located in a particular geographic region. Decreased demand from a discrete event impacting a specific asset type, customer, industry, or region in which we have a concentrated exposure could negatively impact our results of operations.

Our long-term railcar purchase commitments could subject us to material operational and financial risks.

Unlike some of our competitors in the railcar leasing market, we do not manufacture railcars. In order to obtain committed access to a supply of newly built railcars on competitive terms, we regularly enter into long-term supply agreements with manufacturers to purchase significant numbers of newly built railcars over a multi-year period. Some of these agreements may provide for flexibility in the pricing, timing, and quantity of our purchasing commitments, while other agreements may provide no such flexibility. Therefore, if economic conditions weaken during the term of a long-term supply agreement, it is possible that we may be required to continue to accept delivery of, and pay for, new railcars at times when it may be difficult for us to lease such railcars and our financing costs may be high, which could negatively affect our revenues and profitability.

Soft market conditions and declines in asset values may reduce opportunities for us to generate remarketing income.

We utilize our extensive knowledge and experience to remarket rail assets in order to optimize the composition of our fleet, and these activities generate income that contributes significantly to Rail North America's segment profit. Reduced demand for our assets due to adverse market conditions could reduce opportunities for us to generate remarketing income. A significant or prolonged decline in the secondary market for our assets could adversely affect our financial performance.

We have significant financial exposure related to the performance of our aircraft engine leasing affiliate investments.

GATX and Rolls-Royce plc ("Rolls Royce") each own 50% of fifteen domestic and foreign joint venture entities (collectively, the "RRPF affiliates") that own and lease aircraft engines to Rolls-Royce and owners and operators of commercial aircraft. These investments expose us to various risks associated with the commercial aviation industry, including geographic exposure and customer concentrations unique to that industry. The financial results of the RRPF affiliates depend heavily on the performance of Rolls-Royce, as Rolls-Royce is both a major customer of, and a critical supplier of maintenance services to, the RRPF affiliates. The RRPF affiliates contribute significantly to our financial results. If the financial or operating performance of the RRPF affiliates deteriorates, our results of operations and cash flows could be negatively affected.

Fluctuations in foreign exchange rates and interest rates could negatively impact our results of operations.

Upon consolidation, we translate the financial results of certain subsidiaries from their local currency to the US dollar, which exposes us to foreign exchange rate fluctuations. As exchange rates vary, the translated operating results of foreign subsidiaries may differ materially from period to period. We also have gains and losses on foreign currency transactions, which could vary based on fluctuations in exchange rates and the timing of the transactions and their settlement. In addition, fluctuations in foreign exchange rates can affect the demand and price for services we provide both domestically and internationally, and could negatively impact our results of operations. We also face risks associated with fluctuations in interest rates. We may seek to limit our exposure to foreign exchange rate and interest rate risk with currency or interest rate derivatives, which may or may not be effective. A material and unexpected change in interest rates or foreign exchange rates could negatively affect our financial performance.

Many of our employees are represented by unions, and failure to successfully negotiate collective bargaining agreements may result in strikes, work stoppages, or substantially higher labor costs.

A significant portion of our employees are represented by labor unions and work under collective bargaining agreements that cover a range of workplace matters, such as wages, health and welfare benefits, and work rules. We have generally been successful in negotiating acceptable agreements with the unions without experiencing material work stoppages. However, if we fail to negotiate acceptable new agreements, our business could be disrupted by strikes or lockouts. We could also incur increased operating costs due to higher wages or benefits paid to union workers. Business disruptions or higher operating costs could both have an adverse effect on our financial position, results of operations, or cash flows.

Changes in railroad efficiency may adversely affect demand for our railcars.

Railroad infrastructure investments that improve efficiency or declines in rail traffic due to decreased demand could increase the average speed at which railroads can operate their trains, which may reduce the number of railcars needed for railroads to haul the same amount of cargo. Adverse weather conditions, railroad mergers, and increases in rail traffic could result in slower transit times making rail transportation less attractive to shippers versus other modes of transport. In each case, these changes could reduce demand for our railcars and negatively impact revenue and our results of operations.

Rules in the US and Canada applicable to tank cars carrying crude oil, ethanol, and other flammable liquids have negatively impacted and may continue to negatively impact our tank car fleet in flammable liquids service.

In 2015, legislators and regulatory authorities in the US and Canada adopted legislation and regulations that revised the design standards for tank cars used to transport various flammable liquids. Existing tank cars in flammables service that were built prior to the adoption of the revised design standards must be modified or removed from service between November, 2016, and May, 2029, depending on the type of car, the type of commodity carried, and whether the car is used in the US, Canada, or both countries. We have a fleet of approximately 122,000 railcars in North America, including approximately 12,200 tank cars currently used to transport flammable liquids that are affected by the new rules, of which approximately 3,800 are moving crude oil and ethanol. Over 90% of our affected tank cars have a compliance deadline of 2023 or later. We expect to modify some of the most modern of our affected cars tank cars to comply with the new standards. However, for the majority of the affected cars, we currently anticipate retiring, redeploying, or selling them rather than performing retrofits. We have recognized an impairment charge on approximately 2,400 of the affected railcars to write them down to their estimated fair value, and we could incur additional impairment charges in the future. The additional costs to modify certain tank cars and the cost of retiring tank cars early could have an adverse impact on our business and results of operations.

We may incur future asset impairment charges.

We review long-lived assets and joint venture investments for impairment regularly, or when circumstances indicate the carrying value of an asset or investment may not be recoverable. Among other circumstances, the following may change our estimates of the cash flows we expect our long-lived assets or joint venture investments will generate, which could require us to recognize asset impairment charges:

- A weak economic environment or challenging market conditions
- New laws, rules or regulations affecting our assets, or changes to existing laws, rules or regulations
- Events related to particular customers or asset types
- Asset or portfolio sale decisions by management

Deterioration of conditions in the global capital markets or negative changes in our credit ratings may limit our ability to secure financing and may increase our borrowing costs.

We rely largely on banks and capital markets to fund our operations and contractual commitments, including the issuance of long-term debt instruments and commercial paper. These markets can experience high levels of volatility and access to capital can be limited for an extended period of time. In addition to conditions in the capital markets, changes in our financial performance or credit ratings or ratings outlook, as determined by rating agencies such as Standard & Poor’s and Moody’s Investors Service, could cause us to incur increased borrowing costs or to have greater difficulty accessing public and private markets for secured and unsecured debt. If we are unable to secure financing on acceptable terms, our other sources of funds, including available cash, bank facilities, cash flow from operations, and portfolio proceeds, may not be adequate to fund our operations and contractual commitments.

Competition could result in decreased profitability.

We operate in a highly competitive business environment. In certain cases, our competitors are larger than we are and have greater financial resources, higher credit ratings, and a lower cost of capital. These factors may enable our competitors to offer leases to customers at lower rates than we can provide, thus negatively impacting our profitability, asset utilization and investment volume.

Risks related to our international operations and expansion into new geographic markets could adversely affect our business, financial condition, and operating results.

We generate a significant amount of our net income outside the United States. In recent years, we have increased our focus on international rail growth and expansion into select emerging markets as a means to grow and diversify earnings. Our foreign operations and international expansion strategy are subject to the following risks associated with international operations:

- Noncompliance with US laws affecting operations outside of the United States, such as the Foreign Corrupt Practices Act
- Noncompliance with a variety of foreign laws and regulations
- Failure to properly implement changes in tax laws and the interpretation of those laws
- Failure to develop and maintain data management practices that comply with laws related to cybersecurity, privacy, data localization, and data protection
- Fluctuations in currency values
- Sudden changes in foreign currency exchange controls
- Discriminatory or conflicting fiscal policies
- Difficulties enforcing contractual rights or foreclosing to obtain the return of our assets in certain jurisdictions
- Uncollectible accounts and longer collection cycles that may be more prevalent in foreign countries
- Ineffective or delayed implementation of appropriate controls, policies, and processes across our diverse operations and employee base
- Imposition of sanctions against countries where we operate or specific companies or individuals with whom we do business
- Nationalization or confiscation of assets by foreign governments, and imposition of additional or new tariffs, quotas, trade barriers, and similar restrictions on our operations outside the United States.

Our rail and marine assets and operations are subject to various laws, rules, and regulations. If these laws rules, and regulations change or we fail to comply with them, it could have a significant negative effect on our business and profitability.

Our rail and marine operations are subject to various laws, rules, and regulations administered by authorities in jurisdictions where we do business. In North America, our railcar fleet and operations are subject to safety, operations, maintenance, and mechanical standards, rules, and regulations enforced by various federal and state agencies and industry organizations, including the US Department of Transportation, the Federal Railroad Administration, the Pipeline and Hazardous Materials Safety Administration of the US Department of Transportation, Transport Canada, and the Association of American Railroads. State and provincial agencies regulate some health and safety matters related to rail operations not otherwise preempted by federal law. Our business and our railcar fleet may be adversely impacted by new rules or regulations, or changes to existing rules or regulations, which could require additional maintenance or substantial modification or refurbishment of our railcars, or could make certain types of railcars inoperable or obsolete or require them to be phased out prior to the end of their useful lives. In addition, violations of these rules and regulations can result in substantial fines and penalties, including potential limitations on operations or forfeitures of assets.

Similarly, our marine assets and operations are subject to rules and regulations relating to safety, US citizen ownership requirements, emissions, ballast discharges, and other environmental and operational matters enforced by various federal and state agencies, including the Maritime Administration of the US Department of Transportation, the US Coast Guard, and the US Environmental Protection Agency. If we fail to comply with these rules and regulations, we could be prohibited from operating or leasing marine assets in the US market, and under certain circumstances, could incur severe fines and penalties, including potential limitations on operations or forfeitures of assets.

In addition, our foreign operations are subject to the jurisdiction of authorities in countries where we do business. If we fail to comply with these laws, rules, and regulations, or if they change in the future, the use of our assets could be restricted, or the economic value of our assets may be reduced. These restrictions or reductions could lead to loss of revenue or cause us to incur significant expenses to comply with laws, rules, and regulations, thereby increasing operating expenses. Certain changes to or actions by authorities under existing laws, rules, and regulations, or actions, could result in the obsolescence of various assets or impose compliance costs that are significant enough to render those assets economically obsolete.

We may not be able to obtain cost-effective insurance.

We manage our exposure to risk, in part, by purchasing insurance. There is no guarantee that cost-effective insurance will consistently be available. If insurance coverage becomes prohibitively expensive, we could be forced to reduce our coverage amount and increase the amount of self-insured risk we retain, thereby increasing our exposure to uninsured adverse judgments and other losses and liabilities that could have a material effect on our financial position, results of operations and cash flows.

We are subject to extensive environmental regulations and the costs of remediation may be material.

We are subject to extensive federal, foreign, state, and local environmental laws and regulations concerning, among other things, the discharge of hazardous materials and remediation of contaminated sites. In addition, some of our properties, including those previously owned or leased, have been used for industrial purposes, which may have resulted in discharges onto these properties. Environmental liability can extend to previously owned or operated properties in addition to properties we currently own or use. Additionally, we could incur substantial costs, including cleanup costs, fines and costs arising out of third-party claims for property or natural resource damage and personal injury as a result of violations of or liabilities under environmental laws and regulations in connection with our or our lessees' current or historical operations. Under some environmental laws in the United States and certain other countries, the owner of a leased railcar may be liable for environmental damage, cleanup or other costs in the event of a spill or discharge of material from a railcar without regard to the owner's fault. We routinely assess environmental liabilities, including our potential obligations and commitments for remediation of contaminated sites and the possible amount of recoveries from other responsible parties. Due to the regulatory complexities, risk of unidentified contaminants on our properties and the potential liability for the operations of our lessees, it is possible environmental and remediation costs may be materially different from the costs we have estimated.

The fair market value of our long-lived assets may differ from the value of those assets reflected in our financial statements.

Our assets primarily consist of long-lived assets such as railcars and marine vessels. The carrying value of these assets in our financial statements may sometimes differ from their fair market value. These valuation differences may be positive or negative and could be material based on market conditions and demand for certain assets.

Our assets may become obsolete.

In addition to changes in laws, rules, and regulations that may make assets obsolete, changes in the preferred method our customers use to ship their products, changes in demand for particular products, or a shift by customers toward purchasing assets rather than leasing them may adversely impact us. Our customers' industries are driven by dynamic market forces and trends, which are influenced by economic and political factors. Changes in our customers' markets may significantly affect demand for our rail and marine assets. A reduction in customer demand or change in customers' preferred method of product transportation could result in the economic obsolescence of the assets leased by those customers.

Unfavorable conditions on the Great Lakes could impact business operations, which could result in increases in costs and decreases in revenues.

The success of our ASC subsidiary depends on the efficiency of its operations on the Great Lakes. Disruptions at the Sault St. Marie locks or severe weather conditions, such as high wind and ice formation, could cause significant business interruptions or shortened sailing seasons. Additionally, low water levels and vessel draft restrictions may restrict the volume that ASC's vessels can transport per trip. These conditions could negatively impact our results of operations through increased operating costs or decreased revenues.

We are subject to the inherent risks of our affiliate investments.

We are indirectly exposed to risks through our ownership interests in affiliates, as our affiliates may experience many of the same risks discussed in this "Risk Factors" section. Rolls-Royce manages our RRPF affiliates, and we sometimes retain third parties to manage assets we own directly, such as our ocean-going vessels. Poor business or financial results of these affiliates, or the third parties who manage, operate, or invest along with us in these affiliates, could negatively impact our financial results. Additionally, when a third party manages or operates an affiliate or asset, we may not have control over operational matters related to the affiliate or asset, which could result in actions that have an adverse economic impact on the affiliate, the asset, or GATX or could expose GATX to potential liability.

We may be affected by climate change or market or regulatory responses to climate change.

Changes in laws, rules, and regulations, or actions by authorities under existing laws, rules, or regulations, to address greenhouse gas emissions and climate change could negatively impact our customers and business. For example, restrictions on emissions could significantly increase costs for our customers whose production processes require significant amounts of energy. Customers' increased costs could reduce their demand to lease our assets. In addition, railcars in our fleet that are used to carry fossil fuels, such as coal and petroleum, could see reduced demand if new government regulations mandate a reduction in fossil fuel consumption. New government regulations could also increase our operating costs and compliance with those regulations could be costly. Potential consequences of laws, rules, or regulations addressing climate change could have an adverse effect on our financial position, results of operations, and cash flows.

A small number of shareholders could significantly influence our business.

Four shareholders collectively control more than 50% of our outstanding common stock. Accordingly, a small number of shareholders could affect matters that require shareholder approval, such as the election of directors and the approval of significant business transactions.

Changes to assumptions used to calculate post-retirement costs, increases in funding requirements, and investment losses in pension funds could adversely affect our results of operations.

We calculate our pension and other post-retirement costs using various assumptions, such as discount rates, long-term return on plan assets, salary increases, health care cost trend rates, and other factors. Changes to any of these assumptions could adversely affect our financial position and results of operations. Periods of low interest rates reduce the discount rate we use to calculate our funding obligations, which may increase our funding requirements. Additionally, changes to laws, regulations, or rules could require us to increase funding requirements or to compensate for investment losses in pension plan assets. If we were forced to increase contributions to our pension plans, our financial position, results of operations, and cash flows could be negatively affected.

Changes in the mix of earnings in the US and foreign countries could adversely affect our effective tax rate.

We are subject to taxes in the United States and various foreign jurisdictions. As a result, our effective tax rate could be adversely affected by changes in the mix of earnings in the United States and foreign countries with differing statutory tax rates. Our effective tax rate could also be adversely affected by changes in tax laws, material audit assessments, or legislative changes that impact statutory tax rates, which could include an impact on previously-recorded deferred tax assets and liabilities.

Our allowance for losses may be inadequate.

Our allowance for losses on reservable assets may not be adequate to cover credit losses in our portfolio if unexpected adverse changes occur in macroeconomic conditions or if discrete events adversely affect specific customers, industries, or markets. If the credit quality of our customer base materially deteriorates, it may require us to incur additional credit losses and our financial position or results of operations could be negatively impacted.

We cannot predict with certainty the impact that inflation or deflation will have on our financial results.

The timing and duration of the effects of inflation are unpredictable and depend on market conditions and economic factors. Inflation in lease rates as well as inflation in residual values for rail and marine assets has historically benefited our financial results. However, these benefits may be offset by increases in the costs for goods and services we purchase, including salaries and wages, health care costs, supplies, utilities, maintenance and repair services, and materials, as well as increased financing costs. Significant increases in our cost of goods and services could adversely impact our financial performance. Conversely, a period of prolonged deflation could negatively impact our lease rate pricing, residual values, and asset remarketing opportunities. These negative impacts of deflation may be offset by decreases to our costs for goods and services, including those listed above.

We could be adversely affected by United States and global political conditions, including acts or threats of terrorism or war.

We may be adversely affected by national and international political developments, instability, and uncertainties, including political unrest and threats of terrorist attacks, which could lead to the following:

- Legislation or regulatory action directed toward improving the security of railcars and marine vessels against acts of terrorism, which could affect the construction or operation of railcars and marine vessels
- A decrease in demand for rail and marine services
- Lower utilization of rail and marine equipment
- Lower rail lease and marine charter rates
- Impairments of rail and marine assets
- Capital market disruption, which may raise our financing costs or limit our access to capital
- Liability or losses resulting from acts of terrorism involving our assets
- A downturn in the commercial aviation industry, which could lead to adverse financial results for our RRPF affiliates.

Depending upon the severity, scope, and duration of these circumstances, the impact on our financial position, results of operations, and cash flows could be material.

We rely on technology in all aspects of our business operations. If we are unable to adequately maintain and secure our IT infrastructure from cybersecurity threats and related disruptions, our business could be negatively impacted.

We rely on our IT infrastructure to process, transmit, and store electronic information that is critical to all aspects of our business operations, including employee and customer information. All IT systems are vulnerable to security threats, such as hacking, viruses, malicious software, and other unlawful attempts to disrupt or gain access to these systems. Although we have taken steps to mitigate these risks, we may not be able to prevent breaches of our IT infrastructure, some of which is managed by third parties. Breaches of our IT infrastructure could lead to disruptions in our business, potentially including the theft, destruction, loss, misappropriation, or release of confidential employee and customer information stored on our IT systems or confidential data or other business information and subject us to potential lawsuits or other material legal liabilities. These disruptions could adversely affect our operations, financial position, and results of operations.

Our internal control over financial accounting and reporting may not detect all errors or omissions in the financial statements.

If we fail to maintain adequate internal controls over financial accounting, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. Although management has concluded that adequate internal control procedures are in place, no system of internal control provides absolute assurance that the financial statements are accurate and free of error.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

Information regarding the general character of our properties is included in Item 1, "Business" of this Form 10-K.

As of December 31, 2016, the locations of our operations were as follows:

GATX Headquarters

Chicago, Illinois

Rail North America

Business Offices	Major Maintenance Facilities	Mobile Units
Chicago, Illinois	Colton, California	Camp Minden, Louisiana
Houston, Texas	Hearne, Texas	Copperhill, Tennessee
Calgary, Alberta	Waycross, Georgia	Crown Point, Indiana
Mexico City, Mexico	Montreal, Quebec	Donaldsonville, Louisiana
	Moose Jaw, Saskatchewan	Galena Park, Texas
	Red Deer, Alberta	Lake Charles, Louisiana
		Lakeland, Florida
	Maintenance Facilities	Macon, Georgia
	Kansas City, Kansas	Mobile, Alabama
	Plantersville, Texas	Olympia, Washington
	Terre Haute, Indiana	Sioux City, Iowa
	Sarnia, Ontario	Clarkson, Ontario
		Edmonton, Alberta
	Customer Site Locations	Montreal, Quebec
	Aurora, North Carolina	Quebec City, Quebec
	Catoosa, Oklahoma	Red Deer, Alberta
	Donaldsonville, Louisiana	Sarnia, Ontario
	Freeport, Texas	
	Geismar, Louisiana	
	Yazoo City, Mississippi	

Rail International

Business Offices	Major Maintenance Facilities	Customer Site Locations
Düsseldorf, Germany	Hannover, Germany	Płock, Poland
Hamburg, Germany	Ostróda, Poland	
Leipzig, Germany		
Moscow, Russia		
Gurgaon, India		
Paris, France		
Vienna, Austria		
Warsaw, Poland		

American Steamship Company

Duluth, Minnesota
Toledo, Ohio
Williamsville, New York

Portfolio Management

Chicago, Illinois

Item 3. ***Legal Proceedings***

Information concerning litigation and other contingencies is described in “Note 22. Legal Proceedings and Other Contingencies” in Part II, Item 8 of this Form 10-K and is incorporated herein by reference.

Item 4. ***Mine Safety Disclosures***

None.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities***

Our common stock is listed on the New York and Chicago Stock Exchanges under ticker symbol GATX. We had approximately 1,849 common shareholders of record as of January 31, 2017. The following table shows the reported high and low sales price of our common shares and the dividends declared per share for each of the quarters in 2016 and 2015:

Common Stock	2016 High	2016 Low	2015 High	2015 Low	2016 Dividends Declared	2015 Dividends Declared
First quarter	$ 50.66	$ 35.12	$ 63.36	$ 52.67	$ 0.40	$ 0.38
Second quarter	50.80	41.98	61.41	53.10	0.40	0.38
Third quarter	47.98	40.83	53.72	42.94	0.40	0.38
Fourth quarter	64.17	42.65	50.56	37.95	0.40	0.38

Issuer Purchases of Equity Securities

On January 29, 2016, our board of directors authorized a $300 million share repurchase program, pursuant to which we are authorized to purchase shares of our common stock in the open market, in privately negotiated transactions, or otherwise, including pursuant to a Rule 10b5-1 plan. The share repurchase program does not have an expiration date, does not obligate the Company to repurchase any dollar amount or shares of common stock, and may be suspended or discontinued at any time. During 2016, we repurchased 2.7 million shares for $120.0 million under this program. As of December 31, 2016, $180.0 million remained available under the repurchase authorization.

The following is a summary of common stock repurchases completed by month during the fourth quarter of 2016 (in millions, except per share amounts):

Issuer Purchases of Equity Securities

Total	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
November 1, 2016 - November 30, 2016	450,757	$ 49.41	450,757	$ 182.7
December 1, 2016 - December 31, 2016	48,007	$ 56.85	48,007	$ 180.0
Total	498,764	$ 50.12	498,764	

Equity Compensation Plan Information as of December 31, 2016:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in Column (a)) (c)
Equity Compensation Plans Approved by Shareholders	2,273,247 (1)	$ 46.73 (2)	1,088,201
Equity Compensation Plans Not Approved by Shareholders	—		—
Total	2,273,247		1,088,201

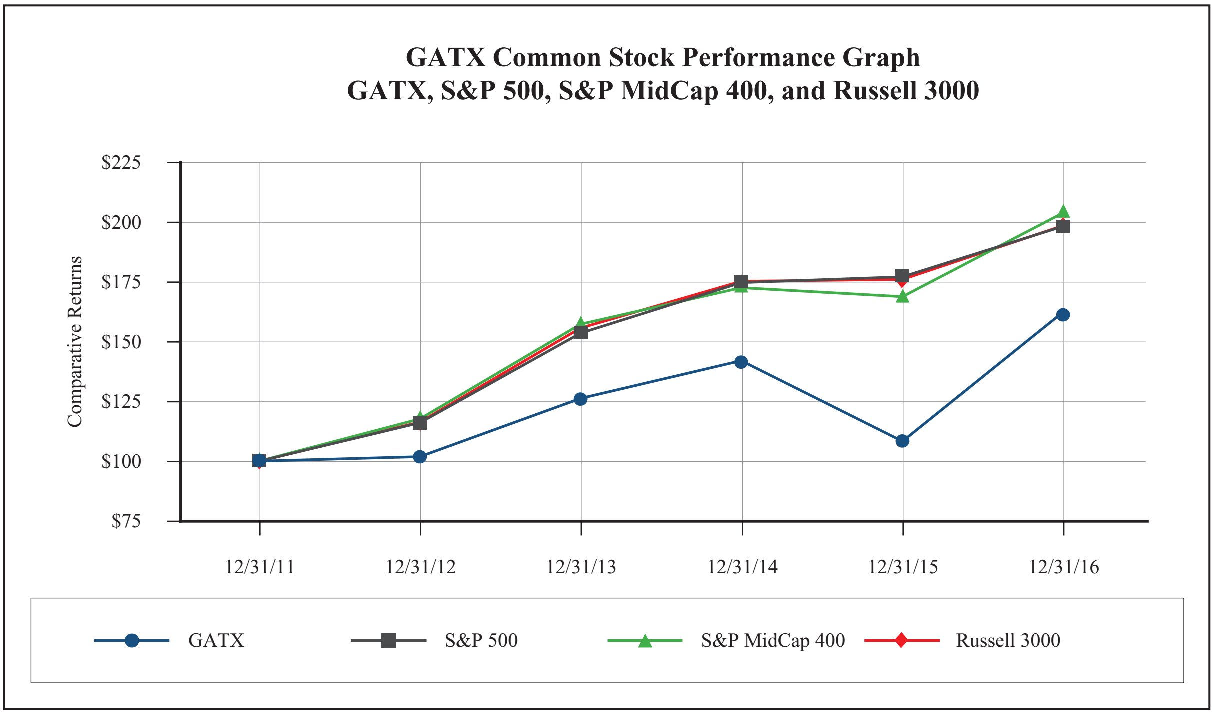
(1) Consists of 1,188,635 stock appreciation rights, 459,600 non-qualified stock options, 232,459 performance shares, 203,130 restricted stock units and 189,423 phantom stock units.

(2) The weighted-average exercise price does not include performance shares, restricted stock or phantom stock units.

For additional information about issuable securities under our equity compensation plans and the related weighted average exercise price, see “Note 11. Share-Based Compensation” in Part II, Item 8 of this Form 10-K.

Common Stock Performance Graph

The performance graph below compares the cumulative total shareholder return on our common stock for the five-year period ended December 31, 2016, with the cumulative total return of the S&P 500, the S&P MidCap 400, and the Russell 3000. We are not aware of any peer companies whose businesses are directly comparable to ours and, therefore, the graph displays the returns of the S&P 500, the S&P MidCap 400, and the Russell 3000 since those indices comprise companies with market capitalizations similar to ours. The graph and table assume that $100 was invested in our common stock and each of the indices on December 31, 2011, and that all dividends were reinvested.



	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16
GATX	$ 100.00	$ 102.05	$ 126.09	$ 142.07	$ 108.33	$ 162.15
S&P 500	100.00	115.98	153.51	174.47	176.88	197.98
S&P MidCap 400	100.00	117.80	157.20	172.48	168.73	203.67
Russell 3000	100.00	116.41	155.46	174.94	175.79	198.11

Item 6. ***Selected Financial Data***

The following financial information has been derived from our audited consolidated financial statements for the years ended December 31 (in millions, except per share data, recourse leverage, and return on equity). This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and accompanying notes thereto included elsewhere herein.

	2016	2015	2014	2013	2012
Results of Operations					
Revenue	$ 1,418.3	$ 1,449.9	$ 1,451.0	$ 1,321.0	$ 1,243.2
Net gain on asset dispositions	98.0	79.2	87.2	85.6	79.5
Share of affiliates' earnings (pretax)	53.1	45.4	67.8	92.3	21.6
Net income	257.1	205.3	205.0	169.3	137.3
Net income, excluding tax adjustments and other items (1)	235.9	234.9	205.0	164.8	133.8
Per Share Data					
Basic earnings	6.35	4.76	4.55	3.64	2.93
Diluted earnings	6.29	4.69	4.48	3.59	2.88
Diluted earnings, excluding tax adjustments and other items (1)	5.77	5.37	4.48	3.50	2.81
Dividends declared	1.60	1.52	1.32	1.24	1.20
Financial Condition					
Operating assets and facilities, net of accumulated depreciation	$ 5,804.7	$ 5,698.4	$ 5,688.0	$ 5,070.3	$ 4,654.4
Investments in affiliated companies	387.0	348.5	357.7	354.3	502.0
Total assets	7,105.4	6,894.2	6,919.9	6,535.5	6,044.7
Off-balance sheet assets (1)	459.1	495.5	617.8	904.4	884.5
Short-term borrowings	3.8	7.4	72.1	23.6	273.6
Long-term debt and capital lease obligations	4,268.1	4,196.8	4,184.5	3,833.3	3,283.6
Shareholders' equity	1,347.2	1,280.2	1,314.0	1,397.0	1,244.2
Other Data					
Average number of common shares and common share equivalents	40.9	43.8	45.8	47.1	47.6
Net cash provided by operating activities	$ 626.1	$ 534.3	$ 449.2	$ 400.7	$ 370.2
Portfolio proceeds	$ 223.7	$ 482.2	$ 264.0	$ 385.3	$ 288.9
Portfolio investments and capital additions	$ 620.7	$ 714.7	$ 1,030.5	$ 859.6	$ 770.0
Recourse leverage	3.3	3.5	3.5	3.0	3.2
ROE	19.6%	15.8%	15.1%	12.8%	11.6%
ROE, excluding tax adjustments and other items (1)	18.0%	18.1%	15.1%	12.5%	11.3%

(1) See "Non-GAAP Financial Measures" included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K for an explanation of tax adjustments and other items, as well as a reconciliation to the most directly comparable GAAP measure.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

OVERVIEW

We lease, operate, manage, and remarket long-lived, widely-used assets, primarily in the rail market. We report our financial results through four primary business segments: Rail North America, Rail International, American Steamship Company ("ASC"), and Portfolio Management. A more complete description of our business is included in "Item 1. Business," in Part I of this Form 10-K.

The following discussion and analysis should be read in conjunction with the audited financial statements included in "Item 8. Financial Statements and Supplementary Data" in this Form10-K. We based the discussion and analysis that follows on financial data we derived from the financial statements prepared in accordance with US generally accepted accounting principles ("GAAP") and on certain other financial data that we prepared using non-GAAP components. For a reconciliation of these non-GAAP components to the most comparable GAAP components, see "Non-GAAP Financial Measures" at the end of this item.

DISCUSSION OF OPERATING RESULTS

The following table shows a summary of our reporting segments and consolidated financial results for years ended December 31 (in millions, except per share data):

	2016	2015	2014
Segment Revenues			
Rail North America	$ 1,018.5	$ 1,006.8	$ 927.5
Rail International	189.0	180.4	198.9
ASC	154.2	170.2	227.2
Portfolio Management	56.6	92.5	97.4
	$ 1,418.3	$ 1,449.9	$ 1,451.0
Segment Profit			
Rail North America	$ 321.9	$ 379.5	$ 321.0
Rail International	63.0	70.1	78.7
ASC	10.1	15.1	27.3
Portfolio Management	136.9	49.8	68.2
	531.9	514.5	495.2
Less:			
Selling, general and administrative expense	174.7	192.4	189.2
Unallocated interest expense, net	(4.8)	5.3	5.4
Other, including eliminations	3.5	1.1	1.6
Income taxes ($5.7, ($0.5) and $18.3 related to affiliates' earnings)	101.4	110.4	94.0
Net Income	$ 257.1	$ 205.3	$ 205.0
Net income, excluding tax adjustments and other items	$ 235.9	$ 234.9	$ 205.0
Diluted earnings per share	$ 6.29	$ 4.69	$ 4.48
Diluted earnings per share, excluding tax adjustments and other items	$ 5.77	$ 5.37	$ 4.48
Return on equity	19.6%	15.8%	15.1%
Return on equity, excluding tax adjustments and other items	18.0%	18.1%	15.1%
Investment Volume	$ 620.7	$ 714.7	$ 1,030.5

2016 Summary

Net income was $257.1 million, or $6.29 per diluted share, for 2016 compared to $205.3 million, or $4.69 per diluted share, for 2015, and $205.0 million, or $4.48 per diluted share, for 2014. Results for 2016 include a net benefit of $21.2 million from tax adjustments and other items, compared to a net negative impact of $29.6 million in 2015 and no impact in 2014. (see "Non-GAAP Financial Measures" at the end of this item for further details).

- At Rail North America, asset impairments, lower asset disposition gains, higher depreciation expense, and higher switching, freight and storage expenses were partially offset by higher lease revenue and fee income, resulting in a net decrease in segment profit in 2016.

- At Rail International, segment profit in 2016 declined primarily due to higher maintenance expense and lower remarketing gains, partially offset by higher lease revenue and lower net litigation costs.

- At ASC, segment profit was lower in 2016, largely due to lower volume and a reduction in higher-margin, long-haul shipments of various commodities, as well as expenses attributable to asbestos-related litigation reserves and lease termination costs.

- At Portfolio Management, comparisons of reported results were impacted by the sale of marine investments in 2016 and 2015, as well as a settlement fee received in 2016 related to a residual value guarantee. Segment profit increased in 2016 primarily due to higher residual sharing gains on managed portfolio sales, partially offset by the absence of contributions from sold assets and lower income at our Rolls-Royce Partners Finance affiliates.

Total investment volume was $620.7 million in 2016, compared to $714.7 million in 2015 and $1,030.5 million in 2014.

