GATX CORPORATION 2000 ANNUAL REPORT

RESHAPED

RENEWED READY

Origami is the art of transforming a flat piece of paper into a distinct three-dimensional shape. It requires vision, a carefully executed plan, and a clear concept of the final creation — what it will look like and how it will function. The artist must choose material of an appropriate size and weight and make each fold with thoughtful and deliberate precision. Every additional crease, every nuance, contributes significantly to the end result, even though their relevance may not be apparent until the figure is fully evolved.

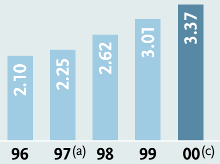
Over the past year, GATX followed a similarly deliberate and visionary process in transforming itself from a conglomerate into a specialized finance and leasing company with a unique combination of capabilities. GATX can now capitalize on the attractive return and growth opportunities in its core markets.

Though it enters the new century with a different shape, GATX remains committed to the critical industry sectors that it knows well and has served for many years.

GATX CORPORATION

A specialized finance and leasing company combining asset knowledge and services, structuring expertise, creative partnering, and risk capital to serve customers and partners worldwide.

Diluted Income Per Share
(IN DOLLARS)

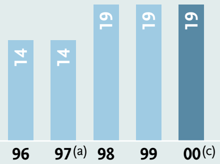


12%
growth in 2000

14%
3-year compound average growth

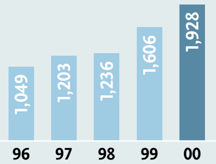
10%
5-year compound average growth

Return on Average Common Equity
(IN PERCENT)



19%
return on average common equity in 2000

Portfolio Investments and Capital Additions(b)
(IN MILLIONS OF DOLLARS)



$1.9
billion in 2000
(record investment volume)

17%
3-year compound average growth

20%
5-year compound average growth

(a) Excludes effect of $163 million after-tax restructuring charge.
(b) Continuing operations.
(c) Excludes effect of $98 million after-tax provision for litigation.

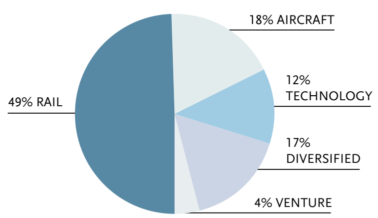
GATX Corporation consists of two primary operating groups, GATX Capital and GATX Rail. Across these groups, GATX pursues high-return investment opportunities by focusing on specialized markets.

GATX FINANCIAL HIGHLIGHTS

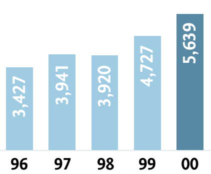
IN MILLIONS, EXCEPT PER SHARE DATA	2000	1999	1998
Gross Income	**$1,390.8**	$1,259.5	$1,263.6
Income from continuing operations, excluding after-tax provision for litigation	**128.4**	126.3	114.2
After-tax provision for litigation	**(97.6)**	—	—
Income from continuing operations	**30.8**	126.3	114.2
Income from discontinued operations	**35.8**	25.0	17.7
Net Income	**66.6**	151.3	131.9
Diluted income per share, excluding after-tax provision for litigation	**$ 3.37**	$ 3.01	$ 2.62
Diluted income per share	**$ 1.37**	$ 3.01	$ 2.62

GATX CORPORATION

Asset Composition*



Assets*
(IN MILLIONS OF DOLLARS)



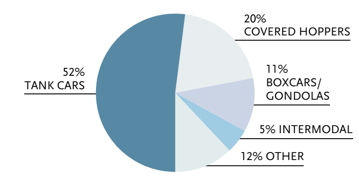
19%
asset growth in 2000

*continuing operations

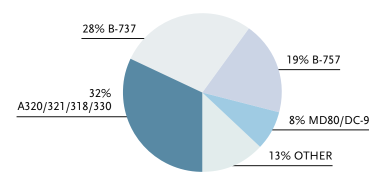
	Market Position	Strengths	Strategy
RAIL	Largest tank car lessor in North America. Interest in over 150,000 railcars worldwide. Largest locomotive operating lease fleet in North America.	Expertise in specialized railcars. Over 100 years of industry experience. Growing international presence. Deep customer relationships.	Strengthen leadership position in North American market. Broaden customer relationships. Establish GATX as the leader in European market. Pursue global opportunities.
AIR	With partners, third largest aircraft lessor worldwide. Own, manage, and have an interest in over 400 commercial aircraft. Own 50% interest in world's largest aircraft engine lessor.	Newer, narrow-body fleet with nine-year average age. Extensive international presence. Over 30 years of industry experience. Owned portfolio is 100% Stage III compliant.	Expand air partnership platform. Increase the number of aircraft under management. Selectively pursue portfolio acquisition opportunities.
TECHNOLOGY	Leading information technology (IT) equipment lessor. Focused on large-volume *Fortune* 1000 IT users.	Diversified portfolio across customers and equipment type. Vendor-independent; customer-focused rather than volume-driven. Strong, service-based customer relationships.	Deepen existing customer relationships. Continue to expand service offering. Increase customer base in North America.
DIVERSIFIED	Portfolio of large-ticket equipment on lease worldwide. Third-party managed portfolio totaling $3.5 billion. Established presence in marine equipment.	Asset knowledge, structuring expertise. Unparalleled partnering capabilities. Growing fee income stream.	Continue expanding diversified pool of assets. Explore new market opportunities.
VENTURE	Provider of secured lease and loan financing for emerging companies. Portfolio of over 150 emerging companies. Diversified portfolio across biotechnology, IT, software.	More than 15 years of industry experience. Pioneer in venture leasing and finance. Excellent relationships with leading venture capital firms.	Continue expanding and diversifying customer base. Increase regional coverage across North America. Selectively pursue international opportunities.

Statistics

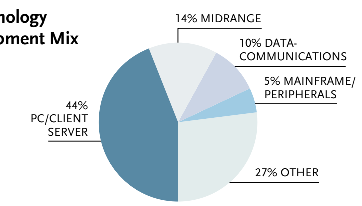
Owned Railcars



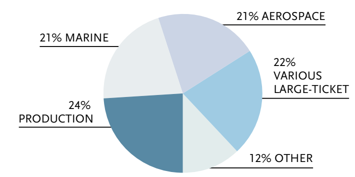
Owned Aircraft



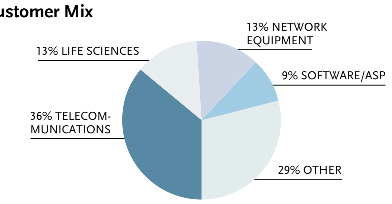
Technology Equipment Mix



Diversified Portfolio



Customer Mix



LETTER FROM THE CHAIRMAN OF THE BOARD

DEAR SHAREHOLDERS

The past year was one of both achievement and transformation for GATX Corporation. At no other time in our long history has the company undertaken such significant steps to clarify its vision and position itself for growth. A number of strategic steps taken during the year, coupled with effort from our many talented employees, led the stock to record levels and generated an attractive total return for our many loyal shareholders.