2017 Outlook

For the second consecutive year, excess railcar supply, muted demand for certain railcar types, and increased railroad efficiency have combined to put pressure on lease rates for most car types. Despite these conditions, we believe that we are well positioned to continue to benefit from our North American fleet actions taken over the past few years. By extending average lease terms and optimizing our fleet mix, we have a relatively low number of leases scheduled for expiration in 2017. Our focus in 2017 will be to maintain high utilization. We will also focus on shortening lease terms to optimize our ability to reprice these leases when the market recovers. For 2017, we have already placed a majority of the cars to be delivered from our supply agreements. Our strong balance sheet also offers us flexibility to pursue secondary market acquisitions if attractive opportunities arise.

- We expect Rail North America's segment profit in 2017 to decrease from 2016. We plan to invest in additional railcars during 2017 to add to our existing fleet; however lease revenue is expected to decline, driven by the impact of lower renewal rates and lower utilization. In addition, maintenance expense is expected to increase overall, as higher costs attributable to cars not renewed will be partially offset by lower scheduled maintenance and an increase in work performed within our own maintenance network. Finally, we expect remarketing income to be lower than 2016.

- We anticipate Rail International's segment profit in 2017 to grow slightly compared to 2016 on a local currency basis. Higher lease revenue, resulting from modest fleet growth and continued strong utilization, as well as lower maintenance expenses, will drive this increase.

- We expect ASC's segment profit in 2017 to be higher than 2016. We anticipate higher revenue, due to similar tonnage carried at more favorable freight rates. In addition, operating expenses are expected to decrease, as we plan to have one fewer vessel in service during 2017 compared to 2016.

- We believe Portfolio Management's segment profit in 2017 will be lower than 2016. We will benefit from the continuation of strong financial results at the Rolls-Royce Partners Finance affiliates; however, this will be offset by substantially lower remarketing income, as the magnitude of residual sharing fees received in 2016 will not be replicated.

Segment Operations

Segment profit is an internal performance measure used by the Chief Executive Officer to assess the performance of each segment in a given period. Segment profit includes all revenues, pretax earnings from affiliates, and net gains on asset dispositions that are attributable to the segments, as well as expenses that management believes are directly associated with the financing, maintenance, and operation of the revenue earning assets. Segment profit excludes selling, general and administrative expenses, income taxes, and certain other amounts not allocated to the segments. These amounts are included in Other.

We allocate debt balances and related interest expense to each segment based upon predetermined debt to equity leverage ratios. Due to the changes in the composition of our segments, we modified segment leverage levels for 2016. The leverage levels for 2016 were 5:1 for Rail North America, 3:1 for Rail International, 1.5:1 for ASC, and 1:1 for Portfolio Management. Prior to 2016, the leverage levels were 5:1 for Rail North America, 2:1 for Rail International, 1.5:1 for ASC, and 3:1 for Portfolio Management. We believe that by using this leverage and interest expense allocation methodology, each operating segment's financial performance reflects appropriate risk-adjusted borrowing costs.

RAIL NORTH AMERICA

Segment Summary

At December 31, 2016, Rail North America's wholly owned fleet, excluding boxcars, consisted of approximately 104,500 cars. Fleet utilization, excluding boxcars, was 98.9% at the end of 2016, compared to 99.1% at the end of 2015, and 99.2% at the end of 2014. Fleet utilization for approximately 17,700 boxcars was 93.8% at the end of 2016 compared to 97.7% at the end of 2015, and 92.7% at the end of 2014. In 2014, we acquired more than 18,500 boxcars from General Electric Railcar Services Corporation for approximately $340 million (the "Boxcar Fleet").

The downturn in the rail market continued in 2016, as the oversupply of railcars resulted in a challenging lease rate environment. During the year, the Lease Price Index (the "LPI", see definition below) decreased 20.3%, compared to increases of 32.2% in 2015, and 38.8% in 2014. Lease terms on renewals for cars in the LPI averaged 32 months in 2016, compared to 54 months in 2015, and 66 months in 2014. During 2016, an average of approximately 103,900 railcars, excluding boxcars, were on lease, compared to 106,000 in 2015, and 105,800 in 2014. The decrease in railcars on lease in the current year is largely due to railcars that were sold or scrapped in an effort to optimize the composition of our fleet. The decline in demand, and the resulting decline in lease rates, was broad-based, but was particularly severe among cars serving the energy markets.

During 2016, we recorded impairment losses of $31.2 million, including $29.8 million related specifically to certain railcars in flammable service that we believe have been permanently and negatively impacted by regulatory changes.

In 2014, we entered into a long-term supply agreement with Trinity Rail Group, LLC ("Trinity") a subsidiary of Trinity Industries that took effect in mid-2016. Under the terms of that agreement, we may order up to 8,950 newly built railcars over a four-year period from March, 2016 through March, 2020. We may order either tank or freight cars; however, we expect that the majority of the order will be for tank cars. As of December 31, 2016, 3,173 railcars have been ordered, of which 776 railcars have been delivered. Pursuant to the terms of the agreement, the parties conducted a review of the contract pricing in January 2017 as it no longer reflected market rates. Based on this review, the parties agreed to reduce contract pricing for future orders pursuant to the terms of the agreement. Under a prior supply agreement with Trinity entered into in 2011, we ordered 12,500 newly built railcars, of which 12,313 railcars have been delivered as of December 31, 2016.

As of December 31, 2016, leases for approximately 15,100 railcars in our term lease fleet and approximately 5,200 boxcars are scheduled to expire in 2017. These amounts exclude railcars on leases that are scheduled to expire in 2017 but have already been renewed or assigned to a new lessee.

The following table shows Rail North America's segment results for the years ended December 31 (in millions):

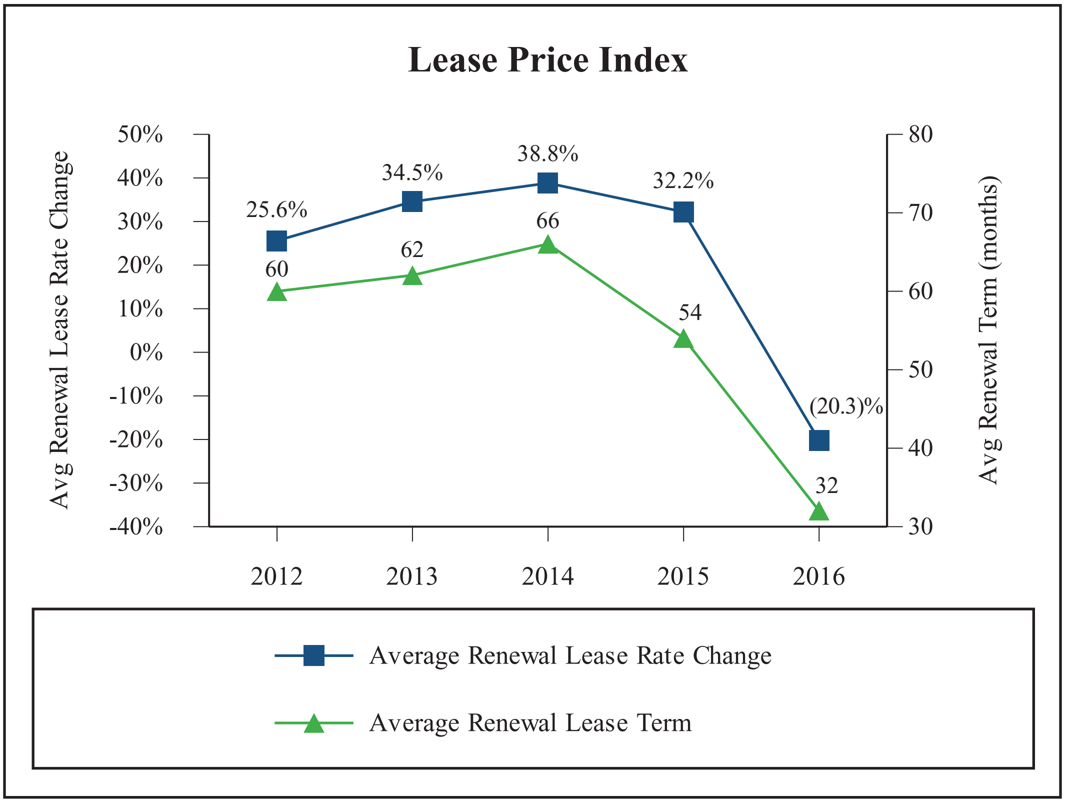
	2016	2015	2014
Revenues			
Lease revenue	$ 935.1	$ 930.9	$ 864.1
Other revenue	83.4	75.9	63.4
Total Revenues	1,018.5	1,006.8	927.5
Expenses			
Maintenance expense	266.5	264.2	265.5
Depreciation expense	231.8	215.1	190.0
Operating lease expense	67.6	82.2	103.7
Other operating expense	34.1	26.2	21.9
Total Expenses	600.0	587.7	581.1
Other Income (Expense)			
Net gain on asset dispositions	16.6	67.2	72.3
Interest expense, net	(110.1)	(102.1)	(98.4)
Other expense	(3.6)	(5.2)	(7.2)
Share of affiliates' earnings (pretax)	0.5	0.5	7.9
Segment Profit	$ 321.9	$ 379.5	$ 321.0
Investment Volume	$ 495.6	$ 524.5	$ 810.6

The following table shows the components of Rail North America's lease revenue for the years ended December 31 (in millions):

	2016	2015	2014
Railcars	$ 815.0	$ 809.7	$ 764.5
Boxcars	80.6	83.6	64.7
Locomotives	39.5	37.6	34.9
	$ 935.1	$ 930.9	$ 864.1

Lease Price Index

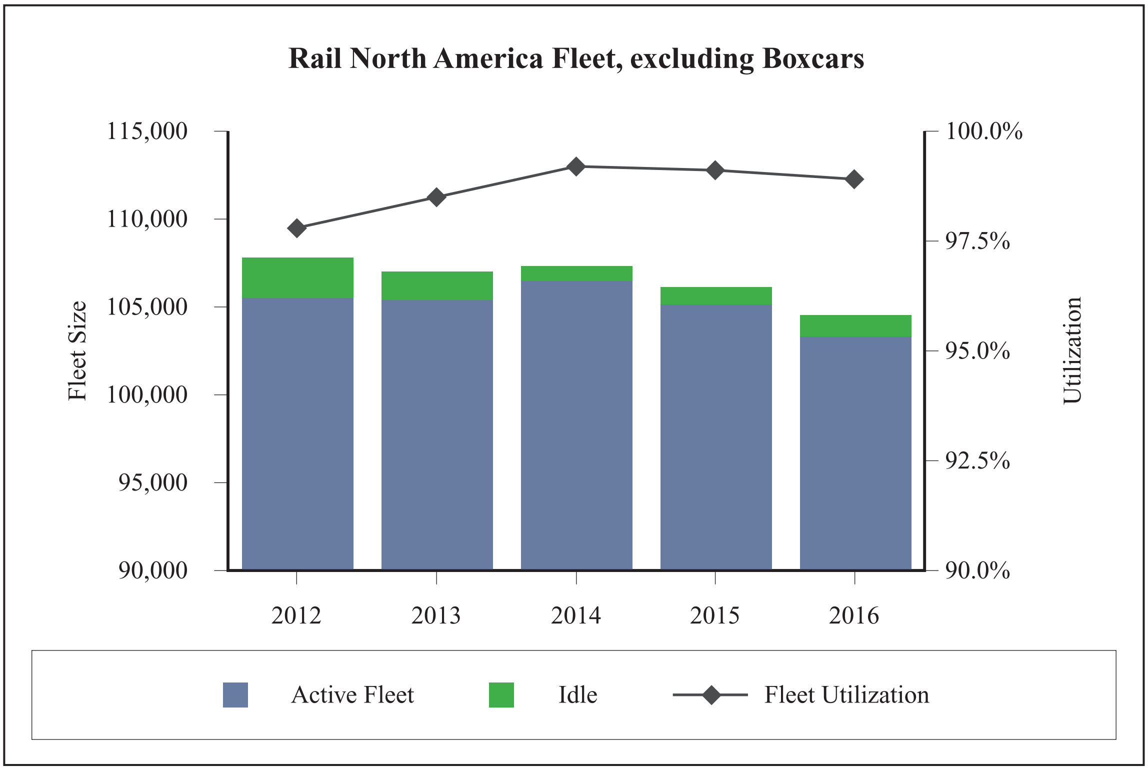
Our LPI is an internally-generated business indicator that measures lease rate pricing on renewals for our North American railcar fleet, excluding boxcars. We calculate the index using the weighted average lease rate for a group of railcar types that we believe best represents our overall North American fleet, excluding boxcars. 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 fleet composition. The average renewal lease term is reported in months and reflects the average renewal lease term of railcar types in the LPI, weighted by fleet composition.



Rail North America Fleet Data

The following table shows fleet activity for Rail North America railcars, excluding boxcars, for the years ended December 31:

	2016	2015	2014
Beginning balance	106,146	107,343	107,004
Cars added	3,519	3,762	3,453
Cars scrapped	(2,479)	(1,445)	(1,397)
Cars sold	(2,664)	(3,514)	(1,717)
Ending balance	104,522	106,146	107,343
Utilization rate at year end	98.9%	99.1%	99.2%
Active railcars at year end	103,329	105,164	106,500
Average (monthly) active railcars	103,900	105,987	105,791



The following table shows fleet statistics for Rail North America boxcars for the years ended December 31:

	2016	2015	2014
Ending balance	17,706	18,429	19,021
Utilization rate at year end	93.8%	97.7%	92.7%

The following table shows fleet activity for Rail North America locomotives for the years ended December 31:

	2016	2015	2014
Beginning balance	637	603	595
Locomotives added, net of scrapped or sold	23	34	8
Ending balance	660	637	603
Utilization rate at year end	93.3%	93.3%	99.3%
Active locomotives at year end	616	584	599
Average (monthly) active locomotives	605	589	590

Segment Profit

In 2016, segment profit was $321.9 million, compared to $379.5 million in 2015. The decrease was driven by lower asset disposition gains, which includes the impairment losses noted above, and higher depreciation expense, partially offset by higher lease revenue and fee income.

In 2015, segment profit was $379.5 million, compared to $321.0 million in 2014. The increase was driven by higher lease rates, a positive contribution from the full year impact of the Boxcar Fleet in 2015, and lower net maintenance expense, partially offset by higher depreciation expense and lower share of affiliates' earnings.

Revenues

In 2016, lease revenue increased $4.2 million, primarily due to revenue from new cars added to the fleet and higher utilization revenue, partially offset by the impact of fewer cars on lease. Other revenue increased $7.5 million due to higher lease termination fees. Fees in 2016 included approximately $10.0 million for a penalty imposed by GATX for allowing a customer to return 200 crude oil railcars prior to the contractual end of an existing lease. The majority of these railcars were subsequently placed with other GATX customers. On occasion, customers may request relief from their lease commitments, particularly when underlying commodity markets turn down. However, our lease agreements do not include provisions for payment, and any such arrangement would be negotiated and dependent on achieving an optimal economic outcome.

In 2015, lease revenue increased $66.8 million, primarily due to higher lease rates across the fleet and a full year of revenue in 2015 from the acquired Boxcar Fleet. Other revenue increased $12.5 million, primarily due to higher repair revenue, mileage equalization revenue, and lease termination fees.

Expenses

In 2016, maintenance expense increased $2.3 million, primarily due to higher repair costs for the base fleet and lower costs eligible for capitalization for the boxcar fleet, partially offset by lower railroad repairs. Depreciation expense increased $16.7 million, largely due to new railcar investments and the purchase of railcars previously on operating leases. Operating lease expense decreased $14.6 million, as a result of purchases of railcars previously on operating leases in both 2016 and 2015. Other operating expense increased $7.9 million, primarily due to higher switching, storage, and freight costs as a result of more cars being moved into storage.

In 2015, maintenance expense decreased $1.3 million, primarily due to lower tank car compliance maintenance, partially offset by higher costs attributable to the boxcar fleet. Depreciation expense increased $25.1 million, largely due to depreciation on new investments, including the Boxcar Fleet. Operating lease expense decreased $21.5 million, resulting from the purchase of railcars previously on operating leases in each year. Other operating expense increased $4.3 million, primarily due to higher switching, storage, and freight costs.

Other Income (Expense)

In 2016, net gain on asset dispositions decreased $50.6 million largely due to a combination of higher impairments of railcars, primarily railcars in flammable service, and lower disposition gains, as fewer railcars were sold in 2016. See Note 23. "Financial Data of Business Segments", Item 8 of this Form 10-K, for further details of the components of net gains on asset dispositions and Note 9. "Asset Impairments and Assets Held for Sale", Item 8 of this Form 10-K, for additional analysis regarding the impairment loss. The timing of disposition gains is dependent on a number of factors and will vary from year to year. Net interest expense increased $8.0 million, due to a higher average debt balance and a higher average interest rates. Other expense decreased $1.6 million primarily due to a $1.9 million gain from the sale of an investment security in 2016.

In 2015, net gain on asset dispositions decreased $5.1 million, primarily due to lower scrapping proceeds, resulting from lower prices for scrap and fewer cars scrapped, as well as lower residual sharing gains, and higher impairments of railcars in 2015. These impacts were partially offset by higher gains on cars sold. Net interest expense increased $3.7 million, primarily due to higher average debt balances, partially offset by the impact of lower average interest rates. Share of affiliates' earnings decreased $7.4 million, primarily due to gains on dispositions of railcars at our Southern Capital affiliate in the prior year.

Investment Volume

During 2016, investment volume was $495.6 million compared to $524.5 million in 2015, and $810.6 million in 2014. We acquired approximately 3,465 railcars in 2016, compared to 3,790 railcars in 2015, and 3,570 railcars in 2014. Additionally, investments in 2014 included the purchase of the Boxcar Fleet of approximately 18,500 boxcars for approximately $340 million.

North American Rail Regulatory Matters

In 2015, the Pipeline and Hazardous Materials Safety Administration of the US Department of Transportation ("PHMSA") issued regulations that established new design standards for tank cars in flammable liquids service (the "PHMSA Rules"). In addition to setting standards for newly built tank cars, the PHMSA regulations established standards for modifying existing tank cars in certain flammable liquids service and deadlines for modifying or removing those cars from service. The deadlines range from January 2018 to May 2029, depending on the type of car and the type of commodity carried. The regulations were subsequently modified by legislation adopted by Congress, and in August 2016, PHMSA adopted final regulations that incorporated the legislative mandates.

Transport Canada ("TC") also issued rules establishing revised design standards for tank cars carrying flammable liquids in Canada (the "Canadian Rules"). The Canadian Rules established standards for newly built tank cars, standards for modifying existing cars flammable liquids service, and deadlines for modifying or removing cars from service. The Canadian deadlines range from November 2016 to May 2025, depending on the type of car and the type of commodity carried.

We have a fleet of approximately 122,000 railcars in North America, including approximately 12,200 tank cars currently used to transport flammable liquids that are affected by the new rules, of which approximately 3,800 are moving crude oil and ethanol. Over 90% of our affected tank cars have a compliance deadline of 2023 or later. We expect to modify some of the most modern of our affected tank cars to comply with the new standards. However, for the majority of the affected cars, we currently anticipate retiring, redeploying, or selling them rather than performing retrofits. We recorded impairment losses on approximately 2,400 of these railcars, as noted above. See Note 9. "Asset Impairments and Assets Held for Sale" in Part II, Item 8 of this Form 10-K for further details.

RAIL INTERNATIONAL

Segment Summary

Rail International, composed primarily of GATX Rail Europe ("GRE"), continued to maintain stable utilization for its railcars and produced solid operating results in 2016. Railcar utilization for GRE was 95.6% at the end of 2016, compared to 95.8% at the end of 2015, and 95.9% at the end of 2014. GRE's results in 2016 continued to be impacted by higher wheelset costs, primarily due to a refurbishment program to address anti-corrosion paint issues on certain existing wheelsets. GRE is addressing this issue with the wheelset suppliers and is pursuing potential warranty remedies.

Rail India has continued to focus on investment opportunities and developing relationships with customers, suppliers and the Indian Railways. In 2016, Rail India did not add any new railcars, compared to 410 railcars added in 2015 and 184 railcars added in 2014. While Rail India had no new investments in 2016, it has entered into contracts to acquire additional railcars in 2017 and expects continued fleet growth and diversification throughout 2017.

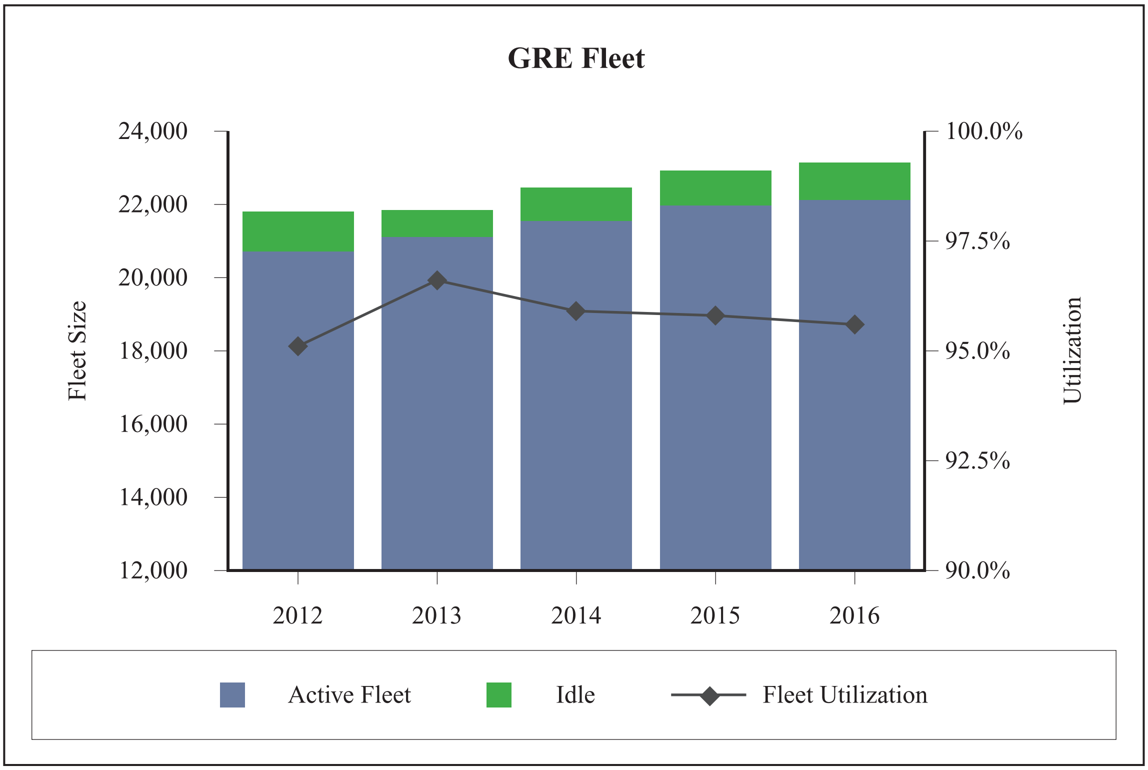
Rail Russia has continued to focus on managing its small fleet and developing relationships with customers. In 2016, Rail Russia added 20 railcars to its fleet, compared to 150 railcars added in 2015 and none added in 2014. Rail Russia plans to expand its customer base and pursue investment opportunities to grow its fleet in 2017.

The following table shows Rail International's segment results for the years ended December 31 (in millions):

	2016	2015	2014
Revenues			
Lease revenue	$ 182.0	$ 172.9	$ 188.6
Other revenue	7.0	7.5	10.3
Total Revenues	189.0	180.4	198.9
Expenses			
Maintenance expense	47.2	39.6	45.9
Depreciation expense	45.5	43.7	47.1
Other operating expense	5.3	5.1	5.1
Total Expenses	98.0	88.4	98.1
Other Income (Expense)			
Net gain on asset dispositions	1.1	6.8	6.0
Interest expense, net	(29.7)	(22.4)	(24.7)
Other (expense) income	0.8	(6.0)	(3.1)
Share of affiliates' earnings (pretax)	(0.2)	(0.3)	(0.3)
Segment Profit	$ 63.0	$ 70.1	$ 78.7
Investment Volume	$ 87.1	$ 148.0	$ 163.6

The following table shows fleet activity for GRE railcars for the years ended December 31:

	2016	2015	2014
Beginning balance	22,923	22,451	21,836
Cars added	879	1,421	1,672
Cars scrapped or sold	(680)	(949)	(1,057)
Ending balance	23,122	22,923	22,451
Utilization rate at year end	95.6%	95.8%	95.9%
Active railcars at year end	22,108	21,969	21,533
Average (monthly) active railcars	21,869	21,598	20,915



Foreign Currency

Rail International's reported results of operations are impacted by fluctuations in the exchange rates of the foreign currencies in which it conducts business, primarily the euro. In 2016, the value of the euro fluctuated; however, in aggregate, the changes did not have a meaningful impact on revenue or segment profit compared to 2015. In 2015, a weaker euro negatively impacted lease revenue by approximately $30.8 million and segment profit, excluding other income (expense), by approximately $16.1 million compared to 2014.

Segment Profit

In 2016, segment profit was $63.0 million, compared to $70.1 million in 2015. The decrease was largely due to higher maintenance expense, primarily as a result of higher wheelset costs, and the absence of a gain recognized on the sale of a workshop in 2015, partially offset by higher lease revenue and lower net legal defense costs.

In 2015, segment profit was $70.1 million, compared to $78.7 million in 2014. The decrease was largely due to the negative effects of foreign exchange.

Revenues

In 2016, lease revenue increased $9.1 million, primarily due to more cars on lease in 2016. Other revenue decreased $0.5 million, primarily due to the absence of interest income on a loan that was repaid in 2015.

In 2015, lease revenue decreased $15.7 million, due to the effects of a weaker euro, as noted above. The decrease was partially offset by additional cars on lease in 2015. Other revenue decreased $2.8 million, primarily due to the absence of interest income on a loan that was repaid in 2015.

Expenses

In 2016, maintenance expense increased $7.6 million, primarily due to the costs of wheelset replacements, as discussed above, and the higher cost of railcar revisions. Depreciation expense increased $1.8 million, driven by the impact of new cars added to the fleet. Other operating expense was comparable to prior year.

In 2015, maintenance expense decreased $6.3 million, primarily due to the effects of a weaker euro and lower costs at our European maintenance facilities, partially offset by the higher cost of railcar revisions. Depreciation expense decreased $3.4 million, largely due to the effects of a weaker euro, partially offset by the impact of new cars added to the fleet.

Other Income (Expense)

In 2016, net gain on asset dispositions decreased $5.7 million, primarily due to the absence of a gain recognized on the sale of a workshop in 2015 and lower railcar scrapping gains as a result of fewer railcars scrapped in 2016. Net interest expense increased $7.3 million, largely due to a higher average debt balance, resulting from an increase in segment leverage in 2016, partially offset by lower average interest rates. Other expense decreased $6.8 million, largely due to lower net legal costs resulting from insurance reimbursements received in 2016 for previously expensed legal defense costs.

In 2015, net interest expense decreased $2.3 million, driven by the effects of foreign exchange. Other expense increased $2.9 million, primarily due to higher legal costs in 2015 and the absence of income from a warranty settlement in 2014, partially offset by the favorable impact of changes in foreign exchange rates on non-functional currency items and derivatives.

Investment Volume

Investment volume was $87.1 million in 2016, $148.0 million in 2015, and $163.6 million in 2014. During 2016, we acquired approximately 879 railcars compared to 1,980 railcars in 2015, and 1,860 railcars in 2014.

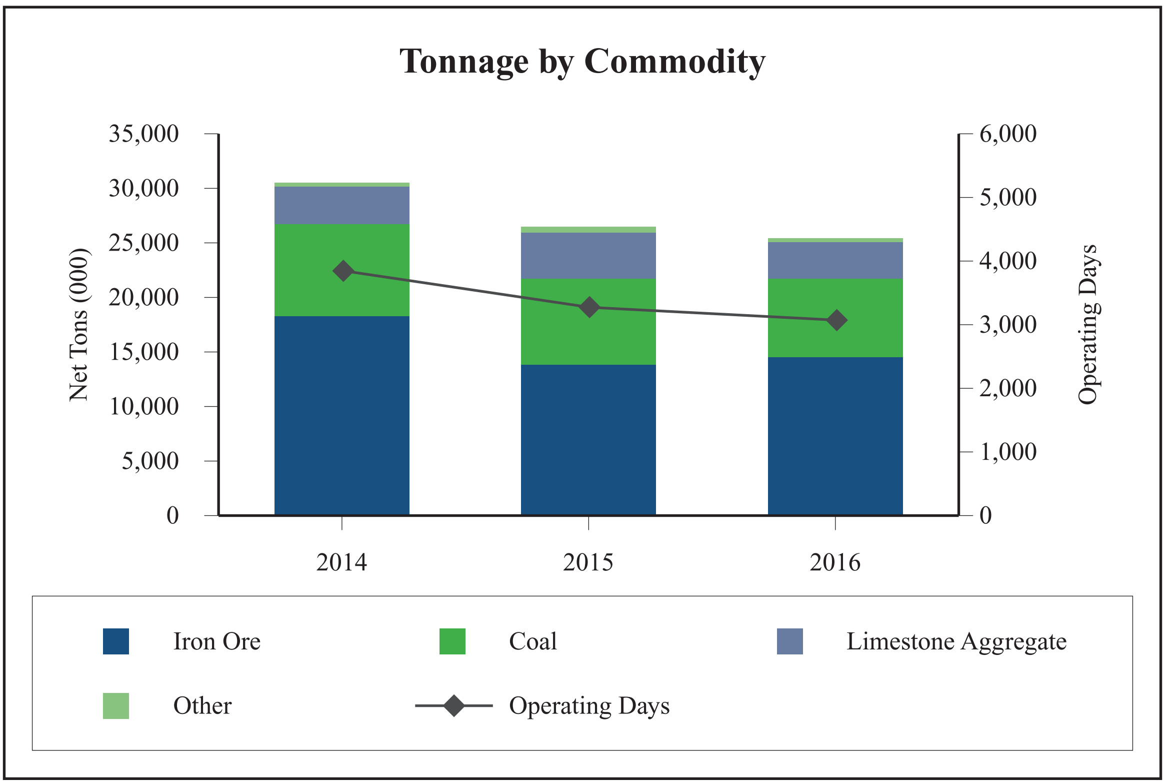
ASC

Segment Summary

In 2016, lower demand across most commodities, as well as a reduction in higher-margin, long-haul shipments, negatively impacted operating results. ASC carried 25.4 million net tons of freight and deployed 11 vessels in 2016 compared to 26.5 million net tons and 13 vessels in 2015 and 30.5 million net tons and 15 vessels in 2014.

The following table shows ASC's segment results for the years ended December 31 (in millions):

	2016	2015	2014
Revenues			
Lease revenue	$ 4.2	$ 4.1	$ 4.2
Marine operating revenue	150.0	166.1	223.0
Total Revenues	154.2	170.2	227.2
Expenses			
Maintenance expense	18.6	22.3	25.6
Marine operating expense	96.7	107.2	149.2
Depreciation expense	12.9	14.3	13.6
Operating lease expense	6.0	5.2	5.2
Total Expenses	134.2	149.0	193.6
Other Income (Expense)			
Net loss on asset dispositions	—	(0.1)	(0.5)
Interest expense, net	(4.5)	(5.3)	(5.6)
Other expense	(5.4)	(0.7)	(0.2)
Segment Profit	$ 10.1	$ 15.1	$ 27.3
Investment Volume	$ 9.1	$ 20.3	$ 18.4
Total Net Tons Carried (000's)	25.4	26.5	30.5



Segment Profit

In 2016, segment profit was $10.1 million compared to $15.1 million in 2015. The decrease was driven by $5.0 million of expense related to an increased accrual for asbestos-related litigation and costs associated with the scheduled return of a leased vessel in 2017. In addition, lower demand across most commodities and fewer higher-margin, long-haul shipments of iron ore negatively impacted segment profit, which was partially offset by lower operating costs as a result of deploying two fewer vessels throughout most of 2016.

In 2015, segment profit was $15.1 million compared to $27.3 million in 2014. Both periods were unfavorably impacted by difficult operating conditions on the Great Lakes at the start of each sailing season. Additionally, results in 2015 were negatively impacted by lower shipments of higher-margin, long-haul iron ore.

Revenues

In 2016, marine operating revenue decreased $16.1 million, primarily due lower shipping volume as a result of decreased demand, as well as fewer long-haul shipments of various commodities. In addition, lower fuel revenue, which is offset in marine operating expense, contributed to the variance. The terms of ASC's contracts provide that a substantial portion of fuel costs is passed on to customers.

In 2015, marine operating revenue decreased $56.9 million, largely due to $37.6 million lower fuel revenue. In addition, lower long-haul shipments of iron ore contributed to the variance.

Expenses

In 2016, maintenance expense decreased $3.7 million, primary due to fewer operating vessels and lower operating repairs. Marine operating expense decreased $10.5 million, largely driven by lower fuel costs, more efficient operations, and two fewer vessels deployed in the current year.

In 2015, maintenance expense decreased $3.3 million, due to less winter work and lower operating repairs. Marine operating expense decreased $42.0 million, largely driven by lower fuel costs and the impact of fewer operating days caused by the delay of deployment of vessels at the beginning of the season and fewer vessels operating late in the year. Inefficiencies associated with the extended winter conditions earlier in each year also negatively impacted operations in both years.

Operating lease expense in 2016, 2015 and 2014 was primarily related to the lease of ASC's tug-barge vessel.

Other Income (Expense)

In 2016, other expense increased $4.7 million, driven by the $5.0 million of aggregate expense noted above.

Investment Volume

ASC's investments in each of 2016, 2015, and 2014 consisted of structural and mechanical upgrades to our vessels.

PORTFOLIO MANAGEMENT

Segment Summary

A significant portion of Portfolio Management's segment profit is generated by the Rolls-Royce & Partners Finance companies. The Rolls-Royce & Partners Finance companies (collectively the "RRPF affiliates") are a group of fifteen 50% owned domestic and foreign joint ventures with Rolls-Royce plc (or affiliates thereof, collectively "Rolls-Royce"), a leading manufacturer of commercial aircraft jet engines. Segment profit included earnings from the RRPF affiliates of $51.8 million for 2016, $65.5 million for 2015, and $55.9 million for 2014. The RRPF affiliates owned 407 aircraft engines at the end of 2016 compared to 436 at the end of 2015 and

433 at the end of 2014. Operating results and remarketing income for the RRPF affiliates continued to be strong in 2016. However, impairment losses recorded for certain models of aircraft spare engines negatively impacted overall income at the RRPF affiliates in 2016.

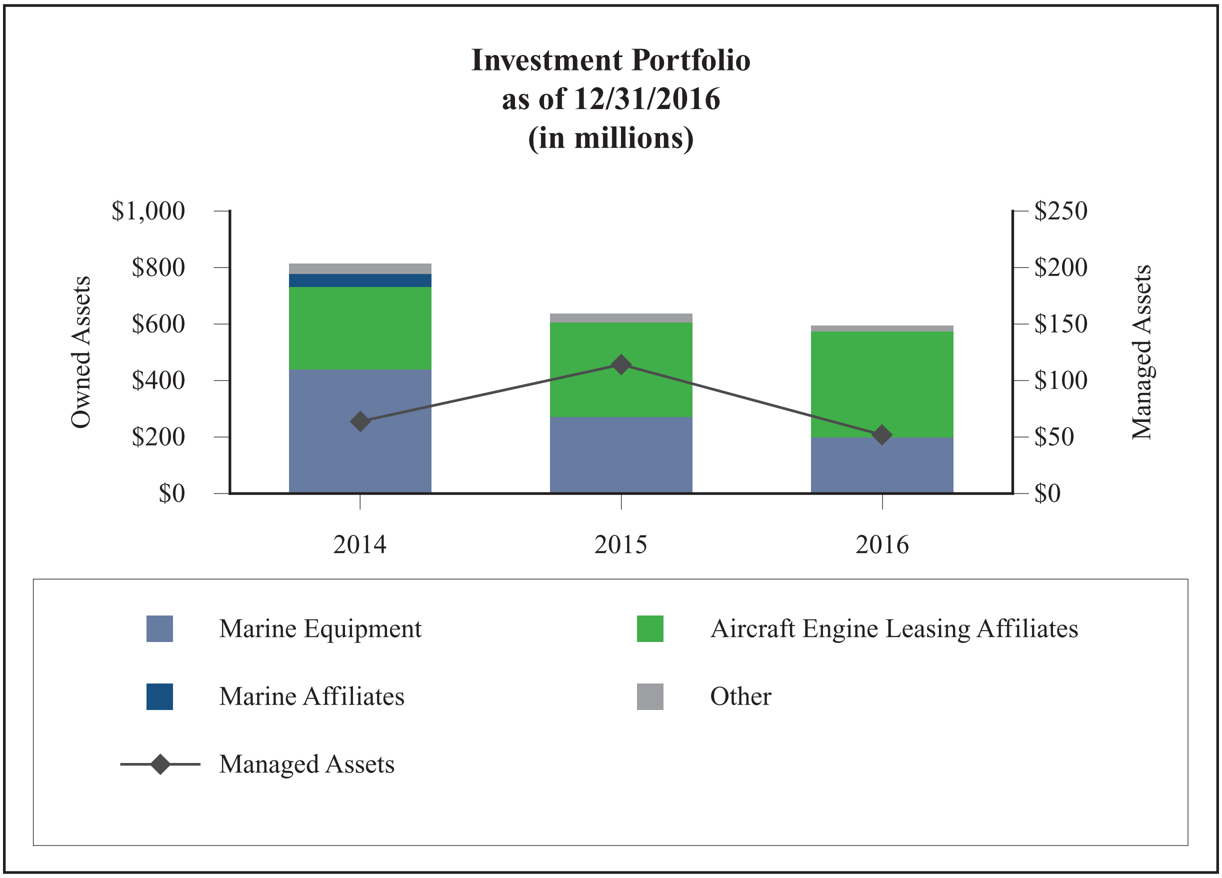
In 2015, we made the decision to exit the majority of our marine investments, including six chemical parcel tankers (the "Nordic Vessels"), most of our inland marine vessels, and our 50% interest in the Cardinal Marine joint venture. As a result, we initially recognized impairment losses of $30.8 million on the Nordic Vessels and $19.0 million on the Cardinal Marine joint venture in 2015. Further, an additional $1.8 million of impairment losses were recorded for certain of the Nordic Vessels in 2016. Subsequently, we completed the sales of all six of the Nordic Vessels, our 50% interest in the Cardinal Marine joint venture, and the majority of our inland marine assets for total proceeds of $59.9 million and $124.4 million in 2016 and 2015. These sales resulted in net gains of $4.2 million and $21.6 million for 2016 and 2015. We also recognized a gain of $1.0 million in 2016, resulting from contingent proceeds received from the sale of the Cardinal Marine joint venture. Based on the valuation of our remaining inland marine assets held for sale at December 31, 2016, we recorded further impairment losses of $4.9 million. We expect to sell the remaining targeted inland marine assets in 2017. Upon final completion of these sales, Portfolio Management will continue to own and operate other marine investments, consisting primarily of five liquefied gas carrying vessels (the "Norgas Vessels"). In 2016, we also realized residual sharing income of $82.8 million. Proceeds of $49.1 million were recorded as a result of the settlement of a residual sharing agreement. This agreement was originally entered into in 2001 and related to a residual guarantee we provided on certain rail assets in the U.K. Receipt of the settlement fee concludes our participation in this transaction. Additionally, a customer sold its interest in two leased nuclear power plant facilities and, as manager of the leases, we received residual sharing fees of $30.1 million.

In 2014, we sold our investments in the Intermodal Investment Fund V and Intermodal Investment Fund VII affiliates and received aggregate cash proceeds of $18.3 million.

Portfolio Management's total asset base was $593.5 million at December 31, 2016, compared to $636.5 million at December 31, 2015, and $813.3 million at December 31, 2014.

The following table shows Portfolio Management's segment results for the years ended December 31 (in millions):

	2016	2015	2014
Revenues			
Lease revenue	$ 5.8	$ 22.2	$ 29.7
Marine operating revenue	49.3	68.9	63.3
Other revenue	1.5	1.4	4.4
Total Revenues	56.6	92.5	97.4
Expenses			
Marine operating expense	32.8	48.7	48.6
Depreciation expense	7.0	17.4	22.8
Other operating expense	4.4	7.1	1.9
Total Expenses	44.2	73.2	73.3
Other Income (Expense)			
Net gain on asset dispositions	80.3	5.3	9.4
Interest expense, net	(8.6)	(20.0)	(24.3)
Other expense	—	—	(1.2)
Share of affiliates' earnings (pretax)	52.8	45.2	60.2
Segment Profit	$ 136.9	$ 49.8	$ 68.2
Investment Volume	$ 25.0	$ 18.4	$ 32.3



Segment Profit

In 2016, segment profit was $136.9 million, compared to $49.8 million in 2015. Segment profit in 2016 included income of $49.1 million related to the settlement of a residual sharing agreement. In addition, segment profit in 2016 was impacted by a net pre-tax loss of approximately $1.5 million associated with the planned exit of the majority of marine investments, compared to a net pre-tax loss of approximately $28.2 million in 2015. Excluding the impact of these items, segment profit was $11.3 million higher in 2016 primarily due to higher residual sharing gains on managed portfolio sales, partially offset by lower RRPF affiliate income.

In 2015, segment profit was $49.8 million, compared to $68.2 million in 2014. The decrease was driven by a net loss of approximately $28.2 million associated with the planned exit of the majority of the marine investments. Excluding this net loss, segment profit increased $9.8 million primarily due to higher RRPF affiliate income and higher residual sharing fees on managed portfolio sales.

Revenues

In 2016, lease revenue decreased $16.4 million, primarily due to the impact of the sales of leased assets in both years. Marine operating revenue decreased $19.6 million, largely due to the absence of revenue from the Nordic vessels that were sold during 2015 and 2016.

In 2015, lease revenue decreased $7.5 million, primarily due to the impact of sales of leased assets in both years. Marine operating revenue increased $5.6 million, primarily due to higher revenue from the Nordic Vessels and higher inland marine revenue, partially offset by lower revenue from the Norgas Vessels. Other revenue decreased $3.0 million primarily due to lower investment fund distributions in 2015 and lower interest income resulting from the repayment of loans in both years.

Expenses

In 2016, marine operating expense decreased $15.9 million, primarily due to the absence of the Nordic vessels that were sold during 2015 and 2016, as well as lower expenses from the Norgas Vessels. Depreciation expense decreased $10.4 million, driven by the sale of assets in 2015 and 2016. Other operating expense decreased $2.7 million, primarily due to proceeds received in 2016 for investments that had previously been reserved, lower barge painting expenses, and the absence of fleet manager incentive fees incurred in 2015.

In 2015, depreciation expense decreased $5.4 million, primarily due to the sale of leased assets. Other operating expense increased $5.2 million, largely due to a loss reserve recorded in 2015 in connection with one investment.

Other Income (Expense)

In 2016, net gain on asset dispositions increased $75.0 million. The current year included proceeds of $49.1 million related to the settlement of a residual sharing agreement. In addition, the current year included a net pre-tax loss of approximately $2.5 million associated with the planned exit of marine investments, compared to a net pre-tax loss of approximately $9.2 million in 2015. Excluding these net gains and losses, net gain on asset dispositions increased $19.2 million primarily due to higher residual sharing gains on managed portfolio sales in 2016. Net interest expense decreased $11.4 million as a result of a lower average debt balance, resulting from a combination of a lower asset base and a decrease in segment leverage in 2016, and lower average interest rates.

In 2015, net gain on asset dispositions decreased $4.1 million. The decrease was driven by a net loss of approximately $9.2 million associated with the planned exit of marine investments. Excluding the net loss from the marine investments, net gain on other asset dispositions increased $5.1 million primarily due to higher residual sharing gains on managed portfolio sales. Net interest expense decreased $4.3 million as a result of lower average debt balance and lower average interest rates.

In 2016, share of affiliates' earnings increased $7.6 million, primarily due to an impairment charge of $19.0 million associated with the planned sale of our interest in the Cardinal Marine affiliate in 2015, and a net gain on sale of $1.0 million related to Cardinal Marine affiliate in 2016. Excluding these items, the share of affiliates' earnings decreased $12.4 million, primarily due to lower net disposition gains at RRPF attributable to impairment losses incurred on certain models of aircraft spare engines.

In 2015, share of affiliates' earnings decreased $15.0 million. The decrease was driven by the $19.0 million impairment charge for our 50% interest in the Cardinal Marine joint venture. Excluding this item, affiliates' earnings increased $4.0 million primarily due to higher operating income and higher disposition gains on engine sales at the RRPF affiliates in 2015, partially offset by the absence of earnings from joint ventures sold in 2015 and 2014.

Investment Volume

Investment volume of $25.0 million in 2016 was for an incremental investment in an RRPF affiliate.

Investment volume of $18.4 million in 2015 consisted of $15.5 million for Portfolio Management's share in a newly created RRPF affiliate and $2.9 million to convert 51 open hopper barges to covered hopper barges.

Investment volume of $32.3 million in 2014 consisted of $10.5 million for two tank barges and one pushboat, $6.5 million for 13 new hopper barges and $15.3 million of incremental investment in an RRPF affiliate.

OTHER

Other comprises selling, general and administrative expenses ("SG&A"), unallocated interest expense, and miscellaneous income and expense not directly associated with the reporting segments and eliminations.

The following table shows components of other for the years ended December 31 (in millions):

	2016	2015	2014
Selling, general and administrative expense	$ 174.7	$ 192.4	$ 189.2
Unallocated interest (income) expense, net	(4.8)	5.3	5.4
Other expense (including eliminations)	3.5	1.1	1.6

SG&A, Unallocated Interest and Other

In 2016, SG&A of $174.7 million decreased $17.7 million from 2015. The decrease was primarily due to lower employee costs, as well as lower pension and information technology expenses. In 2015, $9.0 million of expense was recorded associated with a voluntary early retirement program. The decrease in pension expense was driven by the change in accounting estimate discussed in "Note 2. Accounting Changes" in Part II, Item 8 of this Form 10-K. These decreases were partially offset by a settlement accounting adjustment in 2016 attributable to lump sum payments elected by eligible retirees as part of the early retirement program. IT costs were lower due to savings related to discretionary spending.

In 2015, SG&A of $192.4 million increased $3.2 million from 2014. The increase was primarily due to $9.0 million of expense associated with an early retirement program offered to certain employees in 2015, partially offset by lower compensation expense in 2015 and the absence of costs associated with the closure of our San Francisco office recognized in 2014.

Unallocated interest expense (the difference between external interest expense and interest expense allocated to the reporting segments in accordance with assigned leverage targets) in any year is affected by our consolidated leverage position, the timing of debt issuances and investing activities, and intercompany allocations.

Other expense and eliminations were immaterial in each of 2015 and 2014. 2016 included a $2.9 million environmental remediation accrual related to properties sold in prior years.

Consolidated Income Taxes

See "Note 12. Income Taxes" in Part II, Item 8 of this Form 10-K.

BALANCE SHEET DISCUSSION

Assets

Total assets (including on- and off-balance sheet) were $7.6 billion at December 31, 2016, compared to $7.4 billion at December 31, 2015. The increase was driven by an increase in cash, as well as an increase in Rail North America operating assets, partially offset by the sales of marine investments at Portfolio Management. In addition to the assets we recorded on our balance sheet, we utilized off-balance sheet assets, primarily railcars, which we leased in pursuant to operating lease agreements. The off-balance sheet assets represent the estimated present value of our committed future operating lease payments.

The following table shows on- and off-balance sheet assets by segment as of December 31 (in millions):

	2016			2015		
	On-Balance Sheet	Off-Balance Sheet	Total	On-Balance Sheet	Off-Balance Sheet	Total
Rail North America	$ 4,775.6	$ 456.5	$ 5,232.1	$ 4,629.1	$ 488.7	$ 5,117.8
Rail International	1,128.7	—	1,128.7	1,117.6	—	1,117.6
ASC	278.8	2.6	281.4	284.7	6.8	291.5
Portfolio Management	593.5	—	593.5	636.5	—	636.5
Other	328.8	—	328.8	226.3	—	226.3
	$ 7,105.4	$ 459.1	$ 7,564.5	$ 6,894.2	$ 495.5	$ 7,389.7

Gross Receivables

Receivables of 233.6 million at December 31, 2016 decreased $3.4 million from December 31, 2015, primarily due to the expiration of certain financing leases.

Allowance for Losses

As of December 31, 2016, allowance for losses totaled $6.1 million, compared to $10.3 million at December 31, 2015. At December 31, 2016, the entire $6.1 million, or 7.1% of rent and other receivables, related to general allowances, compared to $6.3 million, or 9.1%, at December 31, 2015. There were no specific allowances for finance leases at December 31, 2016 compared to $4.0 million at December 31, 2015. The specific allowance in 2015 was related to a loss reserve recorded in connection with one investment at Portfolio Management that was written off in the current year.

See "Note 17. Allowance for Losses" in Part II, Item 8 of this Form 10-K.

Operating Assets and Facilities

Net operating assets and facilities increased $106.3 million from 2015. The increase was primarily due to investments of $589.3 million and the purchase of leased-in assets of $117.1 million. These increases were offset by depreciation expense of $300.9 million, dispositions of $114.8 million, sale leasebacks of $68.5 million, reclassification of $47.3 million of assets to assets held-for-sale, and impairments of $31.2 million at Rail North America, as well as negative foreign exchange rate effects of $42.0 million.

Investments in Affiliated Companies

Investments in affiliated companies increased $38.5 million in 2016 (see table below). The increase was driven by RRPF operating results and an incremental investment of $25.0 million for an RRPF affiliate at Portfolio Management, partially offset by dividend distributions from RRPF and a loan repayment from an affiliate at Rail North America.

The following table shows our investments in affiliated companies by segment as of December 31 (in millions):

	2016	2015
Rail North America	$ 10.5	$ 12.0
Rail International	1.2	1.4
Portfolio Management	375.3	335.1
	$ 387.0	$ 348.5

See "Note 6. Investments in Affiliated Companies" in Part II, Item 8 of this Form 10-K.

Goodwill

In 2016 and 2015, changes in the balance of our goodwill, all of which are attributable to the Rail North America and Rail International segments, resulted from changes in foreign currency exchange rates. We tested our goodwill for impairment in the fourth quarter of 2016, and no impairment was indicated.

See "Note 16. Goodwill" in Part II, Item 8 of this Form 10-K.

Debt

Total debt increased $67.7 million from the prior year, primarily due to issuances of long-term debt of $882.8 million, largely offset by scheduled maturities and principal payments of $800.0 million and the effects of foreign exchange on outstanding long-term debt balances.

The following table shows the details of our long-term debt issuances in 2016 ($ in millions):

Type of Debt	Term	Interest Rate	Principal Amount
Recourse Unsecured	10.0 Years	3.25% Fixed	$ 350.0
Recourse Unsecured	5.0 Years	2.18% Floating (2)	200.0
Recourse Unsecured	50.1 Years	5.63% Fixed	150.0
Recourse Secured (1)	5.0 Years	1.77% Floating (1)	125.0
Recourse Unsecured	5.0 Years	0.85% Floating (2)	57.8
			$ 882.8

(1) This $125.0 million principal amount was repaid in 2016. The floating interest rate shown is as of the final payment date.
(2) Floating interest rate at December 31, 2016.

The following table shows the carrying value of our debt obligations by major component, including off-balance sheet debt, as of December 31, 2016 (in millions):

	Secured	Unsecured	Total
Commercial paper and borrowings under bank credit facilities	$ —	$ 3.8	$ 3.8
Recourse debt	—	4,253.2	4,253.2
Capital lease obligations	14.9	—	14.9
Balance sheet debt	14.9	4,257.0	4,271.9
Recourse off-balance sheet debt (1)	459.1	—	459.1
	$ 474.0	$ 4,257.0	$ 4,731.0

(1) Off-balance sheet debt represents the estimated present value of committed operating lease payments and is equal to the amount reported as off-balance sheet assets.

See "Note 7. Debt" in Part II, Item 8 of this Form 10-K.

Equity

Total equity increased $67.0 million from the prior year, primarily due to net income of $257.1 million, $12.8 million from the effects of post-retirement benefit plan adjustments, and $10.4 million from the effects of share-based compensation. These increases were partially offset by stock repurchases of $120.1 million, $68.1 million related to dividends, and $26.0 million of foreign currency translation adjustments due to the balance sheet effects of a stronger US dollar.

See "Note 19. Shareholders' Equity" in Part II, Item 8 of this Form 10-K.

CASH FLOW DISCUSSION

We generate a significant amount of cash from operating activities and from our investment portfolio proceeds. We also access domestic and international capital markets by issuing unsecured or secured debt and commercial paper. We use these sources of cash, along with our available cash balances, to fulfill our debt, lease, and dividend obligations and to fund portfolio investments and capital additions. We primarily use cash from operations and commercial paper issuances to fund daily operations.

The timing of asset dispositions and changes in working capital impacts cash flows from portfolio proceeds and operations. As a result, these cash flow components may vary materially from quarter to quarter and year to year. As of December 31, 2016, we had an unrestricted cash balance of $307.5 million.

The following table shows our principal sources and uses of cash for the years ended December 31 (in millions):

	2016	2015	2014
Principal sources of cash			
Net cash provided by operating activities	$ 626.1	$ 534.3	$ 449.2
Portfolio proceeds	223.7	482.2	264.0
Other asset sales	23.0	18.7	26.9
Proceeds from sale-leasebacks	82.5	—	—
Proceeds from issuance of debt, commercial paper, and credit facilities	859.4	748.8	1,273.0
	$ 1,814.7	$ 1,784.0	$ 2,013.1
Principal uses of cash			
Portfolio investments and capital additions	$ (620.7)	$ (696.9)	$ (1,030.5)
Repayments of debt, commercial paper, and credit facilities	(803.6)	(790.8)	(819.8)
Purchases of leased-in assets	(117.1)	(118.4)	(150.5)
Payments on capital lease obligations	(3.6)	(2.7)	(2.6)
Stock repurchases	(120.1)	(125.4)	(124.6)
Cash dividends	(67.4)	(68.2)	(62.0)
	$ (1,732.5)	$ (1,802.4)	$ (2,190.0)

Net Cash Provided by Operating Activities

Net cash provided by operating activities of $626.1 million increased $90.7 million compared to 2015. The increase was driven by higher fee income, primarily residual sharing income, and lower operating lease payments, partially offset by lower contributions from our marine operations at ASC and Portfolio Management.

Portfolio Investments and Capital Additions

Portfolio investments and capital additions primarily consist of purchases of operating assets, investments in affiliates, and capitalized asset improvements. Portfolio investments and capital additions of $620.7 million decreased $76.2 million compared to 2015, largely due to fewer railcar additions at Rail International and Rail North America. 2014 investments included Rail North America's purchase of approximately 18,500 boxcars for approximately $340 million. The timing of investments depends on purchase commitments, transaction opportunities, and market conditions.

The following table shows portfolio investments and capital additions by segment for the years ended December 31 (in millions):

	2016	2015	2014
Rail North America (1)	$ 495.6	$ 506.7	$ 810.6
Rail International	87.1	148.0	163.6
ASC	9.1	20.3	18.4
Portfolio Management	25.0	18.4	32.3
Other	3.9	3.5	5.6
	$ 620.7	$ 696.9	$ 1,030.5

(1) Investment volume in 2014 includes approximately $340 million related to the purchase of approximately 18,500 boxcars in 2014.

Portfolio Proceeds

Portfolio proceeds primarily consist of loan and finance lease receipts, proceeds from sales of operating assets, proceeds from sales of securities, and capital distributions from affiliates. Portfolio proceeds included $58.8 million in 2016 and $124.4 million in 2015 from the sales of marine investments as part of our decision to exit the majority of the marine assets at our Portfolio Management segment. In addition, Ahaus Alstätter Eisenbahn Cargo AG ("AAE") repaid its outstanding loan from GATX in the amount of €67.5 million ($76.4 million) in 2015.

The following table shows portfolio proceeds for the years ended December 31 (in millions):

	2016	2015	2014
Finance lease rents received, net of earned income	$ 11.0	$ 11.2	$ 12.5
Loan principal received	1.2	82.7	14.9
Proceeds from sales of operating assets	201.8	357.8	202.1
Capital distributions and proceeds from sales related to affiliates	2.5	29.8	33.6
Proceeds from sales of securities	6.1	—	0.3
Other portfolio proceeds	1.1	0.7	0.6
	$ 223.7	$ 482.2	$ 264.0

Other Investing Activity

Rail North America acquired 3,328 railcars in 2016, 5,004 railcars in 2015, and 4,560 railcars in 2014 that were previously on operating leases. Proceeds from sales of other assets for all periods were primarily related to railcar scrapping. Rail North America completed sale-leaseback financing for 574 railcars in 2016.

Our restricted cash is a contractually required cash amount we maintain for one wholly owned special purpose limited liability company related to a secured debt line of credit. Prior to 2016, we had two other special purpose corporations, formed to finance railcars on a structured, nonrecourse basis. Both of these special purpose corporations were liquidated in 2016. Changes in restricted cash largely represent the net change in the cash requirements for the special purpose corporations based on their operating and financing activities.

The following table shows other investing activity for the years ended December 31 (in millions):

	2016	2015	2014
Purchases of leased-in assets	$ (117.1)	$ (118.4)	$ (150.5)
Proceeds from sales of other assets	23.0	18.7	26.9
Proceeds from sale-leasebacks	82.5	—	—
Net decrease (increase) in restricted cash	13.7	(2.9)	5.8
Other	—	9.7	5.8
	$ 2.1	$ (92.9)	$ (112.0)

Net Cash (used in) provided by Financing Activities

The following table shows net cash (used in) provided by financing activities for the years ended December 31 (in millions):

	2016	2015	2014
Net proceeds from issuances of debt (original maturities longer than 90 days)	$ 859.4	$ 748.8	$ 1,223.0
Repayments of debt (original maturities longer than 90 days)	(800.0)	(726.3)	(819.8)
Net increase (decrease) in debt with original maturities of 90 days or less	(3.6)	(64.5)	50.0
Payments on capital lease obligations	(3.6)	(2.7)	(2.6)
Stock repurchases (1)	(120.1)	(125.4)	(124.6)
Cash dividends	(67.4)	(68.2)	(62.0)
Other	10.4	9.3	(1.8)
	$ (124.9)	$ (229.0)	$ 262.2

(1) During 2016, we repurchased 2.7 million shares of common stock for $120.0 million, excluding commissions paid, under the repurchase program authorized in 2016. During 2015, we repurchased 2.4 million shares of common stock for $125.4 million, which completed our $250 million repurchase program authorized in 2014. In 2014, we repurchased 1.9 million shares of common stock for $124.6 million.

LIQUIDITY AND CAPITAL RESOURCES

General

We fund our investments and meet our debt, lease, and dividend obligations using our available cash balances, as well as cash generated from operating activities, sales of assets, commercial paper issuances, committed revolving credit facilities, distributions from affiliates, and issuances of secured and unsecured debt. We primarily use cash from operations and commercial paper issuances to fund daily operations. We use both domestic and international capital markets and banks to meet our debt financing needs.

Contractual and Other Commercial Commitments

The following table shows our contractual commitments, including debt principal and related interest payments, lease payments, and purchase commitments at December 31, 2016 (in millions):

	Payments Due by Period						
	Total	2017	2018	2019	2020	2021	Thereafter
Recourse debt	$ 4,286.2	$ 302.6	$ 515.7	$ 550.0	$ 350.0	$ 557.8	$ 2,010.1
Interest on recourse debt (1)	1,711.3	145.3	137.3	120.3	105.7	90.4	1,112.3
Commercial paper and credit facilities	3.8	3.8	—	—	—	—	—
Capital lease obligations, including interest	16.1	3.0	1.4	11.7	—	—	—
Recourse operating leases	599.3	77.3	74.5	77.8	72.4	59.9	237.4
Purchase commitments (2)	1,210.5	570.7	317.1	322.7	—	—	—
	$ 7,827.2	$ 1,102.7	$ 1,046.0	$ 1,082.5	$ 528.1	$ 708.1	$ 3,359.8

(1) For floating rate debt, future interest payments are based on the applicable interest rate as of December 31, 2016.

(2) Primarily railcar purchase commitments. The amounts shown for all years are based on management's estimates of the timing, anticipated car types, and related costs of railcars to be purchased under its agreements. The amount shown for 2017 includes

$61.0 million related to options we exercised to purchase 2,261 railcars that are currently on lease and $24.0 million related to an option we exercised to purchase a vessel that is currently on lease.

In 2014, we entered into a long-term supply agreement with Trinity Rail Group, LLC ("Trinity"), a subsidiary of Trinity Industries that took effect in mid-2016. Under the terms of that agreement, we may order up to 8,950 newly built railcars over a four-year period from March, 2016 through March, 2020. We may order either tank or freight cars; however, we expect that the majority of the order will be for tank cars. Pursuant to the terms of the agreement, the parties conducted a review of the contract pricing in January 2017 as it no longer reflected market rates. Based on this review, the parties agreed to reduce contract pricing for future orders pursuant to the terms of the agreement.

The following table shows our contractual cash receipts arising from future lease payments from finance leases, future rental receipts from noncancelable operating leases, and future payments on loans as of December 31, 2016 (in millions):

	Contractual Cash Receipts by Period						
	Total	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
Finance leases	$ 164.4	$ 23.4	$ 21.1	$ 21.1	$ 20.6	$ 19.9	$ 58.3
Operating leases	3,924.5	920.1	768.6	636.9	504.4	378.6	715.9
Loans	6.2	2.0	4.2	—	—	—	—
Total	$ 4,095.1	$ 945.5	$ 793.9	$ 658.0	$ 525.0	$ 398.5	$ 774.2

Our aggregate future contractual cash receipts at December 31, 2016 decreased $505.9 million compared to 2015, primarily as a result of lease receipts in 2016 and lower rates and shortened lease terms for new leases and renewals completed during 2016.

2017 Liquidity Outlook

We plan to meet our contractual obligations for 2017 using available cash at December 31, 2016 in combination with cash we expect to receive in 2017 from operations, portfolio proceeds, long-term debt issuances, and our railcar and revolving credit facilities. Additionally, we anticipate that portfolio investments in 2017 will likely exceed contractual commitments as we expect to exercise options to purchase railcars that are currently on lease and opportunistically pursue other strategic investments. However, changes in the economic environment or capital markets could adversely impact our liquidity position, and we cannot provide assurance that our sources of cash will be adequate to fund our operations and contractual commitments.

Short-Term Borrowings

We primarily use short-term borrowings as a source of working capital and to temporarily fund differences between our operating cash flows and portfolio proceeds, and our capital investments and debt maturities. We do not maintain or target any particular level of short-term borrowings on a permanent basis. Rather, we will temporarily utilize short-term borrowings at levels we deem appropriate until we decide to pay down these balances using proceeds from a long-term debt issuance.

The following table shows additional information regarding our short-term borrowings:

	North America (1)			Europe (2)		
	2016	2015	2014	2016	2015	2014
Balance as of December 31 (in millions)	$ —	$ —	$ 69.0	$ 3.8	$ 7.4	$ 3.1
Weighted average interest rate	—%	—%	0.6%	1.0%	0.9%	1.5%
Euro/Dollar exchange rate	n/a	n/a	n/a	1.05	1.09	1.21
Average daily amount outstanding during year (in millions)	$ 0.5	$ 5.7	$ 41.9	$ 13.2	$ 5.5	$ 17.4
Weighted average interest rate	0.7%	0.5%	0.3%	0.6%	1.1%	1.1%
Average Euro/Dollar exchange rate	n/a	n/a	n/a	1.11	1.11	1.33
Average daily amount outstanding during 4th quarter (in millions)	$ —	$ —	$ 19.4	$ 5.9	$ 5.2	$ 8.4
Weighted average interest rate	—%	—%	0.4%	0.8%	1.1%	1.1%
Average Euro/Dollar exchange rate	n/a	n/a	n/a	1.08	1.10	1.25
Maximum daily amount outstanding (in millions)	$ 20.0	$ 69.0	$162.0	$ 31.2	$ 75.5	$ 49.8
Euro/Dollar exchange rate	n/a	n/a	n/a	1.11	1.06	1.36

(1) Short-term borrowings in North America are composed of commercial paper issued in the US.
(2) Short-term borrowings in Europe are composed of borrowings under bank credit facilities.

Credit Lines and Facilities

In 2016, we entered into a new $600 million 5-year unsecured revolving credit facility in the US that matures in May 2021 with terms and conditions similar to the prior $575 million facility, which was terminated. As of December 31, 2016, the full $600 million was available under the facility. Additionally, we completed a $250 million 5-year secured railcar facility with a 3-year revolving period in the US that matures in February 2021. As of December 31, 2016, the full $250 million was available under this facility.

Restrictive Covenants

Our credit facility and certain other debt agreements contain various restrictive covenants. See “Note 7. Debt” in Part II, Item 8 of this Form 10-K.

Credit Ratings

The global capital market environment and outlook may affect our funding options and our financial performance. Our access to capital markets at competitive rates depends on our credit rating and rating outlook, as determined by rating agencies. As of December 31, 2016, our long-term unsecured debt was rated BBB by Standard & Poor’s and Baa2 by Moody’s Investor Service and our short-term unsecured debt was rated A-2 by Standard & Poor’s and P-2 by Moody’s Investor Service. Our rating outlook from both agencies was stable.

Shelf Registration Statement

During 2016, we filed a shelf registration statement that enables us to issue debt securities and pass-through certificates. The registration statement is effective for three years and does not limit the amount of debt securities and pass-through certificates we can issue.

Commercial Commitments

We have entered into various commercial commitments, such as guarantees, standby letters of credit, and performance bonds, related to certain transactions. These commercial commitments require us to fulfill specific obligations in the event of third-party demands. Similar to our balance sheet investments, these commitments expose us to credit, market, and equipment risk. Accordingly, we evaluate these commitments and other contingent obligations using techniques similar to those we use to evaluate funded transactions.

The following table shows our commercial commitments at December 31, 2016 (in millions):

	Amount of Commitment Expiration by Period						
	Total	2017	2018	2019	2020	2021	Thereafter
Lease payment guarantees	$ 15.0	$ 10.1	$ 2.8	$ 2.1	$ —	$ —	$ —
Standby letters of credit and performance bonds	8.9	8.9	—	—	—	—	—
	$ 23.9	$ 19.0	$ 2.8	$ 2.1	$ —	$ —	$ —

Lease payment guarantees are commitments to financial institutions to make lease payments for a third party in the event they default. We reduce any liability that may result from these guarantees by the value of the underlying asset or group of assets.