Unfortunately, the year officially closed in February 2001 with a shocking and deeply disappointing event. As a result of litigation and a jury trial related to certain aircraft conversions undertaken by GATX/Airlog, an affiliate of GATX Capital, we recorded a charge to earnings that substantially reduced our 2000 net income. We remain steadfast in our view that GATX was not at fault in this matter and that the jury's conclusions in this complex case were erroneous. However, by reporting our maximum liability in this matter we were able to address the uncertainty surrounding our potential exposure in a business activity that we previously exited. We can now focus our full attention on the substantial opportunities in our core markets.

As we entered 2000, we outlined three challenging objectives: reallocate capital to our highest return businesses; redefine GATX as a specialized finance and leasing company; and achieve earnings per share growth in line with our long-term target. Our 51% total return to shareholders, which far outpaced relevant market indices, was indicative of the progress we made on these objectives.

The capital reallocation process was at the center of our efforts in 2000. While the logic behind this initiative is simple — we can maximize returns to shareholders by focusing on GATX Capital and GATX Rail, our high-return finance and leasing operations — execution is complex. We completed the sale of GATX Logistics and we are in the process of selling GATX Terminals, steps that should generate approximately $1 billion in after-tax proceeds for the company.

The strategic steps taken during the past year clarified our position as a specialized finance and leasing company and led to new research coverage from a number of respected financial service analysts. Their support was critical in correctly placing GATX within the specialized finance sector, and we are now recognized as a unique company within this arena.

Ronald H. Zech
Chairman and
Chief Executive Officer

David M. Edwards
President, GATX Rail

Jesse V. Crews
President, GATX Capital

Brian A. Kenney
Vice President and
Chief Financial Officer

Income per share, excluding the GATX/Airlog-related reserves and expenses, increased 12% in 2000. I am pleased with this growth, especially in light of weakness in our rail business and a slowing economy. GATX Capital continued to expand its base of owned assets, partnerships, and third-party managed assets, thereby building long-term value for our shareholders. The performance of GATX Terminals in 2000 also deserves special recognition, as its dedicated employees stayed focused during the sale process and generated strong earnings.

While I am pleased with our achievements in 2000 and proud of the people that made them possible, I also know that challenges lie ahead. The transformation of GATX from a conglomerate to a specialized finance and leasing company is a dynamic process. In that regard, 2001 will be a year of significant transition as we complete a number of strategic steps while facing an economic environment that is the most difficult we have experienced in several years. We are entering 2001 with a number of objectives that will set the stage for consistent, long-term growth at GATX.

Completing the sale of GATX Terminals is one of our most important objectives. We signed an agreement in November to sell our domestic operations to Kinder Morgan Energy Partners L.P., and we have sold virtually all of our European operations. Our focus will be on closing the Kinder Morgan transaction and proceeding with the sale of our Asian operations.

The sale of GATX Terminals represents the single largest transaction in our company's history. This transforming event presents us with an opportunity to pursue other objectives — such as optimizing our capital structure for future growth. Using the sale proceeds conservatively to enhance our credit standing will enable GATX to fund future growth with lower priced capital. For a specialized finance company such as GATX, lowering the cost of this "raw material" will ultimately strengthen our financial performance and competitive position. While presenting challenges with regard to managing existing operations and portfolios, a slowing economy also presents an opportunity to use a portion of the Terminals' sale proceeds to selectively pursue attractive portfolio acquisitions.

Another 2001 objective is aligning our organization so that we are well positioned to capitalize on growth opportunities. We have already taken significant steps in this area. In January 2001, we announced plans to begin integrating GATX Capital's rail activities into GATX Rail, bringing all of our rail operations under the direction of a single, experienced management team. This strengthens

GATX'S INTEREST IN OVER 150,000 RAILCARS SPANS NORTH AMERICA, EUROPE, AUSTRALIA, AND SOUTH AMERICA.

GATX MANAGES OVER $10 BILLION OF ASSETS FOR PARTNERS AND THIRD PARTIES.

GATX OWNS, MANAGES, OR HAS AN INTEREST IN NEARLY 400 COMMERCIAL AIRCRAFT.

GATX Rail's position as a global leader in rail leasing and services. Several corporate functions have also been combined with operating company units, a move that not only increases efficiency but also provides an opportunity for our best and brightest employees to broaden their skills and contribute to GATX's overall success. There are more opportunities to improve efficiency and better align the company, and we will continue pursuing these in the year ahead.

Achievement of our 2001 objectives will set the stage for attaining our long-term goals. The GATX vision is clear: to be a global leader in specialized finance and leasing. This goal is within our reach given the established positions we hold in our core markets and our unique mix of partnering skills, asset knowledge, service capabilities, and structuring expertise. We will pursue asset growth, portfolio acquisitions, partnering, and third-party asset management in each of our core markets.

In rail, we will strengthen our position as a leading lessor of specialized railcars and locomotives in North America. We will sharpen our operational focus and stress the skills upon which we have built our valuable North American rail franchise: customer service and unsurpassed asset knowledge. Although the North American market is experiencing weakness, the long-term fundamentals of the business are sound. As competitors pull back or exit the business during this period of weakness, we will take this opportunity to further improve our competitive position. Parallel to our North American effort, we will move aggressively to make GATX the leader in the developing European rail market. A newly-established team comprising some of our most experienced rail people will lead our charge in this very important market.

We expect our aircraft leasing business to continue its strong growth. In the past three years, the air group has doubled to 400 the number of aircraft that it owns, has an interest in, or manages. Our partnership with Rolls-Royce has provided a successful entry into the aircraft engine leasing business, and our recently-announced acquisition of 50% of Pembroke Group substantially expands our commercial aircraft portfolio. As the third largest aircraft operating lessor worldwide, we will continue using our exceptional partnering skills and strong customer and manufacturer relationships to broaden our presence in the international aircraft leasing market.

GATX's technology equipment leasing business has experienced 40% annualized asset growth over the past five years, and strong growth is expected to continue in 2001. Serving primarily *Fortune* 1000 customers, we will expand our service capabilities and product

INVESTMENT IN **JOINT VENTURES APPROACHED $1 BILLION** AT THE END OF 2000.