We are also parties to standby letters of credit and performance bonds, which primarily relate to contractual obligations and general liability insurance coverages. No material claims have been made against these obligations, and no material losses are anticipated.

Defined Benefit Plan Contributions

In 2016, we contributed $5.0 million to our defined benefit pension plans and other post-retirement benefit plans. In 2017, we expect to contribute approximately $5.7 million. As of December 31, 2016, our funded pension plans were 97% funded in aggregate. Additional contributions will depend primarily on plan asset investment returns and actuarial experience, and subject to the impact of these factors, we may make additional material plan contributions.

Separately, the shipboard personnel at ASC participate in various multiemployer benefit plans that provide pension, health care, and post-retirement and other benefits to active and retired employees. We contributed $7.1 million to these plans in 2016 and recognized that amount as marine operating expense. We expect our 2017 contributions to approximate 2016 amounts, but our contributions will ultimately depend on the number of vessels deployed and crew hours worked during the year. See "Note 10. Pension and Other Post-Retirement Benefits" in Part II, Item 8 of this Form 10-K for additional information on our benefit plans.

GATX Common Stock Repurchases

On January 29, 2016, our board of directors authorized a $300 million share repurchase program, pursuant to which we are authorized to purchase shares of our common stock in the open market, in privately negotiated transactions, or otherwise, including pursuant to a Rule 10b5-1 plan. The share repurchase program does not have an expiration date, does not obligate the Company to repurchase any dollar amount or shares of common stock, and may be suspended or discontinued at any time. During 2016, we repurchased 2.7 million shares for $120.0 million under this program. As of December 31, 2016, $180.0 million remained available under the repurchase authorization. In 2015, we repurchased 2.4 million shares for $125.4 million, which completed our prior $250 million repurchase authorization. In 2014, we repurchased 1.9 million shares for $124.6 million. The timing of share repurchases will be dependent on market conditions and other factors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our consolidated financial statements in conformity with GAAP, which requires us to use judgment in making estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses, as well as information in the related disclosures. We regularly evaluate our estimates and judgments based on historical experience, market indicators, and other relevant factors and circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Operating Assets

We state operating assets, including assets acquired under capital leases, at cost and depreciate them over their estimated economic useful lives to an estimated residual value using the straight-line method. We determine the economic useful life based on our estimate of the period over which the asset will generate revenue. For the majority of our operating assets, the economic useful life is greater than thirty years. The residual values are based on historical experience and economic factors. We periodically review the appropriateness of our estimates of useful lives and residual values based on changes in economic circumstances and other factors. Changes in these estimates would result in a change in future depreciation expense.

In addition, we review long-lived assets, such as operating assets and facilities, for impairment whenever circumstances indicate that the carrying amount of these assets may not be recoverable. We measure the recoverability of assets we expect to hold and use by comparing the carrying amount of an asset to its estimated future net cash flows. We base estimated future cash flows on a number of assumptions, including lease rates, lease term (including renewals), freight rates and volume, operating costs, the life of the asset, and final disposition proceeds. If we determine an asset is impaired, we record an impairment loss equal to the excess of the asset's carrying amount over its estimated fair value. We base our estimates of fair value on discounted future cash flows, and supplement those estimates with independent appraisals and market comparables when available.

Lease Classification

We analyze all new and modified leases to determine whether we should classify the lease as an operating or capital lease. Our lease classification analysis relies on certain assumptions that require significant judgment, such as the asset's fair value, the asset's estimated residual value, the interest rate implicit in the lease, and the asset's economic useful life. While most of our leases are classified as operating leases, changes in the assumptions we use could result in a different lease classification, which would change the way the lease transaction impacts our financial position and results of operations. See "Note 5. Leases" in Part II, Item 8 of this Form 10-K.

Impairment of Investments in Affiliated Companies

We review the carrying amount of our investments in affiliates annually, or whenever circumstances indicate that their value may have declined. If management determines that indicators of impairment are present for an investment, we perform an analysis to estimate the fair value of that investment. Active markets do not typically exist for our affiliate investments and as a result, we may estimate fair value using discounted cash flow analysis at the investee level, price-earnings ratios based on comparable businesses, or other valuation techniques that are appropriate for the particular circumstances of the affiliate. For all fair value estimates, we use observable inputs whenever possible and appropriate.

Once we make an estimate of fair value, we compare the estimate of fair value to the investment's carrying value. If the investment's estimated fair value is less than its carrying value, then we consider the investment impaired. If an investment is impaired, we assess whether the impairment is other-than-temporary. We consider factors such as the expected operating results for the investment's near future, the length of the economic life cycle of the underlying assets of the investee, and our ability to hold the investment through the end of the underlying assets' useful life to determine if the impairment is other-than-temporary. We may also consider actions we anticipate the investee will take to improve its business prospects if it seems probable the investee will take those actions. If we determine an investment to be only temporarily impaired, we do not record an impairment loss. Alternatively, if we determine an impairment is other-than-temporary, we record a loss equal to the difference between the estimated fair value of the investment and its carrying value. See "Note 6. Investments in Affiliated Companies" and "Note 9. Asset Impairments and Assets Held for Sale" in Part II, Item 8 of this Form 10-K.

Impairment of Goodwill

We review the carrying amount of our goodwill annually or in interim periods if circumstances indicate an impairment may have occurred. We perform the impairment review at the reporting unit level, which is one level below an operating segment. The goodwill impairment test is a two-step process and requires us to make certain judgments to determine the assumptions we use in the calculation. The first step requires us to estimate the fair value of each reporting unit, which we determine using a discounted cash flow model. We base our estimates of the future cash flows on revenue and expense forecasts and include assumptions for future growth. When estimating the fair value of the reporting unit, we also consider observable multiples of book value and earnings for companies that we believe are comparable to the applicable reporting units. We then compare our estimate of the fair value of the reporting unit with the reporting unit's carrying amount, which includes goodwill. If the estimated fair value is less than the carrying amount, we compare the implied fair value of the reporting unit's goodwill with the carrying amount of the goodwill. If the carrying amount of the goodwill exceeds its implied fair value, we record an impairment loss for the amount the carrying amount of the goodwill exceeds its implied fair value. See "Note 16. Goodwill" in Part II, Item 8 of this Form 10-K.

Pension and Post-Retirement Benefits Assumptions

We use actuarial assumptions to calculate pension and other post-retirement benefit obligations and related costs. The discount rate and the expected return on plan assets are two critical assumptions that influence the plan expense and liability measurement. Other assumptions involve demographic factors such as expected retirement age, mortality, employee turnover, health care cost trends, and the rate of compensation increases.

We use the discount rate to calculate the present value of expected future pension and post-retirement cash flows as of the measurement date. The discount rate is based on yields for high-quality, long-term bonds with durations similar to the projected benefit obligation. We base the expected long-term rate of return on plan assets on current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. We evaluate these critical assumptions annually and make adjustments as required in accordance with changes in underlying market conditions, valuation of plan assets, or demographics. Changes in these assumptions may increase or decrease periodic benefit plan expense as well as the carrying value of benefit plan obligations. See "Note 10. Pension and Other Post-Retirement Benefits" in Part II, Item 8 of this Form 10-K for additional information regarding these assumptions.

Share-Based Compensation

We grant equity awards to certain employees and non-employee directors in the form of non-qualified stock options, stock appreciation rights, restricted stock, performance shares, and phantom stock. We recognize compensation expense for these awards on a pro-rata basis over the applicable vesting period based on the award's grant date fair value. We use the Black-Scholes options valuation model to calculate the grant date fair value of stock options and stock appreciation rights. This model requires us to make certain assumptions, some of which are highly subjective, that affect the amount of compensation expense we will record. The assumptions we use in the model include the expected stock price volatility (based on the historical volatility of our stock price), the risk-free interest rate (based on the treasury yield curve), the expected life of the equity award (based on historical exercise patterns and post-vesting termination behavior), and the dividend equivalents we expect to pay during the estimated life of the equity award since our stock appreciation rights are dividend participating. We base the fair value of other equity awards on our stock price on the grant date. See "Note 11. Share-Based Compensation" in Part II, Item 8 of this Form 10-K.

Income Taxes

Our operations are subject to taxes in the US, various states, and foreign countries, and as result, we may be subject to audit in all of these jurisdictions. Tax audits may involve complex issues and disagreements with taxing authorities that could require several years to resolve. GAAP requires that we presume the relevant tax authority will examine uncertain income tax positions. We must determine whether, based on the technical merits of our position, it is more likely than not that our uncertain income tax positions will be sustained by taxing authorities upon examination, which may include related appeals or litigation processes. We must then evaluate income tax positions that meet the more likely than not recognition threshold to determine the probable amount of benefit we would recognize in the financial statements. Establishing accruals for uncertain tax benefits requires us to make estimates and assessments with respect to the ultimate outcome of tax audit issues for amounts recorded in the financial statements. The ultimate resolution of uncertain tax benefits may differ from our estimate, potentially impacting our financial position, results of operations, or cash flows.

We evaluate the need for a deferred tax asset valuation allowance by assessing the likelihood we will realize deferred tax assets, including net operating loss and tax credit carryforward benefits, in the future. Our assessment of whether a valuation allowance is required involves judgment, including forecasting future taxable income and evaluating tax planning initiatives, if applicable.

Our tax provision does not include taxes on undistributed earnings of foreign subsidiaries as we intend to permanently reinvest such earnings in those foreign operations. If, in the future, these earnings are repatriated to the US, or if we expect such earnings to be repatriated, a provision for additional taxes may be required. See "Note 12. Income Taxes" in Part II, Item 8 of this Form 10-K for additional information on income taxes.

NEW ACCOUNTING PRONOUNCEMENTS

See "Note 2. Accounting Changes" in Part II, Item 8 of this Form 10-K for a summary of new accounting pronouncements that may impact our business.

NON-GAAP FINANCIAL MEASURES

In addition to financial results reported in accordance with GAAP, we compute certain financial measures using non-GAAP components, as defined by the SEC. These measures are not in accordance with, or a substitute for, GAAP and our financial measures may be different from non-GAAP financial measures used by other companies. We have provided a reconciliation of our non-GAAP components to the most directly comparable GAAP components.

Reconciliation of Non-GAAP Components used in the Computation of Certain Financial Measures

Balance Sheet Measures

We include total on- and off-balance sheet assets because a portion of our North American railcar fleet has been financed through sale-leasebacks that are accounted for as operating leases and are not recorded on the balance sheet. Similarly, ASC utilizes vessels that are accounted for as operating leases and are not recorded on the balance sheet. We include these leased-in assets in our calculation of total assets (as adjusted) because we believe it gives investors a more comprehensive representation of the magnitude of the assets we operate and that drive our financial performance. In addition, this calculation of total assets (as adjusted) provides consistency with other non-financial information we disclose about our fleet, including the number of railcars in the fleet, average number of cars on lease, and utilization. We also provide information regarding our leverage ratios, which are expressed as a ratio of debt (including off-balance sheet debt) to equity. The off-balance sheet debt amount in this calculation is the equivalent of the off-balance sheet asset amount. We believe reporting this corresponding off-balance sheet debt amount provides investors and other users of our financial statements with a more comprehensive representation of our debt obligations, leverage, and capital structure.

The following table shows total balance sheet assets (in millions):

	2016	2015	2014	2013	2012
Total assets (GAAP)	$ 7,105.4	$ 6,894.2	$ 6,919.9	$ 6,535.5	$ 6,044.7
Off-balance sheet assets:					
Rail North America	456.5	488.7	606.1	887.9	863.5
ASC	2.6	6.8	11.7	16.5	21.0
Total off-balance sheet assets	$ 459.1	$ 495.5	$ 617.8	$ 904.4	$ 884.5
Total assets, as adjusted (non-GAAP)	$ 7,564.5	$ 7,389.7	$ 7,537.7	$ 7,439.9	$ 6,929.2
Shareholders' Equity	$ 1,347.2	$ 1,280.2	$ 1,314.0	$ 1,397.0	$ 1,244.2

The following table shows the components of recourse leverage (in millions, except recourse leverage ratio):

	2016	2015	2014	2013	2012
Debt, net of unrestricted cash:					
Unrestricted cash	$ (307.5)	$ (202.4)	$ (209.9)	$ (379.7)	$ (234.2)
Commercial paper and bank credit facilities	3.8	7.4	72.1	23.6	273.6
Recourse debt	4,253.2	4,171.5	4,162.3	3,751.8	3,141.7
Nonrecourse debt	—	6.9	15.9	72.6	130.6
Capital lease obligations	14.9	18.4	6.3	8.9	11.3
Total debt, net of unrestricted cash (GAAP)	3,964.4	4,001.8	4,046.7	3,477.2	3,323.0
Off-balance sheet recourse debt	459.1	495.5	566.7	727.6	730.1
Off-balance sheet nonrecourse debt	—	—	51.1	176.8	154.4
Total debt, net of unrestricted cash, as adjusted (non-GAAP)	$ 4,423.5	$ 4,497.3	$ 4,664.5	$ 4,381.6	$ 4,207.5
Total recourse debt (1)	$ 4,423.5	$ 4,490.4	$ 4,597.5	$ 4,132.2	$ 3,922.5
Shareholders' Equity	$ 1,347.2	$ 1,280.2	$ 1,314.0	$ 1,397.0	$ 1,244.2
Recourse Leverage (2)	3.3	3.5	3.5	3.0	3.2

(1) Includes on- and off-balance sheet recourse debt, capital lease obligations, and commercial paper and bank credit facilities, net of restricted cash.

(2) Calculated as total recourse debt / shareholder's equity.

Net Income Measures

We exclude the effects of certain tax adjustments and other items for purposes of presenting net income, diluted earnings per share, and return on equity, because we believe these items are not attributable to our business operations. Management utilizes this information when analyzing financial performance because such amounts reflect the underlying operating results that are within management's ability to influence. Accordingly, we believe presenting this information provides investors and other users of our financial statements with meaningful supplemental information for purposes of analyzing year-to-year financial performance on a comparable basis and assessing trends.

The following tables show our net income, diluted earnings per share, and return on equity, excluding tax adjustments and other items (in millions, except per share data):

Impact of Tax Adjustments and Other Items on Net Income:

	2016	2015	2014	2013	2012
Net income (GAAP)	$ 257.1	$ 205.3	$ 205.0	$ 169.3	$ 137.3
Adjustments attributable to consolidated income, pretax:					
Railcar impairment at Rail North America (1)	29.8	—	—	—	—
Net loss on wholly owned Portfolio Management marine investments (2)	2.5	9.2	—	—	—
Residual sharing settlement at Portfolio Management (3)	(49.1)	—	—	—	—
Early retirement program (4)	—	9.0	—	—	—
Total adjustments attributable to consolidated income, pretax	$ (16.8)	$ 18.2	$ —	$ —	$ —
Income taxes thereon, based on applicable effective tax rate	$ 7.2	$ (6.9)	$ —	$ —	$ —
Other income tax adjustments attributable to consolidated income:					
Income tax rate changes (5)	—	14.1	—	—	0.7
GATX income taxes on sale of AAE (6)	—	—	—	23.2	—
Foreign tax credit utilization (7)	(7.1)	—	—	(3.9)	(4.6)
Tax benefits upon close of tax audits	—	—	—	—	(15.5)
Total other income tax adjustments attributable to consolidated income	$ (7.1)	$ 14.1	$ —	$ 19.3	$ (19.4)
Adjustments attributable to affiliates' earnings, net of taxes:					
Net (gain) loss on Portfolio Management affiliate (2)	(0.6)	11.9	—	—	—
Income tax rate changes (8)	(3.9)	(7.7)	—	(7.6)	(4.6)
Pretax gain on sale of AAE (6)	—	—	—	(9.3)	—
Interest rate swaps at AAE (9)	—	—	—	(6.9)	20.5
Total adjustments attributable to affiliates' earnings, net of taxes	$ (4.5)	$ 4.2	$ —	$ (23.8)	$ 15.9
Net income, excluding tax adjustments and other items (non-GAAP)	$ 235.9	$ 234.9	$ 205.0	$ 164.8	$ 133.8

Impact of Tax Adjustments and Other Items on Diluted Earnings per Share:

	2016	2015	2014	2013	2012
Diluted earnings per share (GAAP)	$ 6.29	$ 4.69	$ 4.48	$ 3.59	$ 2.88
Adjustments attributable to consolidated income, net of taxes:					
Railcar impairment at Rail North America (1)	0.47	—	—	—	—
Net loss on wholly owned Portfolio Management marine investments (2)	0.04	0.13	—	—	—
Residual sharing settlement at Portfolio Management (3)	(0.74)				
Early retirement program (4)	—	0.13	—	—	—
Income tax rate changes (5)	—	0.32	—	—	0.01
GATX income taxes on sale of AAE (6)	—	—	—	0.50	—
Foreign tax credit utilization (7)	(0.17)	—	—	(0.08)	(0.09)
Tax benefits upon close of tax audits	—	—	—	—	(0.33)
Adjustments attributable to affiliates' earnings, net of taxes:					
Net (gain) loss on Portfolio Management marine affiliate (2)	(0.02)	0.27	—	—	—
Income tax rate changes (8)	(0.10)	(0.18)	—	(0.16)	(0.09)
Pretax gain on sale of AAE (6)	—	—	—	(0.20)	—
Interest rate swaps at AAE (9)	—	—	—	(0.15)	0.43
Diluted earnings per share, excluding tax adjustments and other items (non-GAAP)*	$ 5.77	$ 5.37	$ 4.48	$ 3.50	$ 2.81

* Sum of individual components may not be additive, due to rounding.

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(1) In 2016, we recorded impairment losses related specifically to certain railcars in flammable service that we believe have been permanently and negatively impacted by regulatory changes.
(2) In 2015, we made the decision to exit the majority of our non-core, marine investments within our Portfolio Management segment. As a result, we recorded losses and gains associated with the impairments and sales of certain investments.
(3) Proceeds were recorded as a result of the settlement of a residual sharing agreement related to a residual guarantee we provided on certain rail assets.
(4) Expenses associated with an early retirement program offered to certain eligible employees.
(5) Deferred income tax adjustments attributable to an increase of our effective state income tax rate in 2015 and a deferred income tax adjustment due to an enacted statutory rate increase in Ontario in 2012.
(6) Aggregate after-tax impact of the AAE sale, including the $3.9 million foreign credit carryforward, was a net loss of $10.0 million.
(7) Benefits attributable to the utilization of foreign tax credit carryforwards.
(8) Deferred income tax adjustments due to enacted statutory rate decreases in the United Kingdom for each of 2016, 2015, 2013, and 2012.
(9) Realized and/or unrealized gains/losses on AAE interest rate swaps.

	2016	2015	2014	2013	2012
Return on Equity (GAAP)	19.6%	15.8%	15.1%	12.8%	11.6%
Return on Equity, excluding tax adjustments and other items (non-GAAP)	18.0%	18.1%	15.1%	12.5%	11.3%

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

In the normal course of business, we are exposed to interest rate and foreign currency exchange rate risks that could impact our financial results. To manage these risks we may enter into certain derivative transactions, principally interest rate swaps, Treasury rate locks, options and currency forwards and swaps. These instruments and other derivatives are entered into only for hedging existing underlying exposures. We do not hold or issue derivative financial instruments for speculative purposes.

Interest Rate Exposure — Our reported interest expense is affected by changes in interest rates, primarily LIBOR, as a result of the issuance of floating rate debt instruments. We generally manage the amount of floating rate debt exposure based on the relationship between lease revenues and interest rates. Based on our floating rate debt instruments at December 31, 2016, and giving effect to related derivatives, a hypothetical increase in market interest rates of 100 basis points would cause an increase in after-tax interest expense of $6.1 million in 2017. Comparatively, at December 31, 2015, a hypothetical 100 basis point increase in interest rates would have resulted in a $5.2 million increase in after-tax interest expense in 2016. Our earnings are also exposed to interest rate changes from affiliates' earnings. Certain affiliates issue floating rate debt instruments to finance their investments.

Foreign Currency Exchange Rate Exposure — Certain of our foreign subsidiaries conduct business in currencies other than the US dollar, principally those operating in Austria, Canada, Germany, and Poland. As a result, we are exposed to foreign currency risk attributable to changes in the exchange value of the US dollar in terms of the euro, Canadian dollar, and Polish zloty. Based on 2016 local currency earnings and considering non-functional currency assets and liabilities recorded as of December 31, 2016, and giving effect to related derivatives, a uniform and hypothetical 10% strengthening in the US dollar versus applicable foreign currencies would decrease after-tax income in 2017 by $2.9 million. Comparatively, based on 2015 local currency earnings and considering non-functional currency assets and liabilities recorded as of December 31, 2015, a uniform and hypothetical 10% strengthening in the US dollar versus applicable foreign currencies would have decreased after-tax income in 2016 by $1.9 million.

Item 8. ***Financial Statements and Supplementary Data***

Report of Independent Registered Public Accounting Firm on Financial Statements

The Board of Directors and Shareholders of GATX Corporation and subsidiaries

We have audited the accompanying consolidated balance sheets of GATX Corporation and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of GATX Corporation and subsidiaries at December 31, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), GATX Corporation and subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 22, 2017, expressed an unqualified opinion thereon.

Ernst + Young LLP

Chicago, Illinois
February 22, 2017

GATX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	December 31 2016	December 31 2015
Assets		
Cash and Cash Equivalents	$ 307.5	$ 202.4
Restricted Cash	3.6	17.3
Receivables		
Rent and other receivables	85.9	69.4
Finance leases	147.7	167.6
Less: allowance for losses	(6.1)	(10.3)
	227.5	226.7
Operating Assets and Facilities	8,446.4	8,204.0
Less: allowance for depreciation	(2,641.7)	(2,505.6)
	5,804.7	5,698.4
Investments in Affiliated Companies	387.0	348.5
Goodwill	78.0	79.7
Other Assets	297.1	321.2
Total Assets	$ 7,105.4	$ 6,894.2
Liabilities and Shareholders' Equity		
Accounts Payable and Accrued Expenses	$ 174.8	$ 170.9
Debt		
Commercial paper and borrowings under bank credit facilities	3.8	7.4
Recourse	4,253.2	4,171.5
Nonrecourse	—	6.9
Capital lease obligations	14.9	18.4
	4,271.9	4,204.2
Deferred Income Taxes	1,089.4	1,018.3
Other Liabilities	222.1	220.6
Total Liabilities	5,758.2	5,614.0
Shareholders' Equity		
Common stock, $0.625 par value:		
Authorized shares — 120,000,000		
Issued shares — 66,953,606 and 66,776,290		
Outstanding shares — 39,442,893 and 41,970,098	41.5	41.5
Additional paid in capital	687.8	677.4
Retained earnings	1,828.0	1,639.0
Accumulated other comprehensive loss	(211.1)	(198.8)
Treasury stock at cost (27,510,713 and 24,806,192 shares)	(999.0)	(878.9)
Total Shareholders' Equity	1,347.2	1,280.2
Total Liabilities and Shareholders' Equity	$ 7,105.4	$ 6,894.2

See accompanying notes to consolidated financial statements.

GATX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions, except per share data)

	Year Ended December 31		
	2016	2015	2014
Revenues			
Lease revenue	$ 1,127.1	$ 1,130.1	$ 1,086.6
Marine operating revenue	199.3	235.0	286.3
Other revenue	91.9	84.8	78.1
Total Revenues	1,418.3	1,449.9	1,451.0
Expenses			
Maintenance expense	332.3	326.1	337.0
Marine operating expense	129.5	155.9	197.8
Depreciation expense	297.2	290.5	273.5
Operating lease expense	73.5	87.2	108.7
Other operating expense	43.8	38.4	28.9
Selling, general and administrative expense	174.7	192.4	189.2
Total Expenses	1,051.0	1,090.5	1,135.1
Other Income (Expense)			
Net gain on asset dispositions	98.0	79.2	87.2
Interest expense, net	(148.1)	(155.1)	(158.4)
Other expense	(11.8)	(13.2)	(13.5)
Income before Income Taxes and Share of Affiliates' Earnings	305.4	270.3	231.2
Income Taxes	(95.7)	(110.9)	(75.7)
Share of Affiliates' Earnings, Net of Taxes	47.4	45.9	49.5
Net Income	$ 257.1	$ 205.3	$ 205.0
Other Comprehensive Income, Net of Taxes			
Foreign currency translation adjustments	(26.0)	(55.8)	(79.1)
Unrealized gain (loss) on securities	0.3	(0.6)	(0.1)
Unrealized gain (loss) on derivative instruments	0.6	(1.8)	3.0
Post-retirement benefit plans	12.8	7.8	(29.5)
Other comprehensive loss	(12.3)	(50.4)	(105.7)
Comprehensive Income	$ 244.8	$ 154.9	$ 99.3
Share Data			
Basic earnings per share	$ 6.35	$ 4.76	$ 4.55
Average number of common shares	40.5	43.1	45.0
Diluted earnings per share	$ 6.29	$ 4.69	$ 4.48
Average number of common shares and common share equivalents	40.9	43.8	45.8
Dividends declared per common share	$ 1.60	$ 1.52	$ 1.32

See accompanying notes to consolidated financial statements.

GATX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31		
	2016	**2015**	**2014**
Operating Activities			
Net income	$ 257.1	$ 205.3	$ 205.0
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	310.2	303.3	287.0
Change in accrued operating lease expense	3.0	(24.2)	(5.2)
Net gains on sales of assets	(52.9)	(99.7)	(79.3)
Asset impairments	38.5	33.9	1.3
Employee benefit plans	7.1	10.6	3.7
Share-based compensation	15.8	11.6	14.0
Deferred income taxes	72.8	90.2	61.4
Change in income taxes payable	(5.7)	7.4	(4.4)
Share of affiliates' earnings, net of dividends	(12.2)	(13.7)	(9.5)
Other	(7.6)	9.6	(24.8)
Net cash provided by operating activities	626.1	534.3	449.2
Investing Activities			
Additions to operating assets and facilities	(595.7)	(681.4)	(1,015.2)
Investments in affiliates	(25.0)	(15.5)	(15.3)
Portfolio investments and capital additions	(620.7)	(696.9)	(1,030.5)
Purchases of leased-in assets	(117.1)	(118.4)	(150.5)
Portfolio proceeds	223.7	482.2	264.0
Proceeds from sales of other assets	23.0	18.7	26.9
Proceeds from sale-leasebacks	82.5	—	—
Net decrease (increase) in restricted cash	13.7	(2.9)	5.8
Other	—	9.7	5.8
Net cash used in investing activities	(394.9)	(307.6)	(878.5)
Financing Activities			
Net proceeds from issuances of debt (original maturities longer than 90 days)	859.4	748.8	1,223.0
Repayments of debt (original maturities longer than 90 days)	(800.0)	(726.3)	(819.8)
Net (decrease) increase in debt with original maturities of 90 days or less	(3.6)	(64.5)	50.0
Payments on capital lease obligations	(3.6)	(2.7)	(2.6)
Stock repurchases	(120.1)	(125.4)	(124.6)
Dividends	(67.4)	(68.2)	(62.0)
Other	10.4	9.3	(1.8)
Net cash (used in) provided by financing activities	(124.9)	(229.0)	262.2
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1.2)	(5.2)	(2.7)
Net increase (decrease) in Cash and Cash Equivalents during the year	105.1	(7.5)	(169.8)
Cash and Cash Equivalents at beginning of year	202.4	209.9	379.7
Cash and Cash Equivalents at end of year	$ 307.5	$ 202.4	$ 209.9

See accompanying notes to consolidated financial statements.

GATX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In millions)

	2016 Shares	2016 Dollars	2015 Shares	2015 Dollars	2014 Shares	2014 Dollars
Common Stock						
Balance at beginning of year	66.8	$ 41.5	66.6	$ 41.4	66.3	$ 41.3
Issuance of common stock	0.2	—	0.2	0.1	0.3	0.1
Balance at end of year	67.0	41.5	66.8	41.5	66.6	41.4
Treasury Stock						
Balance at beginning of year	(24.8)	(878.9)	(22.4)	(753.5)	(20.5)	(628.9)
Stock repurchases	(2.7)	(120.1)	(2.4)	(125.4)	(1.9)	(124.6)
Balance at end of year	(27.5)	(999.0)	(24.8)	(878.9)	(22.4)	(753.5)
Additional Paid In Capital						
Balance at beginning of year		677.4		672.8		668.9
Share-based compensation effects		10.4		4.6		3.9
Issuance of common stock		—		—		—
Balance at end of year		687.8		677.4		672.8
Retained Earnings						
Balance at beginning of year		1,639.0		1,501.7		1,358.4
Net income		257.1		205.3		205.0
Dividends declared		(68.1)		(68.0)		(61.7)
Balance at end of year		1,828.0		1,639.0		1,501.7
Accumulated Other Comprehensive Loss						
Balance at beginning of year		(198.8)		(148.4)		(42.7)
Other comprehensive loss		(12.3)		(50.4)		(105.7)
Balance at end of year		(211.1)		(198.8)		(148.4)
Total Shareholders' Equity		$ 1,347.2		$ 1,280.2		$ 1,314.0

See accompanying notes to consolidated financial statements.

NOTE 1. Description of Business

As used herein, “GATX,” “we,” “us,” “our,” and similar terms refer to GATX Corporation and its subsidiaries, unless indicated otherwise.

We lease, operate, manage, and remarket long-lived, widely-used assets, primarily in the rail market. We report our financial results through four primary business segments: Rail North America, Rail International, American Steamship Company (“ASC”), and Portfolio Management.

NOTE 2. Accounting Changes

Change in Accounting Estimate

At the end of 2015, we changed the approach used to measure service and interest costs for pension and other postretirement benefits. In prior years, we measured service and interest costs utilizing a single weighted-average discount rate derived from the yield curve used to measure the plan obligations. For 2016, we measured service and interest costs by applying the specific spot rates along that yield curve to the plans’ liability cash flows. We believe this approach provides a more precise measurement of service and interest costs by aligning the timing of the plans’ liability cash flows to the corresponding spot rates on the yield curve. This change does not affect the measurement of our plan obligations. We have accounted for this change as a change in accounting estimate and, accordingly, have applied it on a prospective basis. Our adoption of the full yield curve approach reduced 2016 service and interest cost by approximately $4.5 million ($2.8 million after-tax) as compared to the previous method.

New Accounting Pronouncements Adopted

Consolidation

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810) Amendments to the Consolidation Analysis,* which amends the analysis required to determine whether to consolidate certain types of legal entities such as limited partnerships, limited liability corporations, and certain securitization structures. The new guidance was effective for us beginning in the first quarter of 2016. Application of the new guidance did not impact our financial statements or related disclosures.

Fair Value Measurement

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (ASU 2015-07).* ASU 2015-07 eliminates the requirement to categorize within the fair value hierarchy investments for which the fair values are estimated using the net asset value practical expedient. In addition, the requirement to make specific disclosures for all investments eligible to be assessed at fair value with the net asset value per share practical expedient has been removed. Instead, such disclosures are restricted only to investments that the entity has decided to measure using the practical expedient. The new guidance was effective for us beginning in the first quarter of 2016. However, none of our consolidated investments were valued using this method, although certain investments held within our funded pension plans are subject to this change. The amendment impacts the disclosure in our notes to the financial statements but does not have an effect on our financial statements.

Business Combinations

In September 2015, the FASB issued ASU 2015-16, *Business Combinations (Topic 805), Simplifying the Accounting for Measurement-Period Adjustments,* which requires the acquirer in a business combination to recognize measurement-period adjustments in the period in which it determines the amount of the adjustment. The new guidance was effective for us in the first quarter of 2016. Application of the new guidance did not impact our financial statements and related disclosures.

New Accounting Pronouncements Not Yet Adopted

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes most current revenue recognition guidance, including industry-specific guidance. Subsequently, the FASB has issued updates which provide additional implementation guidance. The new guidance requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. The FASB delayed the effective date of this guidance to the first quarter of 2018, with early adoption permitted as of the original effective date of the first quarter of 2017. We plan to adopt this guidance as of January 1, 2018 using the modified retrospective approach. Our primary source of revenue is lease revenue, which will continue to be within the scope of existing lease accounting guidance upon adoption of Topic 606. With respect to our other revenue elements, marine operating revenue is our biggest component. The new standard may modify the recognition timing of certain in-transit cargo revenue, but we do not expect such changes to have a material impact on our financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes most current lease guidance. The new guidance requires companies to recognize most leases on the balance sheet and modifies accounting, presentation, and disclosure for both lessors and lessees. The new guidance is effective for us in the first quarter of 2019 with early adoption permitted, using a modified retrospective transition method. We plan to adopt this guidance on January 1, 2019. We are evaluating the effect that the new guidance will have on our consolidated financial statements and related disclosures.

Financial Instruments

In January 2016, the FASB issued ASU 2016-01*, Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities,* which modifies the accounting and reporting requirements for certain equity securities and financial liabilities. The new guidance is effective for us beginning in the first quarter of 2018 with certain provisions eligible for early adoption. We do not expect the new guidance to have a significant impact on our financial statements or related disclosures.