GATX HAS A GROWING **INTERNATIONAL PRESENCE** ACROSS ITS CORE MARKETS.

GATX'S SHARE OF AFFILIATES' EARNINGS **TRIPLED** IN THE PAST FIVE YEARS.

offering, and selectively look at portfolio acquisition opportunities. Our experience and vendor-independent strategy will drive continued success in this rapidly changing market.

We plan to expand our activity in the venture finance and leasing market. Over the past 15 years, our strategy of providing secured lease and loan financing to emerging companies has generated attractive risk-adjusted returns for our shareholders. Volatility in the capital markets during the past year led a number of our competitors to limit new investment volume or exit the business entirely, resulting in a more rational competitive environment and attractive investment opportunities for GATX. By maintaining a long-term perspective, our investment volume in this area reached record levels in 2000, and we plan to carry this momentum into 2001.

Whether in rail, air, technology, diversified, or venture, we will adhere to our traditional risk-return discipline while continually seeking opportunities to apply our core skills. GATX is a unique company with a bright future, and I am confident that we will move through this transition year well positioned to capitalize on the substantial growth opportunities in our markets.

In closing, I would like to thank the members of our Board of Directors, our partners, our employees, and our shareholders. To our Board members: Your insight and support have been invaluable as we reshape GATX Corporation. I would particularly like to recognize Richard Giesen, a Board member who displayed tremendous commitment to GATX for 18 years prior to his recent retirement. To our partners: We look forward to continued shared success as we jointly leverage our market knowledge, asset expertise, and competitive strengths. To our employees: It is difficult to sum up my appreciation for your effort over the past year. During a period of unprecedented change, you tackled every challenge with energy, creativity, and passion. My confidence in the future of GATX is based on my confidence in you. Lastly, to our shareholders: The confidence that you have shown in GATX is not only recognized and appreciated, it serves as strong motivation. Although we are proud of the total return GATX generated in 2000, our focus is on the future. The entire GATX team remains committed to providing you with an attractive return on your investment.

Sincerely,

Ronald H. Zech

RONALD H. ZECH
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SYNERGISTIC

INDIVIDUAL DOLPHINS TAKE TURNS LEADING OR DIRECTING A GROUP'S COURSE. THE UNTRAINED EYE CANNOT DETECT WHEN LEADERSHIP SHIFTS FROM ONE DOLPHIN TO ANOTHER; AN OUTSIDE OBSERVER WILL SEE ONLY A SEAMLESSLY COORDINATED EFFORT.

WE PARTNER WITH INDUSTRY LEADERS

Throughout its history, GATX has enhanced returns by employing a unique partnering strategy that has led to the achievement of three objectives: entering new markets, diversifying risk, and expanding positions in existing markets. By aligning its interests directly with those of its partners, GATX promotes win-win outcomes that enable two parties to accomplish more than either could achieve alone. While many companies have tried partnering strategies in recent years, GATX has recognized the value of collaborative relationships for decades and has built a solid foundation of over 50 partnerships.

Forming and managing successful partnerships is difficult; it is an art that is learned only with experience. GATX seeks out partners that are recognized leaders in their markets, thus gaining access to industry knowledge and insight while offering partners access to GATX's 102 years of finance and leasing experience.

In recent years GATX has accelerated its use of partnering across its core markets. In rail, GATX has formed ventures with European-based lessors KVG Kesselwagen and AAE Cargo, and expanded its North American presence through ventures with Kansas City Southern Industries and the Electro-Motive Division of General Motors. In air, ventures with the Flightlease AG subsidiary of SAirGroup (also parent of Swissair), Rolls-Royce, and numerous financial institutions have contributed to substantial growth in this sector. Within the diversified group, ventures with companies such as Pitney Bowes Financial Services, Gulfstream, and IMC Holdings have opened doors to attractive asset categories. In the past five years, GATX's investment in joint ventures has increased from $260 million to nearly $1.0 billion, while GATX's share of affiliates' earnings nearly tripled, rising from $27 million to $79 million.

GATX's joint venture with Rolls-Royce is a prime example of a successful, growing partnership. Formed in late 1998, the venture involved GATX Capital taking a 50% interest in Rolls-Royce and Partners Finance Limited, now the largest aircraft engine leasing company in the world. This partnership provided GATX Capital with its first stake in the rapidly growing engine leasing market. Subsequent growth in this market has exceeded expectations.

Most importantly, the Rolls-Royce partnership has led to additional opportunities outside of the original venture. GATX Capital recently acquired a 50% interest in Pembroke Group, a Dublin-based aircraft lessor in which Rolls-Royce holds the other 50% interest. The addition of GATX Capital brings a familiar partner to a growing enterprise that has an interest in approximately 150 commercial aircraft.

GATX will continue to pursue partnership opportunities across its core markets. Partnerships enable GATX to "touch" more assets than it could alone, enhancing its competitive position, performance, and shareholder returns.

THE OWL CAPITALIZES ON ITS UNIQUE SKILLS: KEEN EYESIGHT, AN ACUTE SENSE OF HEARING, AND AN ABILITY TO LOOK DIRECTLY BACKWARDS. THESE SKILLS PERMIT THE OWL TO SEE OR TO SENSE WHAT OTHERS DO NOT.

INSIGHTFUL

WE OFFER VALUABLE ASSET KNOWLEDGE

Unlike most finance companies, GATX primarily deals in hard assets such as railcars, commercial aircraft, technology and marine equipment. In-depth asset knowledge sets GATX apart from the competition. The level of knowledge GATX brings to every relationship or transaction can come only from experience — years of dealing with the same assets, in the field, with the customer. From helping customers solve complex problems to analyzing and capitalizing on changing asset valuations, GATX turns asset knowledge into opportunity.

GATX Rail's primary focus is on leasing and servicing specialized tank cars. The basis for this strategy is clear: Tank cars are the most complex railcars in operation, serving customers in the chemical, petroleum, and food industries. Tank cars are service-intensive, highly engineered assets that play a critical role in a customer's distribution system. This asset complexity limits the number of competitors and enhances returns for GATX and its shareholders.

With a fleet of 70,000 tank cars in North America, GATX Rail's market-leading position is built around a deep understanding of this unique asset, developed through 102 years of experience in this market.

GATX Rail's relationship with chemical giant Atofina demonstrates the degree of asset knowledge required to be a leader in full service tank car leasing, and how this knowledge can help deepen a customer relationship.

Atofina, a branch of TotalFinaElf, is the fifth largest chemical company in the world.