Equity Method and Joint Ventures

In March 2016, the FASB issued ASU 2016-07, *Investments - Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*, which eliminates the requirement to retrospectively apply equity method accounting when an entity increases ownership or influence in a previously held investment. The new guidance is effective for us in the first quarter of 2017 with early adoption permitted. We do not expect the new guidance to impact our financial statements or related disclosures.

Stock Compensation

In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,* which simplifies and clarifies certain aspects of share-based payment accounting and presentation. The new guidance is effective for us in the first quarter of 2017 with early adoption permitted. We do not expect the guidance to have a significant impact on our financial statements or related disclosures.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which modifies how entities will measure credit losses. The new guidance is effective for us in the first quarter of 2020 with early adoption permitted. We are evaluating the effect that the new guidance will have on our financial statements and related disclosures.

Statement of Cash Flows

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,* which clarifies the classification of certain cash receipts and payments in the statement of cash flows. The new guidance is effective for us in the first quarter of 2018 with early adoption permitted. We do not expect the new guidance to have a significant impact on our financial statements or related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force),* which clarifies the classification and presentation of changes in restricted cash on the statement of cash flows. The new guidance is effective for us in the first quarter of 2018 with early adoption permitted. We do not expect the new guidance to have a significant impact on our financial statements or related disclosures.

Income Taxes

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory,* which modifies how an entity will recognize the income tax consequences of an intra-entity transfer of an asset when the transfer occurs. The new guidance is effective for us in the first quarter of 2018 with early adoption permitted. We are evaluating the effect that the new guidance will have on our financial statements and related disclosures.

NOTE 3. Significant Accounting Policies

Basis of Presentation

We prepared the accompanying consolidated financial statements in accordance with US generally accepted accounting principles ("GAAP"). Certain prior year amounts have been reclassified to conform to the 2016 presentation.

Use of Estimates

Preparing financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts we report. We regularly evaluate our estimates and judgments based on historical experience and other relevant facts and circumstances. Actual amounts could differ from our estimates.

Consolidation

Our consolidated financial statements include our assets, liabilities, revenues, and expenses, as well as the assets, liabilities, revenues, and expenses of subsidiaries in which we had a controlling financial interest. We have eliminated intercompany transactions and balances.

Investments in Affiliates

We use the equity method to account for investments in joint ventures and other unconsolidated entities if we have the ability to exercise significant influence over the financial and operating policies of those investees. Under the equity method, we record our initial investments in these entities at cost and subsequently adjust the investment for our share of the affiliates' undistributed earnings (losses), and distributions. We include loans to and from affiliates as part of our investment in the affiliate and include interest on any such loans in our share of the affiliates' earnings. We review the carrying amount of our investments in affiliates annually, or whenever circumstances indicate that the value of these investments may have declined. If we determine an investment is impaired on an other-than-temporary basis, we record a loss equal to the difference between the fair value of the investment and its carrying value. See "Note 6. Investments in Affiliated Companies."

Variable Interest Entities

We evaluate whether an entity is a variable interest entity based on the sufficiency of the entity's equity and by determining whether the equity holders have the characteristics of a controlling financial interest. To determine if we are the primary beneficiary of a variable interest entity, we assess whether we have the power to direct the activities that most significantly impact the economic performance of the entity as well as the obligation to absorb losses or the right to receive benefits that may be significant to the entity. These determinations are both qualitative and quantitative, and they require us to make judgments and assumptions about the entity's forecasted financial performance and the volatility inherent in those forecasted results. We evaluate new investments for variable interest entity determination and regularly review all existing entities for events that may result in an entity becoming a variable interest entity or us becoming the primary beneficiary of an existing variable interest entity.

Fair Value Measurements

Fair value is the price that a market participant would receive to sell an asset or pay to transfer a liability in an orderly transaction at the measurement date. We classify fair value measurements according to the three-level hierarchy defined by GAAP, and those classifications are based on our judgment about the reliability of the inputs we use in the fair value measurement. Level 1 inputs are quoted prices available in active markets for identical assets or liabilities. Level 2 inputs are observable, either directly or indirectly, and may include quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. For assets or liabilities with a specified contractual term, Level 2 inputs must be observable for substantially the full term of that asset or liability. Level 3 inputs are unobservable, meaning they are supported by little or no market activity. Fair value measurements classified as Level 3 typically rely on pricing models and discounted cash flow methodologies, both of which require significant judgment. See "Note 8. Fair Value Disclosure."

Cash and Cash Equivalents

We classify all highly liquid investments with a maturity of three months or less when purchased as cash equivalents.

Restricted Cash

Restricted cash is cash and cash equivalents that are restricted as to withdrawal and use. Our restricted cash primarily relates to contractually required cash amounts we maintain for one wholly owned special purpose limited liability company.

Operating Assets and Facilities

We state operating assets, facilities, and capitalized improvements at cost. We include assets we acquire under capital leases in operating assets, and we record the related obligations as liabilities. We depreciate operating assets and facilities over their estimated useful lives or lease terms to estimated residual values using the straight-line method. We depreciate leasehold improvements over the shorter of their useful lives or the lease term. Our estimated depreciable lives of operating assets and facilities are as follows:

Railcars	20–45 years
Locomotives	10–20 years
Buildings	40–50 years
Leasehold improvements	5–15 years
Marine vessels	30–65 years
Other equipment	5–30 years

We review long-lived assets for impairment whenever circumstances indicate that the carrying amount of those assets may not be recoverable. We evaluate the recoverability of assets to be held and used by comparing the carrying amount of the asset to the undiscounted future net cash flows we expect the asset to generate. If we determine an asset is impaired, we recognize an impairment loss equal to the amount the carrying amount exceeds the asset's fair value. We classify assets we plan to sell or otherwise dispose of as held for sale, provided they meet specified accounting criteria, and we record those assets at the lower of their carrying amount or fair value less costs to sell. See "Note 9. Asset Impairments and Assets Held for Sale" for further information about asset impairment losses and assets held for sale.

Lease Classification

We determine the classification of a lease at its inception. If the provisions of the lease subsequently change, other than by renewal or extension, we evaluate whether that change would have resulted in a different lease classification had the change been in effect at inception. If so, the revised agreement is considered a new lease for lease classification purposes. See "Note 5. Leases."

Operating Leases

We offer full-service and net operating leases. We price full-service leases as an integrated service that includes amounts related to executory costs, such as maintenance, insurance, and ad valorem taxes. We do not offer stand-alone maintenance service contracts and are unable to separate executory costs from full-service lease revenue. We recognize operating lease revenue, including amounts related to executory costs, on a straight-line basis over the term of the underlying lease. As a result, we may not recognize lease revenue in the same period as maintenance and other executory costs, which we expense as incurred. See "Note 5. Leases."

Finance Leases

For finance leases, we record a gross lease payment receivable and an estimated residual value, net of unearned income. For sales-type leases, we may also recognize a gain or loss in the period the lease is recorded. Gross lease payment receivables are the rents we expect to receive through the end of the lease term for a leased asset. Estimated residual values are our estimates of value of an asset at the end of a finance lease term. We review our estimates of residual values annually or whenever circumstances indicate that residual values may have declined. Other-than-temporary declines in value are recognized as impairments. Initial unearned income is the amount that the original lease payment receivable and the estimated residual value of the leased asset exceeds the original cost or carrying value of the leased asset. We amortize unearned income to lease revenue using the interest method, which produces a constant yield over the lease term.

We regularly review the finance lease portfolio and classify finance leases as non-performing if it is probable that we will be unable to collect all amounts due under the lease. We generally stop accruing income on non-performing finance leases until all contractual payments are current. We apply payments received for non-performing finance leases to the lease payment receivable. See "Note 5. Leases."

Inventory

Our inventory consists of railcar and locomotive repair components and marine vessel spare parts. All inventory balances are stated at lower of cost or market. Railcar repair components are valued using the average cost method. Vessel spare parts inventory is valued using the first-in, first-out method. Inventory is included in other assets on the balance sheet.

Loans

We record loans at their principal amount outstanding adjusted for allowances, deferred fees, unamortized premiums or discounts, and accrued interest. We review the loan portfolio regularly and classify a loan as impaired when it is probable that we will be unable to collect all amounts due under the loan agreement. Since most loans are collateralized, we generally measure impairment as the amount the carrying value of the loan exceeds the expected repayments, including any value attributable to underlying collateral. We do not typically recognize interest income on impaired loans until the loan has been paid to contractually current status. Loans are included in other assets on the balance sheet.

Allowance for Losses

The allowance for losses is our estimate of credit losses associated with reservable assets. Reservable assets are divided into two categories: rent and other receivables, which includes short-term trade billings, and loans and finance lease receivables. We base our loss reserves for rent and other receivables on historical loss experience and judgments about the impact of economic conditions, the state of the markets we operate in, and collateral values, if applicable. In addition, we may establish specific reserves for known troubled accounts. We evaluate reserve estimates for loans and finance lease receivables on a customer-specific basis, considering each customer's particular credit situation. We also consider the factors we use to evaluate rent and other receivables, which are outlined above. We charge amounts against the allowance when we deem them uncollectable. We made no material changes in our estimation methods or assumptions for the allowance during 2016. We believe that the allowance is adequate to cover losses inherent in our reservable assets as of December 31, 2016. Since the allowance is based on judgments and estimates, it is possible that actual losses incurred will differ from the estimate. See "Note 17. Allowance for Losses."

Goodwill

We recognize goodwill when the consideration paid to acquire a business exceeds the fair value of the net assets acquired. We assign goodwill to the same reporting unit as the net assets of the acquired business and we assess our goodwill for impairment on an annual basis in the fourth quarter, or during interim periods if impairment indicators are present. If the carrying amount of the applicable reporting unit exceeds its fair value, we compare the implied fair value of the reporting unit's goodwill with the carrying amount of goodwill. We record an impairment loss if the carrying amount of goodwill exceeds its implied fair value. The fair values of our reporting units are determined using discounted cash flow models. See "Note 16. Goodwill."

Income Taxes

We calculate provisions for federal, state, and foreign income taxes on our reported income before income taxes. We base our calculations of deferred tax assets and liabilities on the differences between the financial statement and tax bases of assets and liabilities, using enacted rates in effect for the year we expect the differences will reverse. We reflect the cumulative effect of changes in tax rates from those we previously used to determine deferred tax assets and liabilities in the provision for income taxes in the period the change is enacted. Provisions for income taxes in any given period differ from those currently payable or receivable because certain items of income and expense are recognized in different periods for financial reporting purposes than for income tax purposes. We may deduct expenses or defer income attributable to uncertain tax positions for tax purposes, however, we have not recognized a tax benefit in the financial statements for those items. We include our liability for uncertain tax positions in other liabilities on the balance sheet. See "Note 12. Income Taxes."

Derivatives

We use derivatives, such as interest rate swap agreements, Treasury rate locks, options, cross currency swaps, and currency forwards, to hedge our exposure to interest rate and foreign currency exchange rate risk on existing and anticipated transactions. We formally designate derivatives that meet specific accounting criteria as qualifying hedges at inception. These criteria require us to have the expectation that the derivative will be highly effective at offsetting changes in the fair value or expected cash flows of the hedged exposure, both at the inception of the hedging relationship and on an ongoing basis.

We recognize all derivative instruments at fair value and classify them on the balance sheet as either other assets or other liabilities. We generally base the classification of derivative activity in the statements of comprehensive income and cash flows on the nature of the hedged item. For derivatives we designate as fair value hedges, we recognize changes in the fair value of both the derivative and the hedged item in earnings. For derivatives we designate as cash flow hedges, we record the effective portion of the change in the fair value of the derivative as part of other comprehensive income (loss), and we recognize those changes in earnings in the period the hedged transaction affects earnings. We recognize any ineffective portion of the change in the fair value of the derivative immediately in earnings. Although we do not hold or issue derivative financial instruments for purposes other than hedging, we do not designate certain derivatives as accounting hedges. We recognize changes in the fair value of these derivatives in earnings immediately. We classify gains and losses on derivatives that are not designated as hedges as other expenses, and we include the related cash flows in cash flows from operating activities. See "Note 8. Fair Value Disclosure."

Defined Benefit Pension and Other Post-Retirement Plans

Our balance sheet reflects the funded status of our pension and post-retirement plans, which is the difference between the fair value of the plan assets and the projected benefit obligation. We recognize the aggregate overfunding of any plans in other assets, the aggregate underfunding of any plans in other liabilities, and the corresponding adjustments for unrecognized actuarial gains (losses) and prior service cost (credits) in accumulated other comprehensive income (loss). See "Note 10. Pension and Other Post-Retirement Benefits."

Foreign Currency

We translate the assets and liabilities of our operations that have non-US dollar functional currencies at exchange rates in effect at year-end. Revenue, expenses, and cash flows are translated monthly using average exchange rates. We defer gains and losses resulting from foreign currency translation and record those gains and losses as a separate component of accumulated other comprehensive income (loss). Gains and losses resulting from foreign currency transactions and from the remeasurement of non-functional currency assets and liabilities are recorded net of related hedges in other expense during the periods in which they occur. Net gains (losses) were $(3.8) million, $1.1 million and $(3.4) million for 2016, 2015, and 2014.

Environmental Liabilities

We record accruals for environmental remediation costs at sites relating to past or discontinued operations when they are probable and when we can reasonably estimate the expected costs. We record adjustments to initial estimates as necessary. Since these accruals are based on estimates, actual environmental remediation costs may differ. We expense or capitalize environmental remediation costs related to current or future operations as appropriate. See “Note 22. Legal Proceedings and Other Contingencies.”

Marine Operating Revenue

We recognize marine operating revenue as we perform shipping services, and we allocate revenue among reporting periods based on the relative transit time in each reporting period for shipments in process.

Other Revenue

We include customer liability repair revenue, fee income, interest on loans, and other miscellaneous revenues in other revenue. We recognize these revenues when earned, which, in the case of management fees we receive from affiliates, is when we perform the related services.

Interest Expense, net

Interest expense is the interest we accrue on indebtedness and the amortization of debt issuance costs and debt discounts and premiums. We defer debt issuance costs and debt discounts and premiums and amortize them over the term of the related debt. We report interest expense net of interest income on bank deposits. Interest income on bank deposits was $1.9 million in 2016, $1.1 million in 2015, and $0.9 million in 2014.

Operating Lease Expense

We classify leases of certain railcars and other assets and facilities, such as maintenance facilities and equipment, as operating leases. We record the lease expense associated with these leases on a straight-line basis. We defer gains and financing costs associated with sale-leasebacks and amortize those gains and costs as a component of operating lease expense over the related leaseback term. We also classify our leases of office facilities and related administrative assets as operating leases, and we record the associated expense in selling, general and administrative expense. See “Note 5. Leases.”

Maintenance and Repair Costs

We expense maintenance and repair costs as incurred. We capitalize certain costs incurred in connection with planned major maintenance activities if those activities improve the asset or extend its useful life. We depreciate those capitalized costs over the estimated useful life of the improvement. We capitalize required regulatory survey costs for vessels and amortize those costs over the applicable survey period, which is generally five years.

ASC Expense Seasonality

ASC’s sailing season runs from April 1 to December 31 of each year. We defer certain expenses incurred prior to the beginning of the sailing season, such as winter maintenance, insurance, operating lease expense, and depreciation and amortize them ratably over the sailing season.

Share-Based Compensation

We base our measurement of share-based compensation expense on the grant date fair value of an award, and we recognize the expense net of estimated forfeitures over the requisite service period. Forfeiture rates at grant date are initially based on historical experience and are adjusted in subsequent periods if actual experience differs from the estimate. We record a final adjustment when those awards vest. See "Note 11. Share-Based Compensation."

Net Gain on Asset Dispositions

Net gain on disposition includes gains and losses on sales of operating assets and residual sharing income, which we also refer to as asset remarketing income; non-remarketing disposition gains, primarily from scrapping of railcars; and asset impairment losses. We recognize disposition gains, including non-remarketing gains, upon completion of the sale or scrapping of operating assets. Residual sharing income includes fees we receive from the sale of managed assets and assets subject to residual value guarantees, and we recognize these fees upon completion of the underlying transactions.

The following table presents the net gain on asset dispositions for the years ending December 31 (in millions):

	2016	2015	2014
Net disposition gains	$ 49.7	$ 90.3	$ 63.1
Residual sharing income	83.6	13.4	9.4
Non-remarketing net disposition gains	3.2	9.4	16.0
Asset impairment losses (1)	(38.5)	(33.9)	(1.3)
Net Gain on Asset Dispositions	$ 98.0	$ 79.2	$ 87.2

(1) See "Note 9. Asset Impairments and Assets Held for Sale" for further information about asset impairment losses.

Other Income (Expense)

We include fair value adjustments on certain financial instruments, gains and/or losses on foreign currency transactions and remeasurements, legal defense costs and litigation settlements, along with other miscellaneous income and expense items in other income (expense).

NOTE 4. Supplemental Cash Flow Information and Noncash Investing Transactions

	2016	2015	2014
Supplemental Cash Flow Information (in millions)			
Interest paid (1)	$ 145.4	$ 144.4	$ 142.6
Income taxes paid, net	28.6	13.3	18.7

(1) Interest paid consisted of interest on debt obligations, interest rate swaps (net of interest received), and capital leases. The interest expense we capitalized as part of the cost of construction of major assets was immaterial for all periods presented.

	2016	2015	2014
Noncash Investing Transactions (in millions)			
Capital lease (1)	$ —	$ 17.8	$ —
Distributions from affiliates (2)	—	—	1.1

(1) In 2015, we acquired all of the rights and obligations of 157 rail cars, classified as a capital lease in the amount of $17.8 million, which included the assumption of a capital lease obligation in the amount of $14.8 million.
(2) In 2014, we received distributions of 62 railcars with a fair value of $1.1 million from our Southern Capital Corporation LLC affiliate ("SCC").

NOTE 5. Leases

GATX as Lessor

The following table shows the components of our direct finance leases as of December 31 (in millions):

	2016	2015
Total contractual lease payments receivable	$ 164.4	$ 199.6
Estimated unguaranteed residual value of leased assets	59.0	58.7
Unearned income	(75.7)	(90.7)
Finance leases	$ 147.7	$ 167.6

Usage rents

We base lease revenue for certain operating leases on equipment usage. Lease revenue from such usage rents was $74.5 million in 2016, $91.2 million in 2015, and $83.9 million in 2014. The decrease in 2016 was driven by the redeployment of certain boxcars from utilization leases to fixed term leases.

Future receipts

The following table shows our future contractual receipts from finance leases and noncancelable operating leases as of December 31, 2016 (in millions):

	Finance Leases	Operating Leases (1)	Total
2017	$ 23.4	$ 920.1	$ 943.5
2018	21.1	768.6	789.7
2019	21.1	636.9	658.0
2020	20.6	504.4	525.0
2021	19.9	378.6	398.5
Years thereafter	58.3	715.9	774.2
	$ 164.4	$ 3,924.5	$ 4,088.9

(1) The future contractual receipts due under our full-service operating leases include executory costs such as maintenance, car taxes, and insurance.

GATX as Lessee

Capital Lease Assets

The following table shows assets we financed with capital lease obligations as of December 31 (in millions):

	2016	2015
Railcars	$ 18.9	$ 17.8
Marine vessels	62.1	84.5
Less: allowance for depreciation	(61.6)	(79.8)
	$ 19.4	$ 22.5

Operating Leases

We lease assets that are closely associated with our revenue generating operations. At December 31, 2016 we leased approximately 13,400 railcars at Rail North America and two vessels at ASC. In addition, we lease office facilities and other general purpose equipment. Total operating lease expense, which includes amounts recorded in selling, general and administrative expense, was $77.6 million in 2016, $91.2 million in 2015, and $112.9 million in 2014.

Lease Obligations

For some leases, we have the option to renew the leases or purchase the assets at the end of the lease term. The specific terms of the renewal and purchase options vary, and we did not include these amounts in our future contractual rental payments. Additionally, the contractual rental payments do not include amounts we are required to pay for licenses, taxes, insurance, and maintenance. The following table shows our future contractual rental payments due under noncancelable leases as of December 31, 2016 (in millions):

	Capital Leases	Operating Leases
2017	$ 3.0	$ 77.3
2018	1.4	74.5
2019	11.7	77.8
2020	—	72.4
2021	—	59.9
Years thereafter	—	237.4
	$ 16.1	$ 599.3
Less: amounts representing interest	(1.2)	
Present value of future contractual capital lease payments	$ 14.9	

NOTE 6. Investments in Affiliated Companies

Investments in affiliated companies represent investments in and loans to domestic and foreign affiliates, and primarily include companies offering lease financing and related services for customers operating rail and marine assets, as well as entities that lease aircraft spare engines. Loan amounts included in investments in affiliated companies were $9.7 million as of December 31, 2016 and $11.2 million as of December 31, 2015.

In 2015, as a result of our decision to exit the majority of our marine investments within our Portfolio Management segment, we recorded a $19.0 million impairment loss and then sold our 50% interest in the Cardinal Marine joint venture. We received aggregate cash proceeds of $24.7 million from this sale. In 2016, we recognized a gain of $1.0 million resulting from contingent proceeds received as part of the sale.

In 2014, we sold our investments in the Intermodal Investment Fund V and Intermodal Investment Fund VII affiliates for aggregate cash proceeds of $18.3 million.

The following table presents our most significant investments in affiliated companies and our ownership percentage in those companies by segment as of December 31, 2016 (in millions):

	Segment	Investment	Percentage Ownership
Rolls-Royce & Partners Finance (1)	Portfolio Management	$ 375.3	50.0%
Adler Funding LLC	Rail North America	10.2	12.5%
Other affiliates	Various	1.5	Various
Investments in Affiliated Companies		$ 387.0	

(1) Combined investment balances of fifteen separate joint ventures (collectively, the "RRPF affiliates").

The following table shows our share of affiliates' earnings by segment for the years ending December 31 (in millions):

	2016	2015	2014
Rail North America	$ 0.5	$ 0.5	$ 7.9
Rail International	(0.2)	(0.3)	(0.3)
Portfolio Management (1)	52.8	45.2	60.2
Share of affiliates' earnings (pretax)	53.1	45.4	67.8
Income taxes	(5.7)	0.5	(18.3)
Share of Affiliates' Earnings	$ 47.4	$ 45.9	$ 49.5

(1) Amount for 2015 is net of impairment losses of $19.0 million.

The following table shows our cash investments in and distributions and loan payments from our affiliates by segment for the years ended December 31 (in millions):

	Cash Investments			Cash Distributions (1)		
	2016	2015	2014	2016	2015	2014
Rail North America	$ —	$ —	$ —	$ 1.5	$ 5.1	$ 20.0
Portfolio Management	25.0	15.5	15.3	35.2	32.2	34.2
	$ 25.0	$ 15.5	$ 15.3	$ 36.7	$ 37.3	$ 54.2

(1) Cash distributions exclude proceeds from sales of affiliates of $1.0 million in 2016, $24.7 million in 2015, and $19.4 million in 2014.

Summarized Financial Data of Affiliates

The following table shows the aggregated operating results for the years ended December 31 for the affiliated companies we held at December 31 (in millions):

	2016	2015	2014
Revenues	$ 333.7	$ 339.3	$ 339.0
Net gains on sales of assets	23.6	37.6	33.7
Net income	99.3	121.4	99.6

The following table shows aggregated summarized balance sheet data for our affiliated companies as of December 31 (in millions):

	2016	2015
Current assets	$ 254.1	$ 185.0
Noncurrent assets	3,363.6	3,254.1
Total assets	$ 3,617.7	$ 3,439.1
Current liabilities	$ 551.0	$ 285.5
Noncurrent liabilities	2,341.4	2,512.2
Shareholders' equity	725.3	641.4
Total liabilities and shareholders' equity	$ 3,617.7	$ 3,439.1

Summarized Financial Data for the RRPF Affiliates

As noted above, our affiliate investments include 50% interests in each of the RRPF affiliates, a group of fifteen domestic and foreign joint ventures with Rolls-Royce plc (or affiliates thereof, collectively "Rolls-Royce"), a leading manufacturer of commercial aircraft jet engines. The RRPF affiliates are primarily engaged in two business activities: lease financing of aircraft spare engines to a diverse group of commercial aircraft operators worldwide and lease financing of aircraft spare engines to Rolls-Royce for use in their engine maintenance programs. In aggregate, the RRPF affiliates own 407 aircraft engines at December 31, 2016, of which 211 were on lease to Rolls-Royce. Aircraft engines are generally depreciated over a useful life of 25 years to an estimated residual value. Lease terms vary but typically range from 3 to 12 years. Rolls-Royce manages each of the RRPF affiliates and also performs substantially all required maintenance activities. Our share of affiliates' earnings (after-tax) from the RRPF affiliates was $46.6 million in 2016, $58.4 million in 2015, and $42.2 million in 2014.

We derived the following financial information from the combined financial statements of the RRPF affiliates.

The following table shows condensed income statements of the RRPF affiliates for the years ending December 31 (in millions):

	2016	2015	2014
Lease revenue from third parties	$ 173.7	$ 191.4	$ 176.9
Lease revenue from Rolls-Royce	150.2	138.7	124.7
Depreciation expense	(171.6)	(166.1)	(140.7)
Interest expense	(59.2)	(56.7)	(59.5)
Other expenses	(8.0)	(8.8)	(11.8)
Net gains on sales of assets	19.1	33.1	22.7
Income before income taxes	104.2	131.6	112.3
Income tax benefits (provision) (1)	(6.9)	(9.0)	(17.3)
Net income	$ 97.3	$ 122.6	$ 95.0

(1) Represents income taxes directly attributable to the RRPF affiliates in the United Kingdom. Several of the RRPF affiliates are flow through entities and income taxes are incurred at the owner level. Amounts shown for 2016 and 2015 include deferred income tax benefits of approximately $7.8 million and $15.4 million, attributable to statutory rate decreases enacted in the United Kingdom.

The following table shows the condensed balance sheets of the RRPF affiliates as of December 31 (in millions):

	2016	2015
Current assets	$ 241.3	$ 173.4
Noncurrent assets, including operating assets, net of accumulated depreciation of $1,007.4 and $993.6 (a)	3,281.9	3,161.4
Total assets	$ 3,523.2	$ 3,334.8
Current liabilities, excluding debt	$ 127.3	$ 85.1
Debt obligations, net of adjustments for hedges	2,452.9	2,391.1
Other liabilities	233.8	231.4
Shareholders' equity	709.2	627.2
Total liabilities and shareholders' equity	$ 3,523.2	$ 3,334.8

(a) All operating assets were pledged as collateral for long-term debt obligations.

The following table shows contractual future lease receipts from noncancelable leases of the RRPF affiliates as of December 31, 2016 (in millions):

	Rolls-Royce	Third Parties	Total
2017	$ 165.6	$ 158.9	$ 324.5
2018	159.7	143.4	303.1
2019	156.2	107.3	263.5
2020	136.6	93.7	230.3
2021	107.1	82.4	189.5
Thereafter	388.5	215.1	603.6
	$ 1,113.7	$ 800.8	$ 1,914.5

The following table shows maturities of debt obligations of the RRPF affiliates as of December 31, 2016 (in millions):

2017 (1)	$ 618.1
2018	96.9
2019	54.4
2020	470.7
2021	265.7
Thereafter	943.9
Total debt principal (2)	$ 2,449.7

(1) For principal payment amounts shown as due in 2017, new debt agreements have been executed that extend the maturity date for approximately $335 million of debt to 2026.
(2) All debt obligations are nonrecourse to the shareholders.

NOTE 7. Debt

Commercial Paper and Borrowings Under Bank Credit Facilities ($ in millions)

	December 31 2016	December 31 2015
Balance	$ 3.8	$ 7.4
Weighted average interest rate	1.02%	1.22%

Recourse and Nonrecourse Debt Obligations

The following table shows the outstanding balances of our debt obligations and the applicable interest rates as of December 31 ($ in millions):

	Date of Issue	Final Maturity	Interest Rate	2016	2015
Recourse Fixed Rate Debt					
Unsecured	03/04/14	03/04/17	1.25%	$ 300.0	$ 300.0
Unsecured	02/06/08	02/15/18	6.00%	200.0	200.0
Unsecured	03/19/13	07/30/18	2.38%	250.0	250.0
Unsecured (1)	12/27/10	10/31/18	3.84%	10.5	10.9
Unsecured (1)	11/29/10	11/30/18	3.70%	5.3	8.1
Unsecured	01/30/15	12/31/18	1.20%	52.6	54.3
Unsecured	11/19/13	03/15/19	2.50%	300.0	300.0
Unsecured	03/04/14	07/30/19	2.50%	250.0	250.0
Unsecured	10/31/14	03/30/20	2.60%	250.0	250.0
Unsecured	02/06/15	03/30/20	2.60%	100.0	100.0
Unsecured	05/27/11	06/01/21	4.85%	250.0	250.0
Unsecured	09/20/11	06/01/21	4.85%	50.0	50.0
Unsecured	06/11/12	06/15/22	4.75%	250.0	250.0
Unsecured	03/19/13	03/30/23	3.90%	250.0	250.0
Unsecured	02/06/15	03/30/25	3.25%	300.0	300.0
Unsecured	09/13/16	09/15/26	3.25%	350.0	—
Unsecured	03/04/14	03/15/44	5.20%	300.0	300.0
Unsecured	02/06/15	03/30/45	4.50%	250.0	250.0
Unsecured	05/16/16	05/30/66	5.63%	150.0	—
Unsecured	03/03/06	03/01/16	5.80%	—	200.0
Unsecured	11/19/10	07/15/16	3.50%	—	250.0
Unsecured	09/20/11	07/15/16	3.50%	—	100.0
Total recourse fixed rate debt				$ 3,868.4	$ 3,923.3
Recourse Floating Rate Debt					
Unsecured	03/02/16	03/02/21	2.18%	$ 200.0	$ —
Unsecured	12/20/16	12/20/21	0.85%	57.8	—
Unsecured	08/28/14	08/28/24	2.24%	100.0	100.0
Unsecured	09/23/15	09/23/25	2.25%	60.0	60.0

	Date of Issue	Final Maturity	Interest Rate	2016	2015
Unsecured (2) (3)	12/21/12	12/21/17	1.76%	—	100.0
Unsecured (2) (3)	01/22/13	12/21/17	1.76%	—	10.0
Unsecured (3)	09/02/11	08/31/16	0.79%	—	5.2
Total recourse floating rate debt				$ 417.8	$ 275.2
Nonrecourse Fixed Rate Debt					
Secured	09/30/97	09/20/16	6.69%	$ —	$ 6.9
Total nonrecourse fixed rate debt				$ —	$ 6.9
Total debt principal				$ 4,286.2	$ 4,205.4
Unamortized debt discount and debt issuance costs				(33.6)	(28.5)
Debt adjustment for fair value hedges				0.6	1.5
Total Debt				$ 4,253.2	$ 4,178.4

(1) Amount shown includes scheduled principal payments prior to the final maturity.
(2) Debt repaid prior to the final maturity.
(3) For floating rate debt repaid during 2016, the interest rate reflected is as of the final payment date.

The following table shows the scheduled principal payments of our debt obligations as of December 31, 2016 (in millions):

2017	$ 302.6
2018	515.7
2019	550.0
2020	350.0
2021	557.8
Thereafter	2,010.1
Total debt principal	$ 4,286.2

At December 31, 2016, $301.1 million of our operating assets were pledged as collateral for certain of our debt obligations.

Shelf Registration Statement

During 2016, we filed a shelf registration statement that enables us to issue debt securities and pass-through certificates. The registration statement is effective for three years and does not limit the amount of debt securities and pass-through certificates we can issue.

Credit Lines and Facilities

In 2016, we entered into a new $600 million 5-year unsecured revolving credit facility in the US that matures in May 2021 with terms and conditions similar to the prior $575 million facility, which was terminated. As of December 31, 2016, the full $600 million was available under the facility. Additionally, we completed a $250 million 5-year secured railcar facility with a 3-year revolving period in the US that matures in February 2021. As of December 31, 2016, the full $250 million was available under this facility.

Annual commitment fees for GATX's credit facilities were $1.5 million for 2016, $1.0 million for 2015, and $1.0 million for 2014.

Restrictive Covenants

Our $600 million revolving credit facility contains various restrictive covenants, including requirements to maintain a fixed charge coverage ratio and an asset coverage test. Our ratio of earnings to fixed charges, as defined in this facility, was 3.3 for the period ended December 31, 2016, which is in excess of the minimum covenant ratio of 1.2. At December 31, 2016, we were in compliance with all covenants and conditions of the facility. Some of our bank term loans have the same financial covenants as the facility.

As of December 31, 2016, the indentures for our public debt also contain various restrictive covenants, including limitation on liens provisions that limit the amount of additional secured indebtedness that we may incur to $1,363.9 million. Additionally, certain exceptions to the covenants permit us to incur an unlimited amount of purchase money and nonrecourse indebtedness. At December 31, 2016, we were in compliance with all covenants and conditions of the indentures.

The loan agreements for our European rail subsidiaries (“GATX Rail Europe” or “GRE”) also contain restrictive covenants, including leverage and cash flow covenants specific to those subsidiaries, restrictions on making loans, and limitations on the ability of those subsidiaries to repay loans or to distribute capital to certain related parties (including GATX, the US parent company). These covenants effectively limit GRE’s ability to transfer funds to us. At December 31, 2016, the maximum amount that GRE could transfer to us without violating its covenants was $157.4 million, therefore implying the loan covenants restrict $359.9 million of subsidiary net assets. At December 31, 2016, GRE was in compliance with all covenants and conditions of these loan agreements.