Atofina's manufacturing and distribution process requires transportation of various refrigerants. Ideally, the railcars used in this process integrate seamlessly with Atofina's specialized manufacturing facilities. Working closely with Atofina, engineers from GATX Rail and railcar manufacturer Trinity Industries developed and delivered 20,000 gallon pressurized tank cars specifically designed to meet Atofina's needs regarding car size, functionality, and the unique product being transported. GATX Rail's asset knowledge, and a clear understanding of the customer's transportation needs, enabled it to deliver an ideal solution for this valued customer.

GATX Rail's relationship with Atofina extends to areas beyond the traditional railcar lease. GATX Rail's finance team has worked closely with Atofina to design a tailored lease and payment structure, and Atofina has also been an active user of GATX Rail's tank car training and education programs.

Developing innovative solutions for customers is one of GATX Rail's core strengths. This strength is borne out of intense asset knowledge, developed through years of experience in the rail industry. To other leasing companies, a railcar may be viewed as an inflexible, static asset; at GATX Rail, in-depth knowledge of this asset opens the door to innovative customer solutions.

RELIABLE

THE FAN IS A SIMPLE OBJECT FORMED OUT OF PAPER OR FABRIC. USUALLY NOTED FOR ITS TEXTURE AND DESIGN, ITS PRACTICAL FUNCTIONALITY IS OFTEN OVERLOOKED — A FAN IS ALWAYS READY TO SERVE.

WE ENHANCE RETURNS THROUGH SERVICE

GATX continually seeks to expand its service capabilities. In most markets the asset is the focal point for an array of services. A complete service package results in a cost-effective offering for customers, stronger and more complex customer relationships, and enhanced performance and shareholder returns for GATX. Extensive service capabilities also enable GATX to maintain an advantage over competitors.

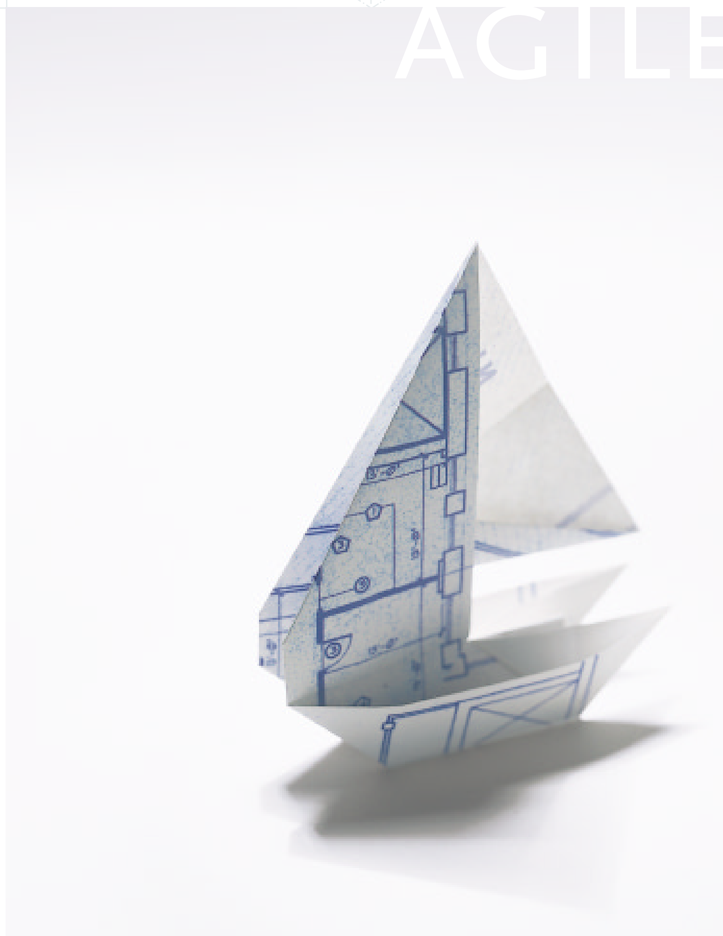
In the highly competitive technology equipment leasing business, service is often the deciding factor when a company is selecting an equipment provider. GATX Technology Services (GTS) has established a sizeable and successful presence in this market. Several competitors have aligned themselves directly with technology equipment manufacturers, effectively serving as the manufacturers' captive finance arm. GTS has opted to remain independent so it can focus solely on the customers' equipment and service needs.

In addition to this independence, GTS differs from other technology leasing companies in the wider range of services it offers. After working with customers to identify and select appropriate technology equipment, GTS tailors a lease that addresses the customer's particular needs for asset tracking, inventory management, maintenance, project management, and equipment remarketing. To make its technology leasing support services even more convenient for customers, many are available on-line, around the clock.

GTS' customers recognize and appreciate this commitment to service and the skills and flexibility that back it up. For several years, GTS has provided Southern Company, one of the largest producers of electricity in the United States, with desktop and server equipment in conjunction with a range of other services. As part of a recent review of its IT leasing needs, Southern Company analyzed the market to ensure it was using the most cost-effective equipment and service programs available. At the conclusion of the review, Southern Company once again chose GTS, citing its superior record of customer service and relationship management as a key differentiating factor.

Fortune 500 companies like Southern Company have numerous resources for attractively priced technology equipment financing. These companies also recognize that service is the key to managing their equipment effectively. Combined with competitive pricing, GTS' reputation for outstanding customer service has been the key to its success in establishing relationships with some of the most recognized names in corporate America.

A CATAMARAN IS A UNIQUE HYBRID. IT COMBINES THE POWER OF THE WIND WITH THE SLEEKNESS OF A SURF-SKIMMING CRAFT. NOTED FOR ITS SPEED AND AGILITY, THE CATAMARAN CAN ADAPT QUICKLY TO RAPIDLY CHANGING AND CHALLENGING CONDITIONS.



WE STRUCTURE INNOVATIVE FINANCIAL SOLUTIONS

GATX uses a unique combination of tools, including asset knowledge, tax and financial expertise, risk analysis, and risk management, to structure innovative transactions for customers and partners worldwide. While "structuring" may appear to be a somewhat esoteric concept, customers and partners hold this intangible skill in the highest regard because it drives innovation and problem solving. Why does GATX excel in this area? Perhaps because over the years GATX has taken different roles in many different transactions. GATX's ability to take multiple roles in a single transaction, from advisor to investor to arranger, provides a unique perspective that often leads to a practical, creative solution that would not otherwise have been possible.

GATX Capital has used various partnerships to become the third largest aircraft operating lessor worldwide. GATX Capital's air partnerships include GATX Flightlease, a joint venture between GATX Capital and Flightlease AG, an SAirGroup company. With its experience in aircraft finance, partner relationships, and a high-quality pool of owned and ordered aircraft, GATX Capital is uniquely positioned to structure creative financing solutions for customers.

For example, South African Airways (SAA) is an established air carrier providing regional service throughout Africa, as well as international service to cities such as Zurich, Paris, Frankfurt, London, and New York. In an effort to bring greater efficiency to its operation, SAA wanted to convert its mixed fleet of Airbus A320, Airbus A300, and Boeing 767-200 aircraft into a common platform. Revamping a fleet presents many challenges, not the least of which is acquiring a sufficient number of common aircraft in a timely manner and redeploying existing aircraft. GATX Flightlease responded to SAA's challenge by structuring a unique transaction. The first step was to negotiate and arrange a $900 million lease package encompassing 16 new Boeing 737-800 aircraft. GATX Capital committed to provide eight of the new aircraft from Boeing orders it held with pre-existing partnerships, and Flightlease AG committed to provide eight aircraft. Importantly, the structure of the transaction also addressed SAA's need to redeploy its existing aircraft; as part of the transaction, GATX Flightlease acquired SAA's entire fleet of A320 aircraft. Capitalizing on its remarketing capabilities, GATX Flightlease reconfigured the aircraft and secured agreements to place six of these aircraft on lease with TAM, a South American-based carrier.

Structuring a transaction of this magnitude requires financial expertise, asset knowledge, transaction management skills, and the ability to coordinate a variety of parties. For SAA, GATX Flightlease served as arranger, investor, and remarketing agent. By working directly with SAA, Boeing, and the engine manufacturer, GATX helped a valued customer address its fleet needs efficiently.

GROWING

LACKING SUN OR WATER, A FLOWER WILL WILT AND DIE. BUT PLANTED WHERE CONDITIONS ARE FAVORABLE, AND NURTURED WITH KNOWLEDGE AND CARE, IT WILL BLOOM, GROW AND THRIVE.

WE ARE EXPANDING INTERNATIONALLY

GATX is at a unique point in time. GATX's core skills — including partnering, asset knowledge, service, and structuring — are in increasing demand on a global basis. The markets in which GATX applies these skills, including rail, air, and technology, are also expanding globally. The convergence of increased demand for its skills and extraordinary growth in its primary markets offers GATX an unprecedented opportunity. To exploit this opportunity, GATX has accelerated international expansion and established a foundation for growth well into the future.

International rail markets are undergoing tremendous change. Railroads and railcars, formerly government-owned, are being privatized, fleets are being upgraded, and freight rail traffic is increasing. These changes are driving a greater demand for all rail services. With extensive experience in the modernization of the U.S. rail market, strong relationships with multinational customers, and an established presence in key international markets, GATX Rail is well positioned to capitalize on these trends.

Consider Europe, where there is a growing effort to make cross-border freight transportation more efficient. Freight rail systems are shifting from government ownership and control to private hands. In addition, there is a concerted effort among national governments to ease road congestion by increasing freight rail efficiency and upgrading the European rail fleet. To capitalize on these trends, GATX Rail invested in two leading European railcar leasing companies and now has an interest in a modern fleet comprising 20,000 specialized tank and freight cars.

In recent years, to complement its ownership interests in European railcars, GATX has provided financing on a variety of European rail equipment. For example, the English, Welsh & Scottish Railway turned to GATX and a partner for $30 million of lease financing related to the expansion of its freight car fleet. In the passenger rail market, GATX and a partner, Bombardier, provided equipment financing and residual guarantees totaling $665 million for U.K.-based Virgin Rail, an operator of cross-country passenger service.

GATX's international opportunities extend well beyond Europe. In Australia, Western Mining Corporation utilizes GATX's patented TankTrain™ technology to transport sensitive products along remote, rugged terrain. As in Europe, the Australian passenger rail market is undergoing a privatization process. GATX provided $411 million of passenger equipment financing for National Express Group Australia, operator of three private rail franchises there.

As countries develop and expand, the demand for chemicals, petroleum, and food products increases and the importance of efficient rail transportation is magnified. Few companies in the world can match GATX Rail's 102 years of experience in the rail industry — experience that will be used to generate continued international growth.

THE LION COMBINES STRENGTH AND SAVVY WITH A BOLD CONFIDENCE. WHETHER STAKING OUT A TERRITORY OR DEFENDING THE PRIDE, THE LION FORGES PURPOSEFULLY AHEAD.

CONFIDENT

WE SEEK NEW GROWTH OPPORTUNITIES

In addition to pursuing growth strategies within its core markets, GATX is constantly seeking new opportunities. While many opportunities are extensions of traditional markets, GATX also selectively pursues entirely new markets, directly or through partnerships. GATX enters new markets, confident that it can meet challenges more creatively and effectively than its competition.

With operations and assets on lease around the world, GATX has an extensive network of customer and partner relationships. This network serves as a pipeline for new ideas and growth opportunities. Identifying these opportunities takes an experienced and keen eye; capitalizing on them requires planning and effective execution.

When evaluating new opportunities, GATX considers this essential question: can it apply its partnering skills, asset knowledge, service capabilities, or structuring expertise? If one or more of these four skills can be applied to an opportunity that offers attractive returns and a potential platform for future growth, it is pursued aggressively.

Within existing businesses such as rail, air, and technology, growth opportunities come in the form of enhanced services, global expansion, and increased assets under management.

Leveraging its asset knowledge and asset management infrastructure, GATX Capital's air group has dramatically expanded its reach by increasing the number of aircraft under management. In rail, new services such as enhanced regulatory compliance programs and web-enabled information exchange lead to stronger and deeper customer relationships.

GATX has effectively used its unique skills to extend its presence into new, yet related markets. Entering the aircraft engine leasing and executive jet aircraft sectors were natural extensions to GATX Capital's established commercial aircraft leasing business. GATX Rail has selectively expanded its fleet by pursuing new railcar types. GATX has also carefully built and diversified its marine portfolio, leveraging 20-plus years of experience in Great Lakes shipping.

GATX Capital's diversified finance group is charged with generating entirely new investment concepts. By taking moderate stakes in a diversified pool of assets, often partnering with an experienced leader in a market, GATX gains first-hand knowledge of the market and the potential for generating sustainable growth and attractive returns. The success of this strategy is proven: technology equipment leasing and venture finance and leasing, currently two of GATX's fastest growing sectors, originated as partnerships within the diversified finance group.

The pursuit of new growth opportunities is a continuous process and one that drives GATX forward. With rail, air, and technology forming a solid foundation for growth, GATX will continue to identify and develop new opportunities by leveraging its unique partnering, asset knowledge, service, and structuring skills.