We do not anticipate any covenant violations nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing.

NOTE 8. Fair Value Disclosure

The following tables show our assets and liabilities that are measured at fair value on a recurring basis (in millions):

Assets	**Total December 31 2016**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Interest rate derivatives (1)	$ 2.9	$ —	$ 2.9	$ —
Foreign exchange rate derivatives (1)	12.2	—	12.2	—
Foreign exchange rate derivatives (2)	1.3	—	1.3	—
Liabilities				
Interest rate derivatives (1)	0.1	—	0.1	—

Assets	**Total December 31 2015**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Interest rate derivatives (1)	$ 1.8	$ —	$ 1.8	$ —
Foreign exchange rate derivatives (1)	10.2	—	10.2	—
Foreign exchange rate derivatives (2)	0.8	—	0.8	—
Available-for-sale equity securities	3.3	3.3	—	—
Liabilities				
Interest rate derivatives (1)	1.2	—	1.2	—
Foreign exchange rate derivatives (1)	0.2	—	0.2	—
Foreign exchange rate derivatives (2)	2.4	—	2.4	—

(1) Designated as hedges.
(2) Not designated as hedges.

We base our valuations of available-for-sale equity securities on their quoted prices on an active exchange. We value derivatives using a pricing model with inputs (such as yield curves and foreign currency rates) that are observable in the market or that can be derived principally from observable market data.

In addition, we review long-lived assets, such as operating assets and facilities, for impairment whenever circumstances indicate that the carrying amount of these assets may not be recoverable. We determine the fair value of the respective assets using Level 3 inputs, including estimates of discounted future cash flows (including net proceeds from sale), independent appraisals, and market comparables, as applicable. The fair value of assets held at December 31 that were subject to non-recurring Level 3 fair value measurements was $106.6 million and $34.0 million for 2016 and 2015. See "Note 9. Asset Impairments and Assets Held for Sale" for further information about our impairment losses.

Derivative instruments

Fair Value Hedges

We use interest rate swaps to manage the fixed-to-floating rate mix of our debt obligations by converting the fixed rate debt to floating rate debt. For fair value hedges, we recognize changes in fair value of both the derivative and the hedged item as interest expense. We had eight instruments outstanding with an aggregate notional amount of $550.0 million as of December 31, 2016 that mature from 2017 to 2020 and eight instruments outstanding with an aggregate notional amount of $550.0 million as of December 31, 2015.

Cash Flow Hedges

We use interest rate swaps to convert floating rate debt to fixed rate debt. We use Treasury rate locks to hedge our exposure to interest rate risk on anticipated transactions. We also use currency swaps to hedge our exposure to fluctuations in the exchange rates of the foreign currencies in which we conduct business. We had nine instruments outstanding with an aggregate notional amount of $412.1 million as of December 31, 2016 that mature from 2017 to 2022 and ten instruments outstanding with an aggregate notional amount of $442.9 million as of December 31, 2015. Within the next 12 months, we expect to reclassify $5.9 million ($3.7 million after-tax) of net losses on previously terminated derivatives from accumulated other comprehensive income (loss) to interest expense or operating lease expense, as applicable. We reclassify these amounts when interest and operating lease expense on the related hedged transactions affect earnings.

Non-designated Derivatives

We do not hold derivative financial instruments for purposes other than hedging, although certain of our derivatives are not designated as accounting hedges. We recognize changes in the fair value of these derivatives in other (income) expense immediately.

Some of our derivative instruments contain credit risk provisions that could require us to make immediate payment on net liability positions in the event that we default on certain outstanding debt obligations. None of our derivative instruments with credit risk related contingent features were in a liability position as of December 31, 2016. We are not required to post any collateral on our derivative instruments and do not expect the credit risk provisions to be triggered.

In the event that a counterparty fails to meet the terms of an interest rate swap agreement or a foreign exchange contract, our exposure is limited to the fair value of the swap, if in our favor. We manage the credit risk of counterparties by transacting with institutions that we consider financially sound and by avoiding concentrations of risk with a single counterparty. We believe that the risk of non-performance by any of our counterparties is remote.

The following table shows the impacts of our derivative instruments on our statement of comprehensive income for the years ended December 31 (in millions):

Derivative Designation	Location of Loss (Gain) Recognized	2016	2015	2014
Fair value hedges (1)	Interest expense	$ 0.8	$ (0.8)	$ 4.7
Cash flow hedges	Other comprehensive loss (effective portion)	4.9	5.3	5.1
Cash flow hedges	Interest expense (effective portion reclassified from accumulated other comprehensive loss)	6.9	5.6	4.9
Cash flow hedges	Operating lease expense (effective portion reclassified from accumulated other comprehensive loss)	1.1	0.3	3.2
Cash flow hedges (2)	Other (income) expense (effective portion reclassified from accumulated other comprehensive loss)	(11.9)	(6.9)	(2.1)
Non-designated (3)	Other (income) expense	(2.6)	(6.1)	(11.4)

(1) The fair value adjustments related to the underlying debt equally offset the amounts recognized in interest expense.
(2) For each of 2016, 2015 and 2014, foreign currency derivatives are substantially offset by losses from foreign currency remeasurement adjustments, also recognized in Other (income) expense.
(3) For 2015 and 2014 includes $5.1 million, and $10.4 million of gains on foreign currency derivatives which substantially offset losses from foreign currency remeasurement adjustments on the Ahaus Alstätter Eisenbahn Cargo AG loan, also recognized in Other (income) expense.

Other Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, rent and other receivables, accounts payable, and commercial paper and bank credit facilities approximate fair value due to the short maturity of those instruments. We base the fair values of investment funds, which are accounted for under the cost method, on the best information available, which may include quoted investment fund values. We estimate the fair values of loans and fixed and floating rate debt using discounted cash flow analyses that are based on interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The inputs we use to estimate each of these values are classified in Level 2 of the fair value hierarchy because they are directly or indirectly observable inputs.

The following table shows the carrying amounts and fair values of our other financial instruments as of December 31 (in millions):

	2016 Carrying Amount	2016 Fair Value	2015 Carrying Amount	2015 Fair Value
Assets				
Investment funds	$ 0.6	$ 1.2	$ 0.6	$ 1.2
Loans	6.2	6.2	8.8	8.7
Liabilities				
Recourse fixed rate debt	$ 3,858.5	$ 3,852.6	$ 3,915.0	$ 3,882.6
Recourse floating rate debt	417.8	412.2	275.2	264.6
Nonrecourse debt	—	—	6.9	7.1

NOTE 9. Asset Impairments and Assets Held for Sale

We review our operating assets annually, or whenever indicators of impairment maybe present. The following table summarizes the components of asset impairments for the years ending December 31 (in millions):

	2016	2015	2014
Attributable to Consolidated Assets			
Rail North America - railcars in flammable service	$ 29.8	$ —	$ —
Portfolio Management - marine assets	6.7	30.8	—
Other	2.0	3.1	1.3
	$ 38.5	$ 33.9	$ 1.3
Attributable to Affiliate Investments			
Portfolio Management	$ —	$ 19.0	$ —

In 2015, the Pipeline and Hazardous Materials Safety Administration of the US Department of Transportation ("PHMSA") and Transport Canada ("TC") each issued rules that established new design standards for tank cars utilized in flammable liquids service in North America. In addition to setting standards for newly built tank cars, the regulations established guidelines for modifying existing tank cars utilized in certain flammable liquids service and deadlines for modifying or removing those cars from service. The deadlines range from November 2016 to May 2029, depending on the type of car and the nature of commodity carried. The PHMSA rule was subsequently modified by legislation adopted by Congress, and in August 2016, PHMSA amended its earlier rule to incorporate the legislative mandates into the final rule, which included expanded retrofit requirements and a shorter phase out period for the older tank cars.

During 2016, excess railcar supply, muted demand for certain railcar types, and increased railroad efficiency have combined to put pressure on lease rates for most car types. Within the flammable tank car market, the challenge of keeping existing tank cars in service has been compounded by the increased availability of newer cars with enhanced designs, including those that comply with the new regulations, to serve this market. Further, our expectations of redeploying certain tank cars currently in flammable service into nonflammable service has diminished as a substantial oversupply of tank cars has developed to serve these alternative markets. We expect these conditions to continue and potentially worsen. As a result of these changed expectations, we believe indicators of impairment were present for certain tank cars impacted by the new regulations, and a comprehensive impairment analysis was completed.

While all railcars subject to the new regulations were reviewed, approximately 2,400 railcars with a carrying value of approximately $90 million were determined to be most vulnerable based on their age, configuration, and carrying values. For purposes of this review, we modeled multiple scenarios of net cash flows using a range of assumptions, including revised estimated useful lives for these railcars. Based on this analysis, we concluded that our carrying values exceeded our estimates of undiscounted cash flows, indicating an impairment for this group of railcars. The market for this group of railcars is fairly illiquid, given the circumstances noted above. Accordingly, the fair value of this railcar group was estimated based on discounting our estimated cash flows using a discount rate we believe reflects the applicable return for typical buyers and sellers of these types of assets. Concurrently with this analysis, we entered into an agreement to sell approximately 400 of these railcars, for total proceeds consistent with our valuations. As a result, we recorded impairment losses of $29.8 million related to these tank cars, of which $5.8 million is attributable to assets held for sale. The total carrying value of assets held for sale at Rail North America was $43.9 million at December 31, 2016, including the impaired tank cars that were written down to their expected net sales proceeds. Lastly, we shortened the depreciable lives for these tank cars consistent with our revised expectations, beginning January 1, 2017; however, the impact of adjusting the useful lives for these assets will not be material to future financial results.

The assumptions we relied upon for purposes of this impairment analysis were based on our judgment of current and future market conditions. Actual results could differ from our estimates, and we may incur future impairment losses with respect to this railcar group, particularly if we sell or scrap the railcars sooner than anticipated.

In 2015, we recorded impairment losses of $30.8 million at Portfolio Management related to certain marine assets. This was the result of management's decision to exit the majority of our marine investments within the Portfolio Management segment, including six chemical parcel tankers (the "Nordic Vessels"), certain inland marine vessels, and our 50% interest in the Cardinal Marine joint venture. In 2016 and 2015 disposition gains of $5.2 million and $21.6 million were realized from the sale of certain of these marine assets. During 2016, $6.7 million of additional impairment losses were recorded, reflective of final disposition results and revised estimates of expected net sales proceeds for assets that remain classified as held for sale with a carrying value of $45.6 million at December 31, 2016.

Other impairment losses in each year were primarily attributable to railcars we have retired early due to excess damage or functional obsolescence and designated for scrap.

These impairment losses were included in net (loss) gains on asset dispositions in the consolidated statement of comprehensive income.

Additionally, as part of the decision to exit the marine investments, Portfolio Management also recorded impairment losses of $19.0 million in 2015 related to our 50% interest in the Cardinal Marine joint venture, based on expected proceeds from the final sale of this investment. This impairment loss was included in the share of affiliates' earnings in the consolidated statement of comprehensive income. This investment was sold in 2015.

The following table summarizes the components of assets held for sale at December 31 (in millions):

	2016	2015
Rail North America	$ 43.9	$ 2.6
Portfolio Management	45.6	103.4
	$ 89.5	$ 106.0

All assets classified as held for sale are expected to be sold in 2017.

NOTE 10. Pension and Other Post-Retirement Benefits

We maintain both funded and unfunded noncontributory defined benefit pension plans covering our domestic employees and the employees of our subsidiaries. We also have a funded noncontributory defined benefit pension plan related to a former business in the United Kingdom that has no active employees. The plans base benefits payable on years of service and/or final average salary. We base our funding policies for the pension plans on actuarially determined cost methods allowable under IRS regulations and statutory requirements in the UK.

In addition to the pension plans, we have other post-retirement plans that provide health care, life insurance, and other benefits for certain retired domestic employees who meet established criteria. Most domestic employees that retire with immediate benefits under our pension plan are eligible for health care and life insurance benefits. The other post-retirement plans are either contributory or noncontributory, depending on various factors.

During 2015, we offered an early retirement program for certain eligible employees, effective in 2016. This program provided enhanced benefits to the employees that elected to participate and provided the option for employees to receive their pension benefits as a lump sum payment or as an annuity. Special termination benefits of $9.0 million resulting from this program were recognized as a one-time expense in 2015. In 2016, we recorded a settlement accounting expense of $6.1 million attributable to lump sum payments elected by eligible retirees as part of the program.

We use a December 31 measurement date for all of our plans. The following tables show pension obligations, plan assets, and other post-retirement obligations as of December 31 (in millions):

	2016 Pension Benefits	2015 Pension Benefits	2016 Retiree Health and Life	2015 Retiree Health and Life
Change in Benefit Obligation				
Benefit obligation at beginning of year	$ 475.0	$ 502.7	$ 35.0	$ 40.8
Service cost	6.1	7.4	0.2	0.2
Interest cost	15.3	19.6	0.9	1.3
Plan amendments	—	—	—	(2.5)
Actuarial loss (gain)	18.3	(22.6)	(3.0)	(3.6)
Benefits paid	(44.5)	(36.9)	(2.8)	(2.9)
Special termination benefits	—	7.3	—	1.7
Effect of foreign exchange rate changes	(5.8)	(2.5)	—	—
Benefit obligation at end of year	$ 464.4	$ 475.0	$ 30.3	$ 35.0
Change in Fair Value of Plan Assets				
Plan assets at beginning of year	416.1	456.9	—	—
Actual return on plan assets	45.8	(4.6)	—	—
Effect of exchange rate changes	(6.1)	(2.2)	—	—
Company contributions	2.2	2.9	2.8	2.9
Benefits paid	(44.5)	(36.9)	(2.8)	(2.9)
Plan assets at end of year	$ 413.5	$ 416.1	$ —	$ —
Funded Status at end of year	$ (50.9)	$ (58.9)	$ (30.3)	$ (35.0)
Amount Recognized				
Other Liabilities and Other Assets (net)	$ (50.9)	$ (58.9)	$ (30.3)	$ (35.0)
Accumulated other comprehensive loss:				
Net actuarial loss (gain)	144.1	163.3	(2.9)	(0.2)
Prior service credit	(0.1)	(1.1)	(1.8)	(2.0)
Accumulated other comprehensive loss (gain)	144.0	162.2	(4.7)	(2.2)
Total recognized	$ 93.1	$ 103.3	$ (35.0)	$ (37.2)
After-tax amount recognized in accumulated other comprehensive loss	$ 90.0	$ 101.3	$ (2.9)	$ (1.4)

The aggregate accumulated benefit obligation for the defined benefit pension plans was $441.8 million at December 31, 2016 and $449.4 million at December 31, 2015.

The following table shows our pension plans that have a projected benefit obligation in excess of plan assets as of December 31 (in millions):

	2016	2015
Projected benefit obligations	$ 430.8	$ 438.3
Fair value of plan assets	378.8	378.6

The following table shows our pension plans that have an accumulated benefit obligation in excess of plan assets as of December 31 (in millions):

	2016	2015
Accumulated benefit obligations	$ 126.4	$ 412.6
Fair value of plan assets	94.4	378.6

The following table shows the components of net periodic cost (benefit) for the year ended December 31 (in millions):

	2016 Pension Benefits	2015 Pension Benefits	2014 Pension Benefits	2016 Retiree Health and Life	2015 Retiree Health and Life	2014 Retiree Health and Life
Service cost	$ 6.1	$ 7.4	$ 5.9	$ 0.2	$ 0.2	$ 0.1
Interest cost	15.3	19.6	20.7	0.9	1.3	1.6
Expected return on plan assets	(25.6)	(25.8)	(28.4)	—	—	—
Settlement accounting adjustment	6.1	7.3	—	—	1.7	—
Amortization of:						
Unrecognized prior service credit	(1.0)	(1.0)	(1.0)	(0.2)	(0.1)	(0.1)
Unrecognized net actuarial loss (gain)	10.5	14.8	11.3	(0.3)	(0.2)	(0.1)
Net periodic cost	$ 11.4	$ 22.3	$ 8.5	$ 0.6	$ 2.9	$ 1.5

We amortize the unrecognized prior service credit using a straight-line method over the average remaining service period of the employees we expect to receive benefits under the plan. We amortize the unrecognized net actuarial loss (gain), which is subject to certain averaging conventions, over the average remaining service period of active employees.

The following table shows the amounts we expect to recognize as components of net periodic cost in 2017 from amounts recorded in accumulated comprehensive loss (gain) as of December 31, 2016 (in millions):

	2017	
	Pension Benefits	Retiree Health and Life
Unrecognized net actuarial loss (gain)	$ 9.1	$ (0.3)
Unrecognized prior service credit	—	(0.2)

We use the following assumptions to measure the benefit obligation, compute the expected long-term return on assets, and measure the periodic cost for our defined benefit pension plans and other post-retirement benefit plans for the years ended December 31:

	2016	2015
Domestic defined benefit pension plans		
Benefit Obligation at December 31:		
Discount rate — salaried funded and unfunded plans	4.22%	4.46%
Discount rate — hourly funded plan	4.30%	4.51%
Rate of compensation increases — salaried funded and unfunded plans	2.50%	2.50%
Rate of compensation increases — hourly funded plans	N/A	N/A
Net Periodic Cost (Benefit) for the years ended December 31:		
Discount rate — salaried funded and unfunded plans	4.47%	4.05%
Discount rate — hourly funded plan	4.52%	4.10%
Expected return on plan assets — salaried funded plan	6.80%	6.50%
Expected return on plan assets — hourly funded plan	6.75%	6.35%
Rate of compensation increases — salaried funded and unfunded plans	2.50%	2.50%
Rate of compensation increases — hourly funded plan	N/A	N/A
Foreign defined benefit pension plan		
Benefit Obligation at December 31:		
Discount rate	2.60%	3.60%
Rate of pension-in-payment increases	3.20%	3.00%
Net Periodic Cost (Benefit) for the years ended December 31:		
Discount rate	3.60%	3.20%
Expected return on plan assets	4.80%	4.80%
Rate of pension-in-payment increases	3.00%	2.90%
Other post-retirement benefit plans		
Benefit Obligation at December 31:		
Discount rate - salaried health	3.78%	3.96%
Discount rate - hourly health	4.09%	4.11%
Discount rate - salaried life insurance	4.18%	4.40%
Discount rate - hourly life insurance	3.83%	4.04%
Rate of compensation increases	N/A	N/A
Net Periodic Cost (Benefit) for the years ended December 31:		
Discount rate - salaried health	3.94%	3.65%
Discount rate - hourly health	4.31%	3.85%
Discount rate - salaried life insurance	4.41%	4.00%
Discount rate - hourly life insurance	4.06%	3.70%
Rate of compensation increases	N/A	N/A

We calculate the present value of expected future pension and post-retirement cash flows as of the measurement date using a discount rate. We base the discount rate on yields for high-quality, long-term bonds with durations similar to that of our projected benefit obligation. We base the expected return on our plan assets on current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. We routinely review our historical returns along with current market conditions to ensure our expected return assumption is reasonable and appropriate.

	2016	2015
Assumed Health Care Cost Trend Rates at December 31		
Health care cost trend assumed for next year		
Medical claims — pre age 65	6.60%	7.00%
Medical claims — post age 65	5.80%	6.00%
Prescription drugs claims — pre age 65	9.30%	10.00%
Prescription drugs claims — post age 65	9.80%	10.50%
Rate to which the cost trend is expected to decline (the ultimate trend rate)		
Medical claims	4.50%	4.50%
Prescription drugs claims	4.50%	4.50%
Year that rate reaches the ultimate trend rate		
Medical claims	2022	2022
Prescription drugs claims	2024	2024

The health care cost trend, which is based on projected growth rates for medical and prescription drug claims, has an effect on our other post-retirement benefit costs and obligations. The following table shows the effects of a one percentage point change in the health care cost trend rate on service and interest costs for the year ended December 31, 2016 and the post-retirement benefit obligation as of December 31, 2016 (in millions) :

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost	$ —	$ —
Effect on post-retirement benefit obligation	1.1	(1.0)

Our investment policies require that asset allocations of domestic and foreign funded pension plans be maintained at certain targets. The following table shows our weighted-average asset allocations of our domestic funded pension plans at December 31, 2016 and 2015, and current target asset allocation for 2017, by asset category:

		Plan Assets at December 31	
	Target	2016	2015
Asset Category			
Equity securities	52.0%	52.0%	50.2%
Debt securities	44.0%	42.2%	44.4%
Real estate	4.0%	5.0%	5.4%
Cash	—%	0.8%	—%
	100.0%	100.0%	100.0%

The following table shows the weighted-average asset allocations of our foreign funded pension plan at December 31, 2016 and 2015, and current target asset allocation for 2017, by asset category:

		Plan Assets at December 31	
	Target	**2016**	**2015**
Asset Category			
Equity securities	36.8%	37.7%	36.8%
Debt securities	63.2%	62.3%	63.2%
	100.0%	100.0%	100.0%

The following tables set forth the fair value of our pension plan assets as of December 31 (in millions):

	Total December 31 2016	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Short-term investment funds	$ 3.1	$ 3.1	$ —	$ —
Common stock collective funds (1)	210.4			
Fixed income collective trust funds (1)	151.4			
Real estate collective trust funds (1)	18.7			
Loan fund (1)	29.9			
Total	$ 413.5	$ 3.1	$ —	$ —

	Total December 31 2015	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Short-term investment funds	$ 1.6	$ 1.6	$ —	$ —
Common stock				
US equities	11.4	11.4	—	—
International equities	1.2	1.2	—	—
Common stock collective funds (1)	190.4			
Fixed income collective trust funds (1)	160.4			
Real estate collective trust funds (1)	20.2			
Loan fund (1)	30.9			
Total	$ 416.1	$ 14.2	$ —	$ —

(1) In accordance with the relevant accounting standards, these investments are measured at fair value using the NAV per share (or its equivalent) practical expedient and, as a result, are not recorded in the fair value hierarchy.

The following is a description of the valuation techniques and inputs used as of December 31, 2016 and 2015.

Short-term investment funds

We value short-term investment funds based on the closing net asset values (NAV) quoted by the funds. The NAV represents the unitized fair values of the underlying securities held by the trusts, which are traded in an active market. Short-term investment funds are highly liquid investments in obligations of the US Government, or its agencies or instrumentalities, and the related money market instruments. The short-term investment funds have no unfunded commitments, restrictions on redemption frequency, or advance notice periods required for redemption. The fund seek to provide safety of principal, daily liquidity, and a competitive yield over the long term.

Common stock

We value common stock traded in an active market at the last reported sales price on the last business day of the plan year.

Common stock and fixed income collective trust funds

We value common stock and fixed income collective trusts based on the closing NAV prices quoted by the funds. The NAV prices are the unitized fair values of the underlying securities held by the trusts, which are traded in an active market. None of the collective trusts have unfunded commitments, restrictions on redemption frequency, or advance notice periods required for redemption. The investment objective of each of the common stock funds is long-term total return through capital appreciation and current income. The fixed income funds are each designed to deliver safety and stability by preserving principal and accumulated earnings.

Real estate collective trust funds

We value real estate collective trust funds based on the NAV provided by the funds' administrators, which are the unitized fair values of the underlying US commercial real estate investments held by the funds. An independent appraisal determines the fair values of the real estate properties. Redemptions from the real estate funds are available with either 45 or 60 day notice prior to the end of a quarter. A lack of liquidity in the funds may limit or delay redemptions. The investment objective of the real estate funds, which are diversified by location and property type, is long-term return through property appreciation, current income, and timely sales.

Loan fund

The loan fund is a limited liability company (LLC) and is valued using the NAV. The NAV is based on the fair value of the underlying assets owned by the LLC, less its liabilities, multiplied times the ownership interest of the LLC. As of December 31, 2016, the GATX Master Trust held investments in one LLC. Generally, capital may be withdrawn as of the last day of the month upon written notice given on no later than 30 days prior to the withdrawal date. The investment manager may determine in its discretion to allow withdrawals on any such other date. The LLC fund seeks to achieve risk-adjusted total returns by buying and selling investments that are anticipated to have a primarily bank loan focus. Investments will be primarily in debt securities of midsize and large capitalizations. The Plan is allocated 100% of the interest that the GATX Corporation Master Trust holds. There are no unfunded commitments.

The primary investing objective of the pension plans is to provide benefits to plan participants and their beneficiaries. To achieve this goal, we invest in a diversified portfolio of equities, debt, and real estate investments to maximize return and to keep long-term investment risk at a reasonable level. Equity investments are diversified across US and non-US stocks, growth and value stocks, and small cap and large cap stocks. Debt securities are predominately investments in long-term, investment-grade corporate bonds. Real estate investments include investments in funds that are diversified by location and property type.

On a timely basis, but not less than twice a year, we formally review pension plan investments to ensure we adhere to investment guidelines and our stated investment approach. Our review also evaluates the reasonableness of our investment decisions and risk positions. We compare our investments' performance to indices and peers to determine if investment performance has been acceptable.

In 2017, we expect to contribute approximately $5.7 million to our pension and other post-retirement benefit plans. Additional contributions to the domestic funded pension plans will depend on investment returns on plan assets and actuarial experience.

The following table shows benefit payments, which reflect expected future service, as appropriate, we expect the plans to pay (in millions):

	Funded Plans	Unfunded Plans	Retiree Health and Life
2017	$ 27.0	$ 2.5	$ 3.2
2018	27.0	2.6	3.0
2019	27.2	3.2	2.7
2020	27.5	3.5	2.5
2021	27.6	3.6	2.3
Years 2022-2026	142.0	19.2	9.9
	$ 278.3	$ 34.6	$ 23.6

In addition to our defined benefit plans, we have two 401(k) retirement plans available to substantially all salaried employees and certain other employee groups. We may contribute to the plans as specified by their respective terms and as our board of directors determines. Contributions to our 401(k) retirement plans were $1.8 million for 2016, $1.9 million for 2015, and $1.8 million for 2014.

Multiemployer Plans

Most of the shipboard personnel at ASC participate in various multiemployer benefit plans that provide pension, health care, and post-retirement and other benefits to active and retired employees. Unlike single employer plans, we do not recognize plan assets or obligations for multiemployer plans on our balance sheet. Rather, we recognize our contributions to the plans as marine operating expenses. The amounts we contribute are based on the number of crew hours worked, which depends on the number of vessels deployed and aggregate operating days in a particular year. The risks of participating in these multiemployer plans are different from single employer plans in the following aspects:

- Assets contributed by one employer may be used to provide benefits to employees of other participating employers;
- If a participating employer fails to make its required contributions, any unfunded obligations of the plan may be the responsibility of the remaining participating employers; and
- If an employer chooses to stop participating in a multiemployer plan, the plan may require the withdrawing company to make additional contributions.

The following table shows our contributions to multiemployer benefit plans for the years indicated (in millions):

Multiemployer Plans	EIN and Pension Plan Number	Pension Protection Act Zone Status	GATX Contributions 2016	2015	2014	Collective Bargaining Agreement Expiration Date
American Maritime Officers Pension Plan (1)(2)	13-1969709-001	Endangered-Yellow	$ 1.2	$ 1.4	$ 1.5	January 15, 2017
Other multiemployer post-retirement plans			5.9	6.8	7.0	
Total			$ 7.1	$ 8.2	$ 8.5	

(1) Our contributions represented more than 5% of the total contributions to the plan during each year and no surcharge was imposed for any year. The actuary for the American Maritime Officers Pension Plan certified that the plan is in endangered status (i.e. "yellow zone" as defined by the Pension Protection Act of 2006) for the plan year beginning October 1, 2013, because it has funding or liquidity problems, or both. A rehabilitation plan, as defined by the Employee Retirement Security Act of 1974, was instituted under which certain adjustable benefits were reduced or eliminated, and we are required to contribute at a negotiated rate per day worked by each employee.

(2) ASC reached a tentative agreement with the American Maritime Officers ("AMO") management in February 2017. The new agreement, which would expire in January 2021, must now be ratified by the AMO members.

NOTE 11. Share-Based Compensation

We provide equity awards to our employees under the GATX Corporation 2012 Incentive Award Plan, including grants of non-qualified stock options, stock appreciation rights, restricted stock units, performance shares, and phantom stock awards. As of December 31, 2016, 3.4 million shares were authorized under the 2012 Plan and 1.1 million shares were available for future issuance. We recognize compensation expense for our equity awards in selling, general and administrative expenses over the service period of each award. Share-based compensation expense was $15.8 million for 2016, $11.6 million for 2015, and $14.0 million for 2014, and the related tax benefits were $6.0 million for 2016, $4.4 million for 2015, and $5.3 million for 2014.

Stock Options and Stock Appreciation Rights

Stock options and stock appreciation rights entitle the holder to purchase shares of common stock for periods up to seven years from the grant date. Stock appreciation rights entitle the holder to receive the difference between the market price of our common stock at the time of exercise and the exercise price, either in shares of common stock, cash, or a combination thereof, at our discretion. Stock options entitle the holder to purchase shares of our common stock at a specified exercise price. The dividends that accrue on all stock options and stock appreciation rights are paid upon vesting and continue to be paid until the stock options or stock appreciation rights are exercised, canceled, or expire. The exercise price for stock options and stock appreciation rights is equal to the average of the high and low trading prices of our common stock on the date of grant. We recognize compensation expense on a straight-line basis over the vesting period of the award, which is generally three years.

The estimated fair value of a stock option or stock appreciation right is the sum of the value we derive using the Black-Scholes option pricing model and the present value of dividends we expect to pay over the expected term of the award. The Black-Scholes valuation incorporates various assumptions, including expected term, expected volatility, and risk free interest rates. We base the expected term on historical exercise patterns and post-vesting terminations, and we base the expected volatility on the historical volatility of our stock price over a period equal to the expected term. We use risk-free interest rates that are based on the implied yield on recently-issued US Treasury zero-coupon bonds with a term comparable to the expected term.

The following table shows the weighted average fair value for our stock options and stock appreciation rights and the assumptions we used to estimate fair value:

	2016	2015	2014
Weighted average estimated fair value	$ 13.86	$ 18.16	$ 18.12
Quarterly dividend rate	$ 0.40	$ 0.38	$ 0.33
Expected term of stock appreciation rights, in years	4.7	4.7	4.4
Risk-free interest rate	1.4%	1.2%	1.3%
Dividend yield	4.1%	2.6%	2.3%
Expected stock price volatility	29.4%	29.2%	30.3%
Present value of dividends	$ 7.27	$ 6.90	$ 5.76

The following table shows information about outstanding stock options and stock appreciation rights for the year ended December 31, 2016:

	Number of Stock Options and Stock Appreciation Rights (in thousands)	Weighted Average Exercise Price
Outstanding at beginning of the year	1,574	$ 45.18
Granted	467	39.19
Exercised	(363)	29.93
Forfeited/Cancelled	(24)	51.68
Expired	(6)	50.11
Outstanding at end of the year	1,648	46.73
Vested and exercisable at end of the year	895	47.12

The following table shows the aggregate intrinsic value of stock options and stock appreciation rights exercised in 2016, 2015, and 2014, and the weighted average remaining contractual term and aggregate intrinsic value of stock options and stock appreciation rights outstanding and vested as of December 31, 2016:

Stock Options and Stock Appreciation Rights	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Exercised in 2014		$ 11.8
Exercised in 2015		6.2
Exercised in 2016		6.2
Outstanding at December 31, 2016 (a)	4.1	24.5
Vested and exercisable at December 31, 2016	2.9	13.0

(a) As of December 31, 2016, 1,188,635 stock appreciation rights and 459,600 stock options were outstanding.

As of December 31, 2016, none of the stock options issued during 2016 had vested. No stock options were issued during 2015, and all prior stock option awards had been exercised, forfeited, or expired as of December 31, 2014. Therefore, no cash was received from employees for exercises of stock options during the years ended December 31, 2016 and December 31, 2015. As of December 31, 2016, we had $6.4 million of unrecognized compensation expense related to nonvested stock options and stock appreciation rights, which we expect to recognize over a weighted average period of 1.7 years.

Restricted Stock Units and Performance Shares

Restricted stock units entitle the recipient to receive a specified number of restricted shares of common stock upon vesting. Restricted stock units do not carry voting rights and are not transferable prior to the expiration of a specified restriction period, which is generally three years, as determined by the Compensation Committee of the Board of Directors (“Compensation Committee”). We accrue dividends on all restricted stock units and pay those dividends when the awards vest. We recognize compensation expense for these awards over the applicable vesting period.

Performance shares are restricted shares that we grant to key employees for achieving certain strategic objectives. The shares convert to common stock at the end of a specified performance period if predetermined performance goals are achieved, as determined by the Compensation Committee. We estimate the number of shares we expect will vest as a result of actual performance against the performance criteria at the time of grant to determine total compensation expense to be recognized. We reevaluate the estimate annually and adjust total compensation expense for any changes to the estimate of the number of shares we expect to vest. The performance shares granted in 2014 and later include an option to settle shares earned in cash upon vesting for certain eligible employees. We recognize compensation expense for these awards over the applicable vesting period, which is generally three years. In addition, compensation expense includes a component related to the changes in the value of the underlying shares.

We value our restricted stock units and performance share awards using the average of the high and low values of our common stock on the grant date of the awards. As of December 31, 2016, there was $9.0 million of unrecognized compensation expense related to these awards, which we expect to be recognized over a weighted average period of 2.0 years.

The following table shows information about restricted stock units and performance shares for the year ended December 31, 2016:

	Number of Share Units Outstanding (in thousands)	Weighted Average Grant-Date Fair Value
Restricted Stock Units:		
Nonvested at beginning of the year	172	$ 53.18
Granted	88	40.33
Vested	(46)	46.31
Forfeited	(10)	52.71
Nonvested at end of the year	204	49.23
Performance Shares:		
Nonvested at beginning of the year	121	$ 54.32
Granted	95	38.83
Net increase due to estimated performance	18	56.91
Vested	(89)	53.63
Forfeited	(2)	54.79
Nonvested at end of the year	143	44.81

The total fair value of restricted stock units and performance shares that vested during the year was $7.5 million in 2016, $7.2 million in 2015, and $6.6 million in 2014.

Phantom Stock Awards

We grant phantom stock awards to non-employee directors as a component of their compensation for service on our board of directors. In accordance with the terms of the phantom stock awards, each director is credited with a quantity of units that equate to, but are not, common shares. Phantom stock awards are dividend participating, and all dividends are reinvested in additional phantom shares at the average of the high and low trading prices of our stock on the dividend payment date. At the expiration of each director's service on the board of directors, or in accordance with his or her deferral election, whole units of phantom stock will be settled with shares of common stock and fractional units will be paid in cash. In 2016, we granted 29,481 units of phantom stock and there were 189,422 units outstanding as of December 31, 2016.

NOTE 12. Income Taxes

Deferred income taxes are the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We have not recognized deferred US income taxes on the undistributed earnings of foreign subsidiaries and affiliates that we intend to permanently reinvest in foreign operations. The cumulative amount of such earnings was $961.1 million at December 31, 2016. The ultimate tax cost of repatriating these earnings depends on tax laws in effect and other circumstances at the time of distribution.

The following table shows the significant components of our deferred tax liabilities and assets as of December 31 (in millions):

	2016	2015
Deferred Tax Liabilities		
Book/tax basis difference due to depreciation	$ 1,119.1	$ 1,058.1
Investments in affiliated companies	69.5	72.9
Lease accounting	11.1	7.3
Other	1.0	—
Total deferred tax liabilities	1,200.7	1,138.3
Deferred Tax Assets		
Federal net operating loss	—	13.2
Alternative minimum tax credit	8.0	14.8
Foreign tax credit	—	5.8
Valuation allowance on foreign tax credit	—	(5.8)
State net operating loss	25.4	27.7
Valuation allowance on state net operating loss	(12.9)	(12.6)
Foreign net operating loss	2.9	3.6
Valuation allowance on foreign net operating loss	(0.3)	(0.3)
Accruals not currently deductible for tax purposes	26.7	22.2
Allowance for losses	1.5	3.2
Pension and post-retirement benefits	30.9	35.8
Other	29.1	12.4
Total deferred tax assets	111.3	120.0
Net deferred tax liabilities	$ 1,089.4	$ 1,018.3

At December 31, 2016, we have fully utilized all of our available US federal tax net operating loss carryforward. We do have an alternative minimum tax credit of $8.0 million that has an unlimited carryforward period.

At December 31, 2016, we have fully utilized all of our available foreign tax credits. We do have state net operating losses of $25.4 million, net of federal benefits that are scheduled to expire at various times beginning in 2017. We have recorded a

$12.9 million valuation allowance related to state net operating losses, as we believe it is more likely than not that we will be unable to use all of these losses. Additionally, we have foreign net operating losses, net of valuation allowances, of $2.6 million which have unlimited carryforward periods. Our use of future tax credits and net operating losses depends on a number of variables, including the amount of taxable income and state apportionment factors.

The following table shows a reconciliation of the beginning and ending amount of our gross liability for unrecognized tax benefits (in millions)

	2016	2015
Beginning balance	$ 5.7	$ 5.6
Additions to tax positions of prior years	—	0.1
Reduction for tax positions of prior years	(1.4)	—
Ending balance	$ 4.3	$ 5.7

At December 31, 2016, our gross liability for unrecognized tax benefits was $4.3 million, of which $2.8 million, if recognized, would favorably impact income tax expense. During the year ended December 31, 2016, we reduced our unrecognized tax benefit by $1.4 million based on a final determination ruling for a disputed state tax filing position. During the year ended December 31, 2015, we added an additional $0.1 million gross state tax liability. We recognize interest and penalties related to unrecognized tax benefits as income tax expense. We have not accrued any amounts for penalties. To the extent interest is not assessed or is otherwise reduced with respect to uncertain tax positions, we will record any required adjustment as a reduction of income tax expense.

We file one consolidated federal income tax return with our domestic subsidiaries in the US jurisdiction, as well as tax returns in various state and foreign jurisdictions. As of December 31, 2016, all audits or statute of limitations with respect to our federal tax returns for years prior to 2013 have been closed or expired. Additionally, we do not currently have any ongoing state income tax audits.

The following table shows the components of income before income taxes, excluding affiliates, for the years ending December 31 (in millions):

	2016	2015	2014
Domestic	$ 211.0	$ 174.7	$ 137.9
Foreign	94.4	95.6	93.3
	$ 305.4	$ 270.3	$ 231.2

The following table shows income taxes, excluding domestic and foreign joint ventures, for the years ending December 31 (in millions):

	2016	2015	2014
Current			
Domestic:			
Federal	$ 6.0	$ 5.6	$ 0.7
State and local	—	(0.2)	0.6
	6.0	5.4	1.3
Foreign	16.9	15.3	13.0
	22.9	20.7	14.3
Deferred			
Domestic:			
Federal	55.8	44.7	45.0
State and local	10.5	33.7	5.6
	66.3	78.4	50.6
Foreign	6.5	11.8	10.8
	72.8	90.2	61.4
Income taxes	$ 95.7	$ 110.9	$ 75.7

The following table shows the differences between our effective income tax rate and the federal statutory income tax rate for the years ending December 31 (in millions):

	2016	2015	2014
Income taxes at federal statutory rate	$ 106.9	$ 94.6	$ 80.9
Adjust for effect of:			
Foreign tax credits	(7.8)	—	—
Foreign earnings taxed at lower rates	(9.7)	(6.2)	(8.5)
Corporate owned life insurance	(1.7)	(0.9)	(0.6)
State income taxes	6.8	7.6	4.1
State deferred tax rate change impact	—	14.1	—
Other	1.2	1.7	(0.2)
Income taxes	$ 95.7	$ 110.9	$ 75.7
Effective income tax rate	31.3%	41.0%	32.7%

In 2016, our effective tax rate was 31.3% compared to 41.0% in 2015 and 32.7% in 2014. The current year effective tax rate reflects the utilization of $7.8 million in foreign tax credits. The 2015 effective tax rate reflected incremental deferred state income taxes of $14.1 million associated with a change in our consolidated effective state tax rate. Specifically, the sale of our marine assets in our Portfolio Management segment had a negative impact on our allocation factors that increased our overall effective state income tax rates in future years. Additionally, the 2015 rate reflected a higher contribution from domestic source income, which is taxed at a higher rate, as well as the impact of an increase in the statutory tax rate in Alberta, Canada.

The adjustment for foreign earnings in each year reflects the impact of lower tax rates on income earned at our foreign subsidiaries. State income taxes are recognized on domestic pretax income or loss. The amount of our domestic income subject to state taxes relative to our total worldwide income impacts the effect state income tax has on our overall income tax rate.

Separately, our affiliates incurred income taxes of $5.7 million and $18.3 million in 2016 and 2014, and an income tax benefit of $0.5 million in 2015. The 2016 and 2015 amounts were favorably impacted tax benefits of $3.9 million and $7.7 million as a result of income tax rate reductions enacted in the United Kingdom.

NOTE 13. Concentrations

Concentration of Revenues

We derived revenue from a wide range of industries and companies. In 2016, we generated approximately 26% of our total revenues from customers in the petroleum industry, 19% from the chemical industry, 18% from the transportation industry, 9% from food/agriculture industries, and 8% from the mining, minerals and aggregates industry. Our foreign identifiable revenues were primarily derived in Germany, Canada, Poland, Mexico, and Austria.

Concentration of Credit Risk

We did not have revenue concentrations greater than 10% from any particular customer for any of the years ended December 31, 2016, 2015, and 2014. Under our lease agreements with customers, we typically retain legal ownership of the assets unless such assets have been financed by sale-leasebacks. We perform a credit evaluation prior to approval of a lease contract. Subsequently, we monitor the creditworthiness of the customer and the value of the collateral on an ongoing basis. We maintain an allowance for losses to provide for credit losses inherent in our reservable assets portfolio.

Concentration of Labor Force

As of December 31, 2016, collective bargaining agreements covered approximately 43% of our employees, of which agreements covering 20% of employees will expire within the next year. The hourly employees at our US service centers are represented by the United Steelworkers. Employees at three of Rail North America's Canadian service centers are represented by Unifor, the union formerly known as the Communication, Energy and Paperworkers Union of Canada, and Employee Shop Committee of Riviere-des-Prairies. The Unifor agreements expired in January 2017 and negotiations are scheduled to begin in February 2017. The unlicensed shipboard personnel on twelve of the ASC vessels are represented by the Seafarers International Union ("SIU"). Licensed personnel on ASC's vessels, other than captains, are represented by the AMO. The SIU and AMO agreements expired January 15, 2017. SIU membership, representing approximately 5% of our employees, ratified a new agreement in January 2017, which will expire in June 2020. ASC reached a tentative agreement with AMO management in February 2017. The new agreement, which would expire in January 2021 and covers approximately 4% of our employees, must now be ratified by the AMO members. Certain employees of GATX Rail Europe are represented by one union in Germany and three unions in Poland.

NOTE 14. Commercial Commitments

We have entered into various commercial commitments, such as guarantees, standby letters of credit, and performance bonds, related to certain transactions. These commercial commitments require us to fulfill specific obligations in the event of third-party demands. Similar to our balance sheet investments, these commitments expose us to credit, market, and equipment risk. Accordingly, we evaluate these commitments and other contingent obligations using techniques similar to those we use to evaluate funded transactions.

The following table shows our commercial commitments as of December 31 (in millions):

	2016	2015
Lease payment guarantees	$ 15.0	$ 22.1
Standby letters of credit and performance bonds	8.9	8.9
Total commercial commitments (1)	$ 23.9	$ 31.0

(1) The carrying value of liabilities on the balance sheet for commercial commitments was $3.0 million at December 31, 2016 and $4.1 million at December 31, 2015. The expirations of these commitments range from 2017 to 2023. We are not aware of any event that would require us to satisfy any of our commitments.

Lease payment guarantees are commitments to financial institutions to make lease payments for a third party in the event they default. We reduce any liability that may result from these guarantees by the value of the underlying asset or group of assets.

We are also parties to standby letters of credit and performance bonds, which primarily relate to contractual obligations and general liability insurance coverages. No material claims have been made against these obligations, and no material losses are anticipated.

NOTE 15. Earnings per Share

We compute basic earnings per share by dividing net income available to our common shareholders by the weighted average number of shares of our common stock outstanding. We appropriately weighted shares issued or reacquired during the year for the portion of the year that they were outstanding. Our diluted earnings per share reflect the impacts of our potentially dilutive securities, which include our equity compensation awards.

The following table shows the computation of our basic and diluted net income per common share for the years ending December 31 (in millions, except per share amounts):

	2016	2015	2014
Numerator:			
Net income	$ 257.1	$ 205.3	$ 205.0
Denominator:			
Weighted average shares outstanding - basic	40.5	43.1	45.0
Effect of dilutive securities:			
Equity compensation plans	0.4	0.7	0.8
Weighted average shares outstanding - diluted	40.9	43.8	45.8
Basic earnings per share	$ 6.35	$ 4.76	$ 4.55
Diluted earnings per share	$ 6.29	$ 4.69	$ 4.48

NOTE 16. Goodwill

Our goodwill, all of which pertains to Rail North America and Rail International, was $78.0 million as of December 31, 2016 and $79.7 million as of December 31, 2015. In the fourth quarter of 2016, we performed a review for impairment of goodwill, and concluded that goodwill was not impaired. For 2016 and 2015, changes in the carrying amount of our goodwill resulted from changes in foreign currency exchange rates.

NOTE 17. Allowance for Losses

The following table shows changes in the allowance for losses at December 31 (in millions):

	2016	2015
Beginning balance	$ 10.3	$ 5.7
Provision for losses	4.0	6.6
Charges to allowance	(9.1)	(1.9)
Recoveries and other, including foreign exchange adjustments	0.9	(0.1)
Ending balance	$ 6.1	$ 10.3

The allowance for losses is comprised of a general allowance for trade receivables and specific allowances for finance leases. As of December 31, 2016, the general allowance for trade receivables was $6.1 million, or 7.1% of rent and other receivables, compared to $6.3 million, or 9.1% of rent and other receivables at December 31, 2015. At December 31, 2016, there were no specific allowances for finance leases, compared to $4.0 million at December 31, 2015. The specific allowance in 2015 was related to a loss reserve recorded in connection with one investment at Portfolio Management that was written off in the current year.

NOTE 18. Other Assets and Other Liabilities

The following table shows the components of other assets reported on our balance sheets as of December 31 (in millions):

	2016	2015
Assets held for sale	$ 89.5	$ 106.0
Inventory	51.3	55.2
Office furniture, fixtures and other equipment, net of accumulated depreciation	27.9	31.8
Derivatives	16.4	12.8
Prepaid items	15.1	14.3
Loans	6.2	8.8
Deferred financing costs	4.5	3.4
Prepaid pension	1.1	0.7
Other investments	0.5	4.2
Other	84.6	84.0
	$ 297.1	$ 321.2

Assets held for sale consisted of Portfolio Management marine assets, resulting from management's decision to exit the majority of our marine investments within the Portfolio Management segment, as well as railcars at Rail North America. For additional information see "Note 9. Asset Impairments and Assets Held for Sale".

The following table shows the components of other liabilities reported on our balance sheets as of December 31 (in millions):

	2016	2015
Accrued pension and other post-retirement benefits	$ 82.3	$ 94.6
Deferred gains on sale-leasebacks	54.0	44.8
Accrued operating lease expense	22.2	19.3
Environmental accruals	14.9	13.2
Deferred income	3.8	7.7
Unrecognized tax benefits	2.8	3.8
Derivatives	0.1	3.8
Other	42.0	33.4
	$ 222.1	$ 220.6

NOTE 19. Shareholders' Equity

In 2016, our board of directors authorized a $300 million share repurchase program. During the year, we purchased 2.7 million shares of common stock for $120.1 million, including commissions. In 2015, we purchased 2.4 million shares of common stock for $125.4 million which completed our $250 million repurchase program authorized in 2014. In 2014, we purchased 1.9 million shares of common stock for $124.6 million. The timing of share repurchases is dependent on market conditions and other factors.

In accordance with our certificate of incorporation, 120 million shares of common stock are authorized, at a par value of $0.625 per share. As of December 31, 2016, 67.0 million shares were issued and 39.4 million shares were outstanding.

The following shares of common stock were reserved as of December 31, 2016 (in millions):

GATX Corporation 2004 Equity Incentive Compensation Plan	2.2
GATX Corporation 2012 Incentive Award Plan	3.4
	5.6

Our certificate of incorporation also authorizes five million shares of preferred stock at a par value of $1.00 per share. We had no outstanding shares of preferred stock as of December 31, 2016, December 31, 2015 and December 31, 2014.

NOTE 20. Accumulated Other Comprehensive Income (Loss)

The following table shows the change in components for accumulated other comprehensive loss (in millions):

	Foreign Currency Translation Gain (Loss)	Unrealized Gain (Loss) on Securities	Unrealized Loss on Derivative Instruments	Post-Retirement Benefit Plans	Total
Balance at December 31, 2013	$ 57.2	$ 0.4	$ (22.1)	$ (78.2)	(42.7)
Change in component	(79.1)	(0.2)	0.3	(57.3)	(136.3)
Reclassification adjustments into earnings	—	—	6.0	10.1	16.1
Income tax effect	—	0.1	(3.3)	17.7	14.5
Balance at December 31, 2014	(21.9)	0.3	(19.1)	(107.7)	(148.4)
Change in component	(55.8)	(1.0)	1.6	(0.9)	(56.1)
Reclassification adjustments into earnings	—	—	(1.0)	13.5	12.5
Income tax effect	—	0.4	(2.4)	(4.8)	(6.8)
Balance at December 31, 2015	(77.7)	(0.3)	(20.9)	(99.9)	(198.8)
Change in component	(26.0)	2.5	7.3	11.7	(4.5)
Reclassification adjustments into earnings	—	(1.9)	(3.9)	9.0	3.2
Income tax effect	—	(0.3)	(2.8)	(7.9)	(11.0)
Balance at December 31, 2016	$ (103.7)	$ —	$ (20.3)	$ (87.1)	$ (211.1)

See "Note 8. Fair Value Disclosure" and "Note 10. Pension and Other Post-Retirement Benefits" for impacts of the reclassification adjustments on the statement of comprehensive income.

NOTE 21. Foreign Operations

For the years ended December 31, 2016, 2015, and 2014, we did not derive revenues in excess of 10% of our consolidated revenues from any one foreign country. Additionally, at December 31, 2016 and 2015, we did not have more than 10% of our identifiable assets in any one foreign country.

The following table shows our domestic and foreign revenues and identifiable assets for the years ended or as of December 31 (in millions):

	2016	2015	2014
Revenues			
Foreign	$ 320.7	$ 329.4	$ 346.2
United States	1,097.6	1,120.5	1,104.8
	$ 1,418.3	$ 1,449.9	$ 1,451.0
Identifiable Assets			
Foreign	$ 2,098.2	$ 1,992.3	$ 2,133.3
United States	5,007.2	4,901.9	4,786.6
	$ 7,105.4	$ 6,894.2	$ 6,919.9

NOTE 22. Legal Proceedings and Other Contingencies

Various legal actions, claims, assessments and other contingencies arising in the ordinary course of business are pending against GATX and certain of our subsidiaries. These matters are subject to many uncertainties, and it is possible that some of these matters could ultimately be decided, resolved or settled adversely.

Viareggio Derailment

In June 2009, a train consisting of fourteen liquefied petroleum gas ("LPG") tank cars owned by GATX Rail Austria GmbH and its subsidiaries (collectively, "GRA") derailed while passing through the City of Viareggio, in the province of Lucca, Italy. Five tank cars overturned and one of the overturned cars was punctured by a peg or obstacle along the side of the track, resulting in a release of LPG, which subsequently ignited. The accident resulted in multiple deaths, personal injuries and property damage. The LPG tank cars were leased to FS Logistica S.p.A., a subsidiary of the Italian state-owned railway, Ferrovie dello Stato S.p.A (the "Italian Railway").

On December 14, 2012, the prosecutors for Lucca charged the Italian Railway, GRA, and a number of their maintenance, operations, and managerial employees with various negligence-based crimes related to the accident. A trial was held in the court of Lucca and, on January 31, 2017, the court announced guilty verdicts against various Italian Railway companies, GRA, and certain of their employees. The court imposed a fine of 1.4 million Euros against GRA and prison sentences against the employees. GRA disagrees with the trial court's ruling and believes that the evidence shows it and its employees acted diligently and in accordance with applicable regulations at all times. GRA plans to appeal the trial court's ruling and, pending the final disposition of the appeals, these fines and penalties are not enforceable.

With respect to civil claims, the insurers for the Italian Railway and GRA have fully settled and resolved most of the claims arising out of the accident. With respect to unsettled claims, the Lucca court ordered all convicted defendants (including various Italian Railway entities and GRA) to pay final damages or advances to the remaining 56 claimants. The amount of these awards is immaterial and GRA expects that its insurers will continue to cover most of these damages to claimants except for a small number of civil claims. GRA will continue to incur legal expenses for the criminal appeals although they are not expected to be material. We cannot predict the outcome of the appeals process and thus cannot reasonably estimate the possible amount or range of costs that may be ultimately incurred in connection with this litigation.

Other Litigation

GATX and its subsidiaries have been named as defendants in various other legal actions and claims, governmental proceedings, and private civil suits arising in the ordinary course of business, including environmental matters, workers' compensation claims, and other personal injury claims. Some of these proceedings include claims for punitive as well as compensatory damages.

Several of our subsidiaries have also been named as defendants or co-defendants in cases alleging injury caused by exposure to asbestos. The plaintiffs seek an unspecified amount of damages based on common law, statutory, or premises liability or, in the case of claims against ASC, the Jones Act, which provides limited remedies to certain maritime employees. In January 2017, GATX agreed to settle 57 Jones Act cases originally filed against ASC in the United States District Court, Northern District of Ohio for an immaterial amount. During 2016, an additional 3 asbestos cases were dismissed without payment. As of January 31, 2017, there remains 22 asbestos-related cases pending against GATX and its subsidiaries, which includes 7 new asbestos cases filed during 2016. In addition, demand has been made against GATX for asbestos-related claims under limited indemnities given in connection with the sale of certain of our former subsidiaries. It is possible that the number of these cases or claims for indemnity could begin to grow and that the cost of these cases, including costs to defend, could correspondingly increase in the future.

Litigation Accruals

We have recorded accruals totaling $4.7 million at December 31, 2016 for losses related to those litigation matters that we believe to be probable and for which an amount of loss can be reasonably estimated. However, we cannot determine a reasonable estimate of the maximum possible loss or range of loss for these matters given that they are at various stages of the litigation process and each case is subject to the inherent uncertainties of litigation (such as the strength of our legal defenses and the availability of insurance recovery). Although the maximum amount of liability that may ultimately result from any of these matters cannot be predicted with absolute certainty, management expects that none of the matters for which we have recorded an accrual, when ultimately resolved, will have a material adverse effect on our consolidated financial position or liquidity. It is possible, however, that the ultimate resolution of one or more of these matters could have a material adverse effect on our results of operations in a particular quarter or year if such resolution results in liability that materially exceeds the accrued amount.

In addition, we have other litigation matters pending for which we have not recorded any accruals because our potential liability for those matters is not probable or cannot be reasonably estimated based on currently available information. For those matters where we have not recorded an accrual but a loss is reasonably possible, we cannot determine a reasonable estimate of the maximum possible loss or range of loss for these matters given that they are at various stages of the litigation process and each case is subject to the inherent uncertainties of litigation (such as the strength of our legal defenses and the availability of insurance recovery). Although the maximum amount of liability that may ultimately result from any of these matters cannot be predicted with absolute certainty, management expects that none of the matters for which we have not recorded an accrual, when ultimately resolved, will have a material adverse effect on our consolidated financial position or liquidity. It is possible, however, that the ultimate resolution of one or more of these matters could have a material adverse effect on our results of operations in a particular quarter or year if such resolution results in a significant liability for GATX.

Environmental

Our operations are subject to extensive federal, state, and local environmental regulations. Our operating procedures include practices to protect the environment from the risks inherent in full service railcar leasing, which involves maintaining railcars used by customers to transport chemicals and other hazardous materials. Under some environmental laws in the US and certain other countries, the owner of a leased railcar may be liable for environmental damage and cleanup or other costs in the event of a spill or discharge of material from a railcar without regard to the owner's fault. While our standard master railcar lease agreement requires the lessee to indemnify us against environmental claims and to carry liability insurance coverage, such indemnities and insurance may not fully protect us against claims for environmental damage. Additionally, some of our real estate holdings, including previously owned properties, are or have been used for industrial or transportation-related purposes or leased to commercial or industrial companies whose activities might have resulted in discharges on the property. As a result, we are subject to environmental cleanup and enforcement actions. In particular, the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the Superfund law, as well as similar state laws, impose joint and several liability for cleanup and enforcement costs on current and former owners and operators of a site without regard to fault or the legality of the original conduct. If there are other potentially responsible parties ("PRPs"), we generally contribute to the cleanup of these sites through cost-sharing agreements with terms that vary from site to site. Costs are typically allocated based on the relative volumetric contribution of material, the period of time the site was owned or operated, and/or the portion of the site owned or operated by each PRP.

At the time a potential environmental issue is identified, initial accruals for environmental liability are established when such liability is determined to be probable and a reasonable estimate of the associated costs can be made. Costs are estimated based on the type and level of investigation and/or remediation activities that our internal environmental staff (and where appropriate, independent consultants) have advised to be necessary to comply with applicable laws and regulations. Activities include surveys and environmental studies of potentially contaminated sites as well as costs for remediation and restoration of sites determined to be contaminated. In addition, we have provided indemnities for potential environmental liabilities to buyers of divested companies.

In these instances, accruals are based on the scope and duration of the respective indemnities together with the extent of known contamination. Estimates are periodically reviewed and adjusted as required to reflect additional information about facility or site characteristics or changes in regulatory requirements. We conduct a quarterly environmental contingency analysis, which considers a combination of factors including independent consulting reports, site visits, legal reviews, analysis of the likelihood of participation in and the ability of other PRPs to pay for cleanup, and historical trend analyses.

We are involved in administrative and judicial proceedings and other voluntary and mandatory cleanup efforts at 18 sites, including Superfund sites, for which we are contributing to the cost of performing the study or cleanup, or both, of alleged environmental contamination. As of December 31, 2016, we have recorded accruals of $14.9 million for remediation and restoration costs that we believe to be probable and for which the amount of loss can be reasonably estimated. These amounts are included in other liabilities on our balance sheet. Our environmental liabilities are not discounted.

We did not materially change our methodology for identifying and calculating environmental liabilities in the last three years. Currently, no known trends, demands, commitments, events or uncertainties exist that are reasonably likely to occur and materially affect the methodology or assumptions described above.

The recorded accruals represent our best estimate of all costs for remediation and restoration of affected sites, without reduction for anticipated recoveries from third parties, and include both asserted and unasserted claims. However, we are unable to provide a reasonable estimate of the maximum potential loss associated with these sites because cleanup costs cannot be predicted with certainty. Various factors beyond our control can impact the amount of loss GATX will ultimately incur with respect to these sites, including the extent of corrective actions that may be required; evolving environmental laws and regulations; advances in environmental technology, the extent of other parties' participation in cleanup efforts; developments in periodic environmental analyses related to sites determined to be contaminated, and developments in environmental surveys and studies of potentially contaminated sites. As a result, future charges associated with these sites could have a significant effect on results of operations in a particular quarter or year if the costs materially exceed the accrued amount as individual site studies and remediation and restoration efforts proceed. However, management believes it is unlikely that the ultimate cost to GATX for any of these sites, either individually or in the aggregate, will have a material adverse effect on our consolidated financial position or liquidity.

NOTE 23. Financial Data of Business Segments

The financial data presented below depicts the profitability, financial position, and capital expenditures of each of our business segments.

We lease, operate, manage, and remarket long-lived, widely-used assets, primarily in the rail market. We report our financial results through four primary business segments: Rail North America, Rail International, American Steamship Company ("ASC"), and Portfolio Management.

Rail North America is composed of our wholly owned operations in the United States, Canada, and Mexico, as well as an affiliate investment. Rail North America primarily provides railcars pursuant to full-service leases under which it maintains the railcars, pays ad valorem taxes and insurance, and provides other ancillary services.

Rail International is composed of our wholly owned European operations ("GATX Rail Europe" or "GRE"), a wholly owned railcar leasing business in India ("Rail India"), and our operations in Russia ("Rail Russia"). GRE leases railcars to customers throughout Europe pursuant to full-service leases under which it maintains the railcars and provides value-adding services according to customer requirements.

ASC operates the largest fleet of US-flagged vessels on the Great Lakes, providing waterborne transportation of dry bulk commodities such as iron ore, coal, limestone aggregates, and metallurgical limestone.

Portfolio Management is composed primarily of our ownership in a group of joint ventures with Rolls-Royce plc that lease aircraft spare engines, as well as five liquefied gas carrying vessels and assorted other marine assets. In prior years, Portfolio Management generated leasing, marine operating, asset remarketing, and management fee income through a collection of diversified wholly owned assets and joint venture investments. In 2015, we made the decision to exit the majority of the marine investments within our Portfolio Management segment, including six chemical parcel tankers, a number of inland marine vessels, and our 50% interest in the Cardinal Marine joint venture.

Segment profit is an internal performance measure used by the Chief Executive Officer to assess the performance of each segment in a given period. Segment profit includes all revenues, pretax earnings from affiliates, and net gains on asset dispositions that are attributable to the segments, as well as expenses that management believes are directly associated with the financing, maintenance, and operation of the revenue earning assets. Segment profit excludes selling, general and administrative expenses, income taxes, and certain other amounts not allocated to the segments. These amounts are included in Other.

We allocate debt balances and related interest expense to each segment based upon predetermined debt to equity leverage ratios. Due to the changes in the composition of our segments, we modified segment leverage levels for 2016. The leverage levels for 2016 were 5:1 for Rail North America, 3:1 for Rail International, 1.5:1 for ASC, and 1:1 for Portfolio Management. Prior to 2016, the leverage levels were 5:1 for Rail North America, 2:1 for Rail International, 1.5:1 for ASC, and 3:1 for Portfolio Management. We believe that by using this leverage and interest expense allocation methodology, each operating segment's financial performance reflects appropriate risk-adjusted borrowing costs.

The following tables show certain segment data for the years ended December 31, 2016, 2015, and 2014 (in millions):

	Rail North America	Rail International	ASC	Portfolio Management	Other	GATX Consolidated
2016 Profitability						
Revenues						
Lease revenue	$ 935.1	$ 182.0	$ 4.2	$ 5.8	$ —	$ 1,127.1
Marine operating revenue	—	—	150.0	49.3	—	199.3
Other revenue	83.4	7.0	—	1.5	—	91.9
Total Revenues	1,018.5	189.0	154.2	56.6	—	1,418.3
Expenses						
Maintenance expense	266.5	47.2	18.6	—	—	332.3
Marine operating expense	—	—	96.7	32.8	—	129.5
Depreciation expense	231.8	45.5	12.9	7.0	—	297.2
Operating lease expense	67.6	—	6.0	—	(0.1)	73.5
Other operating expense	34.1	5.3	—	4.4	—	43.8
Total Expenses	600.0	98.0	134.2	44.2	(0.1)	876.3
Other Income (Expense)						
Net gain on asset dispositions	16.6	1.1	—	80.3	—	98.0
Interest (expense) income, net	(110.1)	(29.7)	(4.5)	(8.6)	4.8	(148.1)
Other (expense) income	(3.6)	0.8	(5.4)	—	(3.6)	(11.8)
Share of affiliates' earnings (pretax)	0.5	(0.2)	—	52.8	—	53.1
Segment profit	$ 321.9	$ 63.0	$ 10.1	$ 136.9	$ 1.3	533.2
Selling, general and administrative expense						174.7
Income taxes (includes $5.7 related to affiliates' earnings)						101.4
Net income						$ 257.1
Net Gain on Asset Dispositions						
Asset Remarketing Income:						
Disposition gains on owned assets	$ 45.5	$ —	$ —	$ 4.2	$ —	$ 49.7
Residual sharing income	0.8	—	—	82.8	—	83.6
Non-remarketing disposition gains (1)	1.5	1.7	—	—	—	3.2
Asset impairments	(31.2)	(0.6)	—	(6.7)	—	(38.5)
	$ 16.6	$ 1.1	$ —	$ 80.3	$ —	$ 98.0
Capital Expenditures						
Portfolio investments and capital additions	$ 495.6	$ 87.1	$ 9.1	$ 25.0	$ 3.9	$ 620.7
Selected Balance Sheet Data						
Investments in affiliated companies	$ 10.5	$ 1.2	$ —	$ 375.3	$ —	$ 387.0
Identifiable assets	$ 4,775.6	$ 1,128.7	$ 278.8	$ 593.5	$ 328.8	$ 7,105.4

(1) Includes scrapping gains.

	Rail North America	Rail International	ASC	Portfolio Management	Other	GATX Consolidated
2015 Profitability						
Revenues						
Lease revenue	$ 930.9	$ 172.9	$ 4.1	$ 22.2	$ —	$ 1,130.1
Marine operating revenue	—	—	166.1	68.9	—	235.0
Other revenue	75.9	7.5	—	1.4	—	84.8
Total Revenues	1,006.8	180.4	170.2	92.5	—	1,449.9
Expenses						
Maintenance expense	264.2	39.6	22.3	—	—	326.1
Marine operating expense	—	—	107.2	48.7	—	155.9
Depreciation expense	215.1	43.7	14.3	17.4	—	290.5
Operating lease expense	82.2	—	5.2	—	(0.2)	87.2
Other operating expense	26.2	5.1	—	7.1	—	38.4
Total Expenses	587.7	88.4	149.0	73.2	(0.2)	898.1
Other Income (Expense)						
Net gain (loss) on asset dispositions	67.2	6.8	(0.1)	5.3	—	79.2
Interest expense, net	(102.1)	(22.4)	(5.3)	(20.0)	(5.3)	(155.1)
Other expense	(5.2)	(6.0)	(0.7)	—	(1.3)	(13.2)
Share of affiliates' earnings (pretax) (1)	0.5	(0.3)	—	45.2	—	45.4
Segment profit (loss)	$ 379.5	$ 70.1	$ 15.1	$ 49.8	$ (6.4)	508.1
Selling, general and administrative expense						192.4
Income taxes (includes $0.5 net benefits related to affiliates' earnings)						110.4
Net income						$ 205.3
Net Gain (Loss) on Asset Dispositions						
Asset Remarketing Income:						
Disposition gains on owned assets	$ 66.6	$ —	$ —	$ 23.7	$ —	$ 90.3
Residual sharing income	0.8	—	—	12.6	—	13.4
Non-remarketing disposition gains (2)	2.3	7.2	(0.1)	—	—	9.4
Asset impairments	(2.5)	(0.4)	—	(31.0)	—	(33.9)
	$ 67.2	$ 6.8	$ (0.1)	$ 5.3	$ —	$ 79.2
Capital Expenditures						
Portfolio investments and capital additions	$ 524.5	$ 148.0	$ 20.3	$ 18.4	$ 3.5	$ 714.7
Selected Balance Sheet Data						
Investments in affiliated companies	$ 12.0	$ 1.4	$ —	$ 335.1	$ —	$ 348.5
Identifiable assets	$ 4,629.1	$ 1,117.6	$ 284.7	$ 636.5	$ 226.3	$ 6,894.2

(1) Includes a $19.0 million impairment loss in the Portfolio Management segment.
(2) Includes scrapping gains.