BALANCED

MANAGEMENT'S DISCUSSION AND ANALYSIS

During 2000, GATX Corporation redefined its strategic focus and undertook initiatives to position itself as a specialized finance and leasing company. To accomplish this goal, certain supply chain related businesses of the GATX Integrated Solutions Group (ISG) were sold in 2000 and all remaining ISG businesses have been targeted for divestiture in 2001. As a result of these actions, the financial data for the ISG segment is presented as discontinued operations for all periods presented (see Note 15 to the GATX consolidated financial statements).

GATX Corporation now has two operating segments: Financial Services, comprised principally of GATX Capital Corporation, and GATX Rail. Through these businesses, GATX combines asset knowledge and services, structuring expertise, creative partnering and risk capital to serve customers and partners worldwide. The following discussion should be read in conjunction with the audited consolidated financial statements included herein.

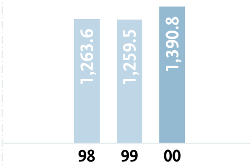
CONSOLIDATED STATEMENTS OF INCOME

IN MILLIONS, EXCEPT PER SHARE DATA/YEAR ENDED DECEMBER 31	2000	1999	1998
Gross Income			
Lease, interest and financing services	**$1,308.4**	$1,132.5	$1,041.2
Other income	**3.4**	62.5	173.9
Revenues	**1,311.8**	1,195.0	1,215.1
Share of affiliates' earnings	**79.0**	64.5	48.5
Total Gross Income	**1,390.8**	1,259.5	1,263.6
Ownership Costs			
Depreciation and amortization	**334.8**	255.5	216.4
Interest	**242.6**	179.9	180.5
Operating lease expense	**178.7**	153.0	139.4
Total Ownership Costs	**756.1**	588.4	536.3
Other Costs and Expenses			
Operating expenses	**188.8**	247.6	327.0
Selling, general and administrative	**209.2**	203.4	189.1
Provision for possible losses	**22.7**	11.0	11.0
Provision for litigation	**160.5**	—	—
Income from Continuing Operations before Income Taxes	**53.5**	209.1	200.2
Income Taxes	**22.7**	82.8	86.0
Income from Continuing Operations	**30.8**	126.3	114.2
Discontinued Operations			
Operating results, net of income taxes	**27.4**	25.0	17.7
Gain on sale of portion of segment, net of income taxes	**8.4**	—	—
Total Discontinued Operations	**35.8**	25.0	17.7
Net Income	**$ 66.6**	$ 151.3	$ 131.9

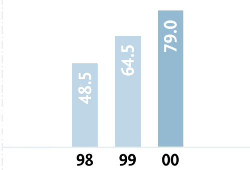
Per Share Data			
Basic:			
Income from continuing operations	**$ .64**	$ 2.56	$ 2.32
Income from discontinued operations	**.75**	.51	.36
Total	**$ 1.39**	$ 3.07	$ 2.68
Average number of common shares (in thousands)	**47,880**	49,296	49,178
Diluted:			
Income from continuing operations	**$ .63**	$ 2.51	$ 2.27
Income from discontinued operations	**.74**	.50	.35
Total	**$ 1.37**	$ 3.01	$ 2.62
Average number of common shares and common share equivalents (in thousands)	**48,753**	50,301	50,426
Dividends declared per common share	**$ 1.20**	$ 1.10	$ 1.00

The accompanying notes are an integral part of these consolidated financial statements.

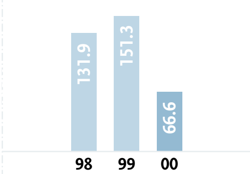
Gross Income
(IN MILLIONS OF DOLLARS)



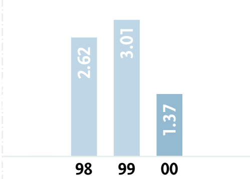
Share of Affiliates' Earnings
(IN MILLIONS OF DOLLARS)



Net Income
(IN MILLIONS OF DOLLARS)



Diluted Earnings Per Share
(IN DOLLARS)



2000 COMPARED TO 1999

Gross Income

$1,390.8 million

Gross income increased $131.3 million from 1999, primarily reflecting a $118.7 million increase at Financial Services and a $4.1 million increase at GATX Rail (Rail). Excluding VAR, the value-added technology equipment sales and service business of Financial Services that was sold in June 1999, gross income increased $198.8 million over the prior year.

Financial Services' gross income of $812.3 million increased 17.1% over the prior year. Excluding VAR, Financial Services' gross income increased 29.7%. Lease income of $450.8 million increased $120.2 million from 1999, primarily from new leases within the air, technology and diversified finance portfolios. Operating lease margin, the excess of operating lease income over operating lease expense and depreciation, increased 26.3% compared to 1999 due to a larger lease portfolio. Interest income of $60.1 million increased $19.3 million from the prior year due to higher average loan balances. The average loan balance was $196.3 million higher in 2000 compared to 1999 as a result of increased venture finance activity.

Gains on the sale of stock derived from warrants received as part of financing and leasing transactions with non-public start-up companies were $52.3 million, an increase of $37.6 million from the prior year. Asset remarketing income, which includes gains from the sale of assets from Financial Services' own portfolio as well as residual sharing fees from the sale of managed assets, was $57.2 million, $20.7 million lower than 1999. Gains from the sale of stock and asset remarketing income do not occur evenly between periods.

Financial Services continued to emphasize its partnering strategy to finance and manage assets. Share of affiliates' earnings increased 25.0% to $75.9 million in 2000. Earnings growth in air and technology joint ventures contributed to this increase.

Rail's gross income of $575.0 million increased 0.7% over the prior year. Rental revenue increased by $8.1 million, or 1.5%, over the prior year primarily due to a larger active North American fleet and was partially offset by lower lease renewal rates. Several industries serviced by Rail, specifically the chemical and agricultural sectors, are experiencing adverse market conditions that have in turn reduced railcar demand. Increased competition and railroad efficiency have also contributed to lower demand. These factors negatively impacted Rail's 2000 results, and are expected to continue to adversely affect car demand and lease rates during 2001. Other revenue decreased by $3.2 million in 2000 primarily because fewer railcars were sold in 2000 compared to the prior year.

Approximately 85,100 railcars were on lease throughout North America at year-end, compared to 83,400 railcars a year ago. Utilization ended the year at 93% on a total fleet of 91,600 railcars, compared to 94% at the end of 1999. Rail added 5,400 railcars during 2000, which was comparable to 1999 additions. The majority of Rail's car additions in 2000 occurred during the first half of the year, as market conditions and growing economic uncertainty led to a sharp curtailment of new car orders and fleet acquisitions during the second half of the year. It is anticipated that current market conditions will negatively impact railcar investments in 2001.

Ownership Costs

$756.1 million

Ownership costs increased 28.5%, or $167.7 million, compared with the prior year.

Financial Services' ownership costs increased $142.2 million from last year. Depreciation and amortization expense of $230.5 million increased $78.6 million from 1999 and reflected the high level of investment in operating lease assets. Interest expense increased $60.2 million to $182.6 million in 2000. Higher average debt outstanding combined with an increase in borrowing rates drove interest expense higher in 2000. The average debt balance was approximately $610.7 million higher in 2000 reflecting the financing necessary to fund record investment volume. Operating lease expense was comparable year over year.

Rail's ownership costs increased $22.1 million, or 8.4%, from last year. Although Rail's fleet increased in 2000, depreciation and interest did not change appreciably from last year due to Rail's continued use of sale-leaseback financing.

In 2000, $291.1 million of railcars were sold and leased back and the resultant ownership costs were included in operating lease expense. As a result, operating lease expense increased $21.5 million to $131.9 million in 2000. Interest expense of $52.8 million was comparable to the prior year as lower average debt balances offset increases in rates.

Operating Expenses $188.8 million

Operating expenses were 23.7% lower than 1999 largely due to the sale of the VAR business.

Excluding VAR, operating expenses at Financial Services increased $6.7 million, or 11.2%, primarily due to higher marine operating costs.

Rail's operating costs decreased $6.8 million, or 5.3%. Higher repair and maintenance expense was offset by a number of nonrecurring items that affected both years. Repair and maintenance expense increased $8.3 million from 1999 in part due to the increased use of third-party contract shops necessitated by a labor dispute at Rail's domestic service centers that was subsequently resolved in February 2001.

Selling, General and Administrative Expenses $209.2 million

Selling, general and administrative expenses increased $5.8 million over the prior year due to higher human resource and administrative expenses associated with increased growth initiatives. Excluding VAR, Financial Services' SG&A increased $16.5 million, or 15.0%, as a result of a significant increase in business activity, reflecting a record year of new investments. Rail's SG&A was comparable to the prior year.

Provision for Possible Losses $22.7 million

The provision for possible losses is derived from GATX's estimate of losses based on a review of credit, collateral and market risks. The provision for possible losses increased $11.7 million from 1999. The current year provision at Financial Services included $5.0 million related to impairment losses on operating lease equipment. Rail's provision for possible losses increased $1.6 million in 2000.

Provision for Litigation $160.5 million

GATX Capital Corporation (GCC), a subsidiary of GATX Corporation and the major part of the Financial Services operating segment, is party to litigation arising from the issuance by the Federal Aviation Administration of Airworthiness Directive 96-01-03 in 1996, the effect of which significantly reduced the amount of freight that ten 747 aircraft were authorized to carry. GATX/Airlog, a California partnership in which a subsidiary of GCC is a partner, through a series of contractors, modified these aircraft from passenger to freighter configuration between 1988 and 1994. GCC reached settlements covering five of the aircraft, and the remaining five are the subject of this litigation.

On February 16, 2001, a jury found that GATX/Airlog breached certain warranties under the applicable aircraft modification agreements, and fraudulently failed to disclose information to the operators of the aircraft. GCC ultimately settled this issue with Evergreen International Airlines, Inc., which had been party to the litigation. On March 1, 2001, the jury awarded the remaining plaintiff, Kalitta Air, $47.5 million in damages plus applicable interest. GCC will pursue all means of loss recovery including appeals and insurance coverage.

GATX recorded a pretax charge of $160.5 million in 2000 to accrue for its obligation under the various settlement agreements and management's best estimate of GCC's potential liability under the judgment entered in favor of Kalitta Air.

Income Taxes $22.7 million

The 2000 effective tax rate of 42.4% was higher than the 1999 rate of 39.6% due to the relative impact of foreign taxes and certain nondeductible expenses on pretax income.

Income from Continuing Operations $30.8 million

Income from continuing operations decreased $95.5 million from last year primarily due to lower earnings at Financial Services. Financial Services' net loss of $13.7 million was $84.7 million lower than 1999 and was the result of an after-tax litigation charge of $97.6 million. Rail's net income of $65.7 million was $7.2 million lower than the prior year. Corporate and Other's net expense increased $3.6 million over the prior year.

Discontinued Operations $35.8 million

Discontinued operations encompasses the GATX Integrated Solutions Group and comprises GATX Terminals Corporation (Terminals), GATX Logistics, Inc. (Logistics), and minor business development efforts. In July 2000, GATX Corporation announced its intent to sell Terminals and reached an agreement in November to sell substantially all of the U.S. terminals and pipeline assets, representing the bulk of Terminals' operations. A portion of this transaction closed in March 2001 and the remainder is expected to close following regulatory approval. GATX expects to complete the divestiture of the remaining terminals and supply chain businesses in 2001. After-tax proceeds from the sale of all of Terminals' locations are expected to approximate $1.0 billion. Ultimate use of proceeds will depend on market conditions and investment opportunities at the time each transaction closes.

GATX sold 81% of Logistics in May 2000, and the remaining 19% in December 2000. To date, the sale of Logistics has generated an $8.4 million after-tax gain.

Operating results for 2000 were $27.4 million, an increase of $2.4 million from 1999. Strong results in the domestic terminal and pipeline business were partially offset by losses incurred in the warehousing business and higher business development costs.

Terminals owned 25.1% of the common stock of Olympic Pipeline Company (Olympic). On June 10, 1999, a pipeline rupture and explosion occurred on one of the pipelines owned by Olympic. Several lawsuits have been filed against Olympic and its operator. On September 20, 2000, Terminals sold its entire 25.1% ownership of Olympic's common stock to the Pipelines Business Unit of BP Amoco PLC.

1999 COMPARED TO 1998

Gross Income $1,259.5 million

Gross income decreased $4.1 million from 1998. The comparison of 1999 to 1998 is influenced by the 1999 midyear sale of the VAR business.

Financial Services' gross income of $693.6 million decreased $36.5 million from 1998. Excluding VAR, revenues increased 11.0% over 1998. Higher gains on the sale of stock and an increase in lease income generated from a higher average investment portfolio were offset by lower asset remarketing income. Lease income increased $62.7 million predominately driven by the growing technology financing portfolio. Pretax asset remarketing income of $77.9 million was $14.5 million lower than 1998's record $92.4 million. A significant portion of 1999 asset remarketing gains was realized from the sale of marine and air assets. Asset remarketing income and gains from the sale of stock do not occur evenly from period to period.