	Rail North America	Rail International	ASC	Portfolio Management	Other	GATX Consolidated
2014 Profitability						
Revenues						
Lease revenue	$ 864.1	$ 188.6	$ 4.2	$ 29.7	$ —	$ 1,086.6
Marine operating revenue	—	—	223.0	63.3	—	286.3
Other revenue	63.4	10.3	—	4.4	—	78.1
Total Revenues	927.5	198.9	227.2	97.4	—	1,451.0
Expenses						
Maintenance expense	265.5	45.9	25.6	—	—	337.0
Marine operating expense	—	—	149.2	48.6	—	197.8
Depreciation expense	190.0	47.1	13.6	22.8	—	273.5
Operating lease expense	103.7	—	5.2	—	(0.2)	108.7
Other operating expense	21.9	5.1	—	1.9	—	28.9
Total Expenses	581.1	98.1	193.6	73.3	(0.2)	945.9
Other Income (Expense)						
Net gain (loss) on asset dispositions	72.3	6.0	(0.5)	9.4	—	87.2
Interest expense, net	(98.4)	(24.7)	(5.6)	(24.3)	(5.4)	(158.4)
Other expense	(7.2)	(3.1)	(0.2)	(1.2)	(1.8)	(13.5)
Share of affiliates' earnings (pretax)	7.9	(0.3)	—	60.2	—	67.8
Segment profit (loss)	$ 321.0	$ 78.7	$ 27.3	$ 68.2	$ (7.0)	488.2
Selling, general and administrative expense						189.2
Income taxes (includes $18.3 related to affiliates' earnings)						94.0
Net income						$ 205.0
Net Gain (Loss) on Asset Dispositions						
Asset Remarketing Income:						
Disposition gains on owned assets	$ 57.4	$ 0.6	$ —	$ 5.1	$ —	$ 63.1
Residual sharing income	5.2	—	—	4.2	—	9.4
Non-remarketing disposition gains (1)	10.4	5.7	(0.1)	—	—	16.0
Asset impairments	(0.7)	(0.3)	(0.4)	0.1	—	(1.3)
	$ 72.3	$ 6.0	$ (0.5)	$ 9.4	$ —	$ 87.2
Capital Expenditures						
Portfolio investments and capital additions	$ 810.6	$ 163.6	$ 18.4	$ 32.3	$ 5.6	$ 1,030.5
Selected Balance Sheet Data						
Investments in affiliated companies	$ 17.2	$ 1.8	$ —	$ 338.7	$ —	$ 357.7
Identifiable assets	$ 4,358.2	$ 1,228.8	$ 286.7	$ 813.3	$ 232.9	$ 6,919.9

(1) Includes scrapping gains.

NOTE 24. Selected Quarterly Financial Data (unaudited)

	First Quarter	Second Quarter	Third Quarter (2)	Fourth Quarter (3)	Total
	In millions, except per share data				
2016					
Total revenues	$ 334.4	$ 358.9	$ 362.9	$ 362.1	$ 1,418.3
Net income	$ 69.3	$ 61.2	$ 95.7	$ 30.9	$ 257.1
Per Share Data (1)					
Basic	$ 1.67	$ 1.51	$ 2.39	$ 0.78	$ 6.35
Diluted	$ 1.66	$ 1.49	$ 2.36	$ 0.77	$ 6.29
2015					
Total revenues	$ 319.7	$ 365.3	$ 386.2	$ 378.7	$ 1,449.9
Net income	$ 62.2	$ 45.4	$ 39.5	$ 58.2	$ 205.3
Per Share Data (1)					
Basic	$ 1.41	$ 1.04	$ 0.92	$ 1.38	$ 4.76
Diluted	$ 1.39	$ 1.03	$ 0.91	$ 1.37	$ 4.69

(1) Quarterly earnings per share may not be additive, as per share amounts are computed independently for each quarter and the full year is based on the respective weighted average common shares and common stock equivalents outstanding.

(2) In the third quarter of 2016, net income included $30.3 million of income related to the settlement of a residual sharing agreement and $3.9 million of benefit resulting from a reduction in the statutory income tax rate in the UK. In the third quarter of 2015, net income included $26.6 million of net loss related to the exit of marine investments at Portfolio Management.

(3) In the fourth quarter of 2016, net income included $19.2 million of impairment losses related to certain railcars at Rail North America and $7.1 million of benefit related to the utilization of foreign tax credits. In the fourth quarter of 2015, net income included $9.0 million of net gain related to the exit of marine investments at Portfolio Management. In addition, net income included $14.1 million of expense attributable to an increase in our effective state income tax rate, $7.7 million of benefit resulting from a reduction in the statutory income tax rate in the UK, and $5.6 million of net expenses associated with an early retirement program offered to certain employees.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Management's Report Regarding the Effectiveness of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")). Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective.

Management's Report Regarding the Effectiveness of Internal Control and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act for us. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate as a result of changes in conditions, or that the degree of compliance with the applicable policies and procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of our internal control over financial reporting as of the end of the period covered by this annual report based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Such evaluation included reviewing the documentation of our internal controls, evaluating the design effectiveness of the internal controls and testing their operating effectiveness.

Based on such evaluation, our management has concluded that as of the end of the period covered by this annual report, our internal control over financial reporting was effective.

Ernst & Young LLP, the independent registered public accounting firm that audited the financial statements included in this annual report, has issued a report on our internal control over financial reporting. That report follows.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Shareholders of GATX Corporation and subsidiaries

We have audited GATX Corporation and subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). GATX Corporation and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report Regarding the Effectiveness of Internal Control and Procedures. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, GATX Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of GATX Corporation and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2016 and our report dated February 22, 2017, expressed an unqualified opinion thereon.

Ernst + Young LLP

Chicago, Illinois
February 22, 2017

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) occurred during the fiscal quarter ended December 31, 2016, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information*

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Information required by this item regarding directors, our Code of Business Conduct and Ethics, Code of Ethics for Senior Company Officers, Audit Committee Financial Experts, compliance with Section 16(a) of the Exchange Act, and corporate governance is contained in sections entitled "Director Criteria and Nomination Process", "Nominees for Election to the Board of Directors", "Board of Directors", "Board Independence", "Board Leadership Structure", "Board Committees", "Director and Officer Indemnification and Insurance Arrangements", "Communication with the Board", "Audit Committee Report", and "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive Proxy Statement to be filed on or about March 24, 2017, which sections are incorporated herein by reference.

Information regarding executive officers is included after Item 1 in Part I of this Form 10-K.

Item 11. *Executive Compensation*

Information required by this item regarding compensation of our directors and executive officers is contained in sections entitled "Director Compensation", "Compensation Discussion and Analysis", "Compensation Committee Report", and "Executive Compensation Tables", in our definitive Proxy Statement to be filed on or about March 24, 2017, which sections are incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

Information required by this item regarding security ownership of certain beneficial owners and management is contained in sections entitled "Security Ownership of Directors and Executive Officers" and "Principal Shareholders" in our definitive Proxy Statement to be filed on or about March 24, 2017, which sections are incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

Information required by this item regarding transactions with related persons and director independence is contained in the sections entitled "Related Party Transactions" and "Board Independence" in our definitive Proxy Statement to be filed on or about March 24, 2017, which sections are incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

Information required by this item regarding fees paid to Ernst & Young is contained in sections entitled "Pre-Approval Policy" and "Audit and Other Related Fees" in our definitive Proxy Statement to be filed on or about March 24, 2017, which sections are incorporated herein by reference.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) 1. Financial Statements

Documents Filed as Part of this Report:

2. Financial Statement Schedules:

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and, therefore, have been omitted.

3. Exhibits. See the Exhibit Index included herewith and incorporated by reference hereto.

Item 16. ***Form 10-K Summary***

N/A.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GATX CORPORATION
Registrant

/s/ BRIAN A. KENNEY
Brian A. Kenney

Chairman, President and Chief
Executive Officer

February 22, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ BRIAN A. KENNEY Brian A. Kenney February 22, 2017	Chairman, President and Chief Executive Officer (Principal Executive Officer)
/s/ ROBERT C. LYONS Robert C. Lyons February 22, 2017	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ WILLIAM M. MUCKIAN William M. Muckian February 22, 2017	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
Diane Aigotti	Director
Anne L. Arvia	Director
Ernst A. Häberli	Director
James B. Ream	Director
Robert J. Ritchie	Director
David S. Sutherland	Director
Casey J. Sylla	Director
Stephen R. Wilson	Director
Paul G. Yovovich	Director
/s/ DEBORAH A. GOLDEN Deborah A. Golden February 22, 2017	Executive Vice President, General Counsel and Corporate Secretary (Attorney in Fact)

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT

GATX CORPORATION
(Parent Company)

BALANCE SHEETS
(In millions)

	December 31	
	2016	**2015**
Assets		
Cash and cash equivalents	$ 249.1	$ 147.6
Operating assets and facilities, net	3,457.9	3,373.6
Investments in affiliated companies	2,179.7	2,255.3
Other assets	758.6	709.4
Total Assets	$ 6,645.3	$ 6,485.9
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	$ 88.6	$ 72.0
Debt	4,140.8	4,107.7
Other liabilities	1,068.7	1,026.0
Total Liabilities	5,298.1	5,205.7
Total Shareholders' Equity	1,347.2	1,280.2
Total Liabilities and Shareholders' Equity	$ 6,645.3	$ 6,485.9

See accompanying note to condensed financial statements.

GATX CORPORATION
(Parent Company)

STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31		
	2016	**2015**	**2014**
Revenues			
Lease revenue	$ 720.8	$ 718.3	$ 669.7
Other revenue	76.3	66.7	60.2
Total Revenues	797.1	785.0	729.9
Expenses			
Maintenance expense	240.8	233.6	227.6
Depreciation expense	176.8	164.8	147.7
Operating lease expense	59.0	61.7	83.0
Other operating expense	31.5	25.4	17.1
Selling, general and administrative expense	133.5	149.2	139.7
Total Expenses	641.6	634.7	615.1
Other Income (Expense)			
Net gain on asset dispositions	131.2	48.0	67.9
Interest expense, net	(59.4)	(68.7)	(66.7)
Other (expense) income	(6.5)	—	2.5
Income before Income Taxes and Share of Affiliates' Earnings	220.8	129.6	118.5
Income Taxes	(103.3)	(62.4)	(41.7)
Share of Affiliates' Earnings, Net of Taxes	139.6	138.1	128.2
Net Income	$ 257.1	$ 205.3	$ 205.0
Other Comprehensive Income, Net of Taxes			
Foreign currency translation adjustments	(26.0)	(55.8)	(79.1)
Unrealized gain (loss) on securities	0.3	(0.6)	(0.1)
Unrealized gain (loss) on derivative instruments	0.6	(1.8)	3.0
Post-retirement benefit plans	12.8	7.8	(29.5)
Other comprehensive loss	(12.3)	(50.4)	(105.7)
Comprehensive Income	$ 244.8	$ 154.9	$ 99.3

See accompanying note to condensed financial statements.

GATX CORPORATION
(Parent Company)

STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31		
	2016	**2015**	**2014**
Operating Activities			
Net cash provided by operating activities	$ 632.8	$ 412.5	$ 219.5
Investing Activities			
Capital additions	(472.7)	(602.9)	(748.1)
Purchases of leased-in assets	(108.4)	(118.4)	(150.5)
Proceeds from sale-leasebacks	82.5	—	—
Portfolio proceeds and other	127.8	208.7	169.5
Net cash used in investing activities	(370.8)	(512.6)	(729.1)
Financing Activities			
Repayments of debt (original maturities longer than 90 days)	(661.0)	(350.0)	(692.2)
Net (decrease) increase in debt with original maturities of 90 days or less	—	(69.0)	69.0
Proceeds from issuances of debt (original maturities longer than 90 days)	677.6	695.7	1,188.7
Stock repurchases	(120.1)	(125.4)	(124.6)
Dividends	(67.4)	(68.2)	(62.0)
Other	10.4	2.3	(1.6)
Net cash (used in) provided by financing activities	(160.5)	85.4	377.3
Net increase (decrease) in cash and cash equivalents during the year	101.5	(14.7)	(132.3)
Cash and Cash Equivalents at beginning of year	147.6	162.3	294.6
Cash and Cash Equivalents at end of year	$ 249.1	$ 147.6	$ 162.3

See accompanying note to condensed financial statements.

Note to Condensed Financial Statements

Basis of Presentation

The condensed financial statements represent the Balance Sheets, Statements of Comprehensive Income and Cash Flows of GATX Corporation, the parent company. In these parent-company-only financial statements, our investment in subsidiaries and joint ventures (collectively “affiliates”) is stated at cost plus equity in undistributed earnings of affiliates since the date of acquisition. Our share of net income from affiliates is included in consolidated net income using the equity method. The parent-company-only financial statements should be read in conjunction with our consolidated financial statements.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
Filed with this Report:	
10.1	Amended and Restated GATX Corporation Directors' Voluntary Deferred Fee Plan, effective as of December 2, 2016.*
10.2	Amended and Restated GATX Corporation Directors' Phantom Stock Plan, effective as of December 2, 2016.*
10.3	Form of Option Agreement for awards under the GATX Corporation 2012 Incentive Award Plan to executive officers with Agreements for Employment Following a Change of Control.*
12	Computation of ratios of earnings to combined fixed charges and preferred stock dividends.
21	Subsidiaries of the Registrant.
23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24	Powers of Attorney with respect to the Annual Report on Form 10-K for the fiscal year ended December 31, 2016.
31.1	Certification Pursuant to Exchange Act Rule 13a-14(a) and Rule 15d-14(a) (CEO Certification).
31.2	Certification Pursuant to Exchange Act Rule 13a-14(a) and Rule 15d-14(a) (CFO Certification).
32	Certification Pursuant to 18 U.S.C. Section 1350 (CEO and CFO Certification).
101	The following materials from GATX Corporation's Annual Report on Form 10-K for the year ended December 31, 2016, are formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets at December 31, 2016 and December 31, 2015, (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2016, 2015, and 2014, (iii) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015, and 2014, (iv) Notes to the Consolidated Financial Statements, and (v) Schedule I Condensed Financial Information of Registrant.
Incorporated by Reference:	
3.1	Restated Certificate of Incorporation of GATX Corporation is incorporated herein by reference to Exhibit 3.2 to GATX's Form 8-K dated October 31, 2013, file number 1-2328.
3.2	Amended and Restated By-Laws of GATX Corporation are incorporated herein by reference to Exhibit 3.1 of GATX's Form 8-K dated August 5, 2015, file number 1-2328.
4.1	Indenture dated as of November 1, 2003 between GATX Financial Corporation and JP Morgan Chase Bank is incorporated herein by reference to Exhibit 4Q to GATX Financial Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, file number 1-8319.
4.2	Indenture dated as of February 6, 2008, between GATX Corporation and U.S. Bank National Association, as Trustee, is incorporated herein by reference to Exhibit 4.12 to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, file number 1-2328.
10.1	Five Year Credit Agreement dated as of April 30, 2013, with Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint book managers, Bank of America, N.A., as syndication agent, PNC Bank, National Association, U.S. Bank, National Association, and Bayerische Landesbank, acting through its New York branch, as co-documentation agents, Citibank, N.A., as administrative agent, and the lenders party thereto is incorporated herein by reference to GATX's Form 8-K dated May 3, 2013, file number 1-2328.
	i. Amendment No. 1 to the Credit Agreement, dated as of July 8, 2014, among GATX Corporation, as borrower, Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint book managers, Bank of America, N.A., as syndication agent, PNC Bank, N.A., U.S. Bank, National Association and Bayerische Landesbank, acting through its New York branch, as co-documentation agents, Citibank, N.A., as administrative agent, and the lenders party thereto is incorporated by reference to Exhibit 10.1 to GATX's Current Report on Form 8-K dated July 11, 2014, file number 1-2328.

Exhibit Number	Exhibit Description
	ii. Amendment No. 2 to the Credit Agreement, dated as of May 20, 2015, among GATX Corporation, as borrower, Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint book managers, Bank of America, N.A., as syndication agent, PNC Bank, N.A., U.S. Bank, National Association and Bayerische Landesbank, acting through its New York branch, as co-documentation agents, Citibank, N.A., as administrative agent, and the lenders party thereto is incorporated by reference to Exhibit 10.1 to GATX's Current Report on Form 10-Q dated June 30, 2015, file number 1-2328.
10.2	Five Year Credit Agreement dated as of May 26, 2016, among Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint book managers, Bank of America, N.A., as syndication agent, PNC Bank, N.A., U.S. Bank, National Association, and Bayerische Landesbank, acting through its New York branch, as co-documentation agents, Citibank, N.A., as administrative agent, and the lenders party thereto is incorporated herein by reference to Exhibit 10.1 to GATX's Form 8-K dated June 2, 2016, file number 1-2328.
10.3	Supply Agreement by and between GATX Corporation, as Buyer, and Trinity Rail Group, LLC, as Seller, dated March 14, 2011 is incorporated by reference to GATX's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011, file number 1-2328 (Note: Portions of this document have been omitted pursuant to a Request for Confidential Treatment filed with the Securities and Exchange Commission on April 27, 2011).
	i. First Amendment to Supply Agreement by and between GATX Corporation, as Buyer, and Trinity Rail Group, LLC, as Seller, dated April 25, 2011 is incorporated by reference to GATX's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011, file number 1-2328.
10.4	Supply Agreement by and between GATX Corporation, as Buyer, and Trinity Rail Group, LLC, as Seller, dated November 3, 2014 is incorporated by reference to Exhibit 10.25 to GATX's Form 10-K for the fiscal year ended December 31, 2014, file number 1-2328 (Note: Portions of this document have been omitted pursuant to a Request for Confidential Treatment filed with the Securities and Exchange Commission on February 5, 2015).
10.5	Summary of GATX Corporation Non-Employee Directors' Compensation is incorporated herein by reference to the section entitled "Director Compensation" in GATX's Definitive Proxy Statement filed on March 11, 2016, in connection with GATX's 2016 Annual Meeting of Shareholders, file number 1-2328.*
10.6	GATX Corporation 2004 Equity Incentive Compensation Plan is incorporated herein by reference to Exhibit C to the Definitive Proxy Statement filed on March 18, 2004 in connection with GATX's 2004 Annual Meeting of Shareholders, file number 1-2328.*
	i. Amendment of said Plan, effective as of December 7, 2007, is incorporated herein by reference to Exhibit 10.28 to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, file number 1-2328.*
	ii. Second Amendment of GATX Corporation 2004 Equity Incentive Compensation Plan effective October 22, 2010.*
10.7	GATX Corporation 2004 Equity Incentive Compensation Plan Stock-Settled Appreciation Right (SAR) Agreement between GATX Corporation and certain eligible grantees entered into as of March 8, 2007, incorporated by reference to Exhibit 10.1 to GATX's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007.*
10.8	Form of GATX Corporation Stock-Settled Stock Appreciation Right (SAR) Agreement for grants under the 2004 Equity Incentive Compensation Plan to executive officers on or after January 1, 2009, incorporated herein by reference to Exhibit 10.2 to GATX's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, file number 1-2328.*
10.9	Form of GATX Corporation Performance Share Agreement for grants under the 2004 Equity Incentive Compensation Plan to executive officers on for after January 1, 2009, incorporated herein by reference to Exhibit 10.3 to GATX's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, file number 1-2328.*
10.10	GATX Corporation 2012 Incentive Award Plan is incorporated herein by reference to Exhibit A to the Definitive Proxy Statement filed on March 11, 2012 in connection with GATX's 2012 Annual Meeting of Shareholders, file number 1-2328.*
10.11	GATX Corporation Cash Incentive Compensation Plan is incorporated herein by reference to Exhibit D to the Definitive Proxy Statement filed on March 18, 2004 in connection with GATX's 2004 Annual Meeting of Shareholders, file number 1-2328.*
	i. Amendment of said Plan, effective as of December 7, 2007, is incorporated herein by reference to Exhibit 10.30 to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, file number 1-2328.*
10.12	Form of Amended and Restated Agreement for Employment Following a Change of Control dated as of January 1, 2009, between GATX Corporation and Brian A. Kenney is incorporated herein by reference to Exhibit 10.27 to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, file number 1-2328.*

Exhibit Number	Exhibit Description
10.13	Form of Amended and Restated Agreement for Employment Following a Change of Control dated as of January 1, 2009, between GATX Corporation and Robert C. Lyons, James F. Earl, Deborah A. Golden, William M. Muckian, and Michael T. Brooks is incorporated herein by reference to Exhibit 10.28 to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, file number 1-2328.*
10.14	Form of Agreement for Employment Following a Change of Control between GATX Corporation and James M. Conniff (dated as of February 1, 2015) and Thomas A. Ellman (dated as of January 1, 2014) is incorporated herein by reference to Exhibit 10.1 to GATX's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, file number 1-2328.*
10.15	Form of Agreement for Employment following a Change of Control between GATX Corporation and Niyi Adedoyin (dated as of January 29, 2016), Eric D. Harkness (dated as of February 1, 2015), Jeffrey D. Young (dated as of February 1, 2015), and Paul F. Titterton (dated as of January 1, 2014) is incorporated by reference to Exhibit 10.3 to GATX's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, file number 1-2328.*
10.16	Form of GATX Corporation Indemnification Agreement for directors as of February 23, 2009, is incorporated herein by reference to Exhibit 10.1 to GATX's Form 8-K dated February 24, 2009, file number 1-2328.
10.17	Form of GATX Corporation Stock-Settled Appreciation Right (SAR) Agreement for grants to executive officers on or after January 1, 2008, is incorporated herein by reference to Exhibit 10.23 to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, file number 1-2328.*
10.18	Form of Stock-Settled Stock Appreciation Right (SAR) Agreement for awards under the GATX Corporation 2012 Incentive Award Plan to executive officers with Agreements for Employment Following a Change of Control is incorporated by reference to Exhibit 10.24 of GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, file number 1-2328.*
10.19	Form of Performance Share Agreement for grants under the GATX Corporation 2012 Incentive Award Plan to executive officers with Agreements for Employment Following a Change of Control is incorporated by reference to Exhibit 10.25 of GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, file number 1-2328.*
10.20	Form of Performance Share Agreement with cash-election option for grants under the GATX Corporation 2012 Incentive Award Plan to executive officers with Agreements for Employment Following a Change of Control is incorporated by reference to Exhibit 10.1 to GATX's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014, file number 1-2328.*
99.1	Undertakings to the GATX Corporation Salaried Employees' Retirement Savings Plan is incorporated herein by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, file number 1-2328.*
99.2	Certain instruments evidencing long-term indebtedness of GATX Corporation are not being filed as exhibits to this Report because the total amount of securities authorized under any such instrument does not exceed 10% of GATX Corporation's total assets. GATX Corporation will furnish copies of any such instruments upon request of the Securities and Exchange Commission.

(*) Compensatory Plans or Arrangements

Exhibit 12

GATX CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(In millions, except ratios)

	Year Ended December 31				
	2016	**2015**	**2014**	**2013**	**2012**
Earnings available for fixed charges:					
Income before income taxes and share of affiliates' earnings	$ 305.4	$ 270.3	$ 231.2	$ 159.0	$ 143.8
Add:					
Dividends from affiliated companies	35.2	32.2	40.0	34.4	35.1
Total fixed charges	178.7	191.5	206.6	224.1	227.0
Total earnings available for fixed charges	$ 519.3	$ 494.0	$ 477.8	$ 417.5	$ 405.9
Fixed charges:					
Interest expense	$ 150.0	$ 156.2	$ 159.3	$ 167.8	$ 168.5
Interest portion of operating lease expense	28.7	35.3	47.3	56.0	58.5
Preferred dividends on pretax basis	—	—	—	0.3	—
Total fixed charges	$ 178.7	$ 191.5	$ 206.6	$ 224.1	$ 227.0
Ratio of earnings to fixed charges	2.91	2.58	2.31	1.86	1.79

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

The following is a list of subsidiaries included in our consolidated financial statements and the state or country of incorporation of each:

Company Name	State or Country of Incorporation
GATX Terminals Overseas Holding Corporation (1)	Delaware
GATX Global Finance B.V. (1)	Netherlands
GATX Global Holding GmbH (1)	Switzerland
GATX Rail Austria GmbH (1)(2)	Austria
GATX International Limited (1)(3)	United Kingdom
GATX Canada Holdings, Inc.	Canada
GATX Rail Canada Corporation	Canada
General American Transportation Holding Corp	Delaware
Grupo GATX de Mexico, Inc	Delaware
GATX de Mexico, Inc	Delaware
GATX Third Aircraft LLC (4)	Delaware
American Steamship Company (5)	New York
GATX Asia Investments Private Limited (6)	Singapore
GATX Rail Locomotive Group, LLC	Delaware
GATX Rail Funding II, LLC	Delaware

(1) Company is a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X.
(2) Company includes ten foreign subsidiaries.
(3) Company includes three foreign subsidiaries.
(4) Company includes three domestic subsidiaries and six foreign subsidiaries.
(5) Company includes 14 domestic subsidiaries.
(6) Company includes seven foreign subsidiaries.

Certain subsidiaries which, if considered as a single subsidiary, would not constitute a “significant subsidiary” as defined in Regulation S-X, have been omitted.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-213160) and related Prospectus of GATX Corporation, the Registration Statement (Form S-8 No. 333-182219) pertaining to the 2012 Incentive Award Plan, the Registration Statement (Form S-8 No. 333-116626) pertaining to the 2004 Equity Incentive Compensation Plan, the 1995 Long-Term Incentive Compensation Plan, and the 1985 Long-Term Incentive Compensation Plan, the Registration Statement (Form S-8 No. 333-145581) pertaining to the Salaried Employees Retirement Savings Plan, the Registration Statement (Form S-8 No. 33-41007) pertaining to the Salaried Employees Retirement Savings Plan, the Registration Statement (Form S-8 No. 2-92404) pertaining to the Salaried Employees Savings Plan, and the Registration Statement (Form S-8 No. 333-145583) pertaining to the Hourly Employees Retirement Savings Plan of GATX Corporation of our reports dated February 22, 2017, with respect to the consolidated financial statements and schedule of GATX Corporation and the effectiveness of internal control over financial reporting of GATX Corporation included in this Annual Report (Form 10-K) of GATX Corporation for the year ended December 31, 2016.

Ernst & Young LLP

Chicago, Illinois
February 22, 2017

Exhibit 31.1

Certification of Principal Executive Officer

I, Brian A. Kenney, certify that:

1. I have reviewed this Annual Report on Form 10-K of GATX Corporation (the “Company”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

/s/ BRIAN A. KENNEY

Brian A. Kenney

Chairman, President and Chief Executive Officer

February 22, 2017

Exhibit 31.2

Certification of Principal Financial Officer

I, Robert C. Lyons, certify that:

1. I have reviewed this Annual Report on Form 10-K of GATX Corporation (the “Company”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

/s/ ROBERT C. LYONS

Robert C. Lyons
Executive Vice President and Chief Financial Officer

February 22, 2017

Exhibit 32

GATX CORPORATION AND SUBSIDIARIES

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of GATX Corporation (the "Company") on Form 10-K for the period ending December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BRIAN A. KENNEY	/s/ ROBERT C. LYONS
Brian A. Kenney	Robert C. Lyons
Chairman, President and Chief Executive Officer	*Executive Vice President and Chief Financial Officer*

February 22, 2017

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by GATX Corporation for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to GATX Corporation and will be retained by GATX Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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Board of Directors

Diane M. Aigotti (1)
Executive Vice President, Managing Director and Chief Financial Officer, Ryan Specialty Group

Anne L. Arvia (1,3)
Acting President and Managing Director, USAA Bank

Ernst A. Häberli (2,3)
Retired; Former President, Commercial Operations International, The Gillette Company

James B. Ream (1,2)
Former Senior Vice President - Operations, American Airlines

Robert J. Ritchie (1,3)
Retired; Former Chief Executive Officer, Canadian Pacific Railway Company

David S. Sutherland (A)
Retired; Former President and Chief Executive Officer, IPSCO, Inc.

Casey J. Sylla (1,2)
Retired; Former Chairman and Chief Executive Officer, Allstate Life Insurance Company

Stephen R. Wilson (1,2)
Retired; Former Chairman, President and Chief Executive Officer, CF Industries Holdings, Inc.

Paul G. Yovovich (2,3)
President, Lake Capital

Brian A. Kenney
Chairman, President and Chief Executive Officer, GATX Corporation

Executive Officers

Brian A. Kenney
Chairman, President and Chief Executive Officer

Robert C. Lyons
Executive Vice President and Chief Financial Officer

James F. Earl
Executive Vice President and President, Rail International

Thomas A. Ellman
Executive Vice President and President, Rail North America

Deborah A. Golden
Executive Vice President, General Counsel and Corporate Secretary

Niyi A. Adedoyin
Senior Vice President and Chief Information Officer

Michael T. Brooks
Senior Vice President and Chief Operations Officer, Rail North America

James M. Conniff
Senior Vice President, Human Resources

William M. Muckian
Senior Vice President, Controller and Chief Accounting Officer

Paul F. Titterton
Senior Vice President and Chief Commercial Officer, Rail North America

Eric D. Harkness
Vice President, Treasurer and Chief Risk Officer

Jeffery R. Young
Vice President and Chief Tax Officer

(A) Lead Director
(1) Member, Audit Committee
(2) Member, Compensation Committee
(3) Member, Governance Committee

For more information about GATX's Corporate Governance, go to www.gatx.com > Investor Relations > Corporate Governance

ANNUAL MEETING

Friday, May 5, 2017, 9:00 a.m. Central Time
Northern Trust Company
Assembly Room, Sixth Floor
50 South LaSalle Street
Chicago, IL 60603

SHAREHOLDER INQUIRIES

Inquiries regarding dividend checks, the dividend reinvestment plan, stock certificates, replacement of lost certificates, address changes, account consolidation, transfer procedures, and year-end tax information should be addressed to GATX Corporation's transfer agent and registrar:

Computershare
211 Quality Circle
College Station, TX 77845
Toll-free number: (866) 767-6259
TDD for hearing impaired: (800) 231-5469
Outside the US: (201) 680-6578
TDD outside the US: (201) 680-6610
Internet: www.computershare.com

INFORMATION RELATED TO SHAREHOLDER OWNERSHIP, DIVIDEND PAYMENTS, OR SHARE TRANSFERS

Lisa M. Ibarra, Assistant Secretary
Telephone: (312) 621-6603
Fax: (312) 621-6647
Email: lisa.ibarra@gatx.com

FINANCIAL INFORMATION AND PRESS RELEASES

A copy of the Company's Annual Report on Form 10-K for 2016 and selected other information are available without charge. Corporate information and press releases can be found at GATX's website, www.gatx.com. Requests for information can be made through the site, and many GATX publications can be directly viewed or downloaded. A variety of current and historical financial information also is available at this site.

GATX Corporation welcomes and encourages questions and comments from its shareholders, potential investors, financial professionals, and the public at large. To better serve interested parties, the following GATX personnel may be contacted by email, telephone, letter, or fax:

☐ TO REQUEST PUBLISHED FINANCIAL INFORMATION AND FINANCIAL REPORTS

GATX Corporation
Investor Relations Department
222 West Adams Street
Chicago, IL 60606-5314
Telephone: (800) 428-8161
Fax: (312) 621-6648
Email: ir@gatx.com

☐ REQUEST LINE FOR MATERIALS

(312) 621-6300

☐ ANALYST, INSTITUTIONAL SHAREHOLDER, AND FINANCIAL COMMUNITY INQUIRIES

Christopher LaHurd, Director, Investor Relations
Telephone: (312) 621-6228
Fax: (312) 621-6648
Email: christopher.lahurd@gatx.com

☐ INDIVIDUAL INVESTOR INQUIRIES

Irma Dominguez, Investor Relations Coordinator
Telephone: (312) 621-8799
Fax: (312) 621-6648
Email: irma.dominguez@gatx.com

☐ QUESTIONS REGARDING SALES, SERVICE, LEASE INFORMATION, OR CUSTOMER SOLUTIONS

Rail North America/Rail International: (312) 621-6200
American Steamship Company: (716) 635-0222
Portfolio Management: (312) 621-6200

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP

GATX CORPORATION
222 West Adams Street
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(312) 621-6200
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www.gatx.com