Financial Services' share of affiliates' earnings was $60.7 million in 1999, a 32.5% increase over 1998. The increase was primarily attributable to increased contribution from existing rail joint ventures and new air and marine joint ventures. Several new joint ventures were formed in 1999, including a joint venture created to acquire and lease Boeing 737 new generation aircraft and a joint venture created to provide financing and leasing to start-up telecommunications companies.

Rail's gross income of $570.9 million increased 6.7% over the 1998 period primarily due to a larger active North American fleet, a slight increase in average lease rates, and a gain from the sale of 1,700 grain cars that did not provide an acceptable level of long-term economic value. Rail added 5,400 railcars during 1999 and at year-end 1999 had 83,400 railcars on lease in North America. Utilization ended the year at 94% on a total fleet of 88,400 railcars, which was comparable to utilization at the end of 1998. Rail congestion problems resulted in strong car demand in the chemical markets and contributed to unusually high demand in 1998.

Rail's share of earnings of its two European affiliates was $3.8 million in 1999 compared to $2.7 million in 1998. Rail invested an additional $27.8 million in these affiliates' freight and tank car fleets in 1999.

Ownership Costs $588.4 million

Ownership costs increased $52.1 million over 1998. Depreciation and amortization expense of $255.5 million increased $39.1 million and reflects the high level of portfolio investments in operating lease assets at Financial Services. The increase in operating lease expense reflects Rail's sale-leaseback financing of railcar additions.

Operating Expenses $247.6 million

Operating expenses decreased $79.4 million from 1998 largely due to the sale of the VAR business.

Selling, General and Administrative Expenses $203.4 million

Selling, general and administrative expenses increased 7.6% over 1998 due to higher human resource and other administrative expenses associated with increased portfolio investment activity and costs incurred to support business development and information systems initiatives.

Income Taxes $82.8 million

The effective tax rate of 39.6% in 1999 is lower than 1998's rate of 43.0%. The 1998 provision was affected by certain nondeductible expenses, including a goodwill write-down related to VAR.

Income from Continuing Operations $126.3 million

Income from continuing operations increased 10.6% from 1998 and was driven by a $5.8 million increase in Rail's earnings and a $4.5 million increase in Financial Services' earnings.

Discontinued Operations $25.0 million

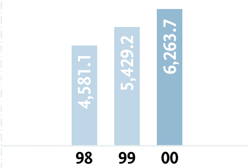
Discontinued operations contributed $25.0 million and $17.7 million to net income in 1999 and 1998, respectively. The year-over-year increase was largely attributable to higher contribution margins for terminaling operations as well as lower asset ownership costs and SG&A. The remainder of the increase was attributable to increased business development efforts and nonrecurring items, including a gain on the sale of rights along the Central Florida Pipeline.

CONSOLIDATED BALANCE SHEETS

IN MILLIONS/DECEMBER 31	2000	1999
Assets		
Cash and Cash Equivalents	**$ 173.6**	$ 84.5
Receivables		
Trade accounts	**93.7**	80.8
Finance leases	**878.3**	645.7
Secured loans	**634.1**	358.0
Less — allowance for possible losses	**(95.2)**	(113.5)
	1,510.9	971.0
Operating Lease Assets and Facilities		
Railcars and service facilities	**2,695.3**	2,698.7
Operating lease investments and other	**1,490.4**	1,332.4
Less — allowance for depreciation	**(1,531.6)**	(1,503.4)
	2,654.1	2,527.7
Investments in Affiliated Companies	**951.2**	757.5
Other Assets	**343.0**	386.2
Net Assets of Discontinued Operations	**630.9**	702.3
	$ 6,263.7	$ 5,429.2
Liabilities, Deferred Items and Shareholders' Equity		
Accounts Payable	**$ 317.3**	$ 284.0
Accrued Expenses	**141.7**	41.7
Debt		
Short-term	**557.2**	377.0
Long-term:		
Recourse	**3,093.9**	2,685.2
Nonrecourse	**494.2**	418.8
Capital lease obligations	**164.2**	176.2
	4,309.5	3,657.2
Deferred Income Taxes	**410.8**	388.1
Other Deferred Items	**294.9**	222.2
Total Liabilities and Deferred Items	**5,474.2**	4,593.2
Shareholders' Equity		
Preferred stock	**—**	—
Common stock	**35.0**	34.5
Additional capital	**366.1**	338.7
Reinvested earnings	**552.2**	543.0
Accumulated other comprehensive (loss) income	**(34.4)**	1.2
	918.9	917.4
Less — cost of common shares in treasury	**(129.4)**	(81.4)
Total Shareholders' Equity	**789.5**	836.0
	$ 6,263.7	$ 5,429.2

The accompanying notes are an integral part of these consolidated financial statements.

Assets
(IN MILLIONS OF DOLLARS)



Assets
$6,263.7 million

Total assets increased $834.5 million from the prior period. Assets from continuing operations increased 19.2% to $5.6 billion in 2000 from $4.7 billion in 1999. A record level of portfolio investments was partially offset by depreciation and amortization, the sale-leaseback of railcars at Rail, and portfolio asset sales at Financial Services.

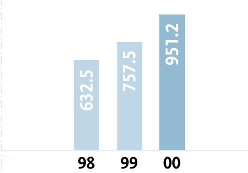
In addition to the $6.3 billion of assets on the balance sheet, GATX utilizes approximately $1.6 billion of assets, such as railcars and aircraft, that were financed with operating leases and therefore are not included on the balance sheet.

Receivables
$1,510.9 million

Receivables, including finance leases and secured loans, increased $539.9 million primarily due to activity at Financial Services. Significant new investments, specifically venture and telecommunications, resulted in a $276.1 million increase in secured loans. Finance leases increased $232.6 million over the prior year due to technology and diversified finance investments, partially offset by portfolio asset sales.

The allowance for possible losses of $95.2 million decreased $18.3 million compared to the prior year. The allowance for possible losses at Financial Services decreased $20.4 in 2000 to $90.6 million and was approximately 2.5% of net investments, down from 3.8% in the prior year. Write-offs totaled $36.8 million for the year, an increase of $2.6 million from 1999. Rail's allowance for possible losses increased $2.1 million in 2000.

Investments in Affiliated Companies
(IN MILLIONS OF DOLLARS)



Operating Lease Assets and Facilities
$2,654.1 million

Operating lease assets and facilities increased $126.4 million from 1999 largely due to significant portfolio investments in aircraft and diversified finance assets and railcar additions. Offsetting these additions were depreciation, the sale-leaseback of railcars at Rail and portfolio asset sales at Financial Services.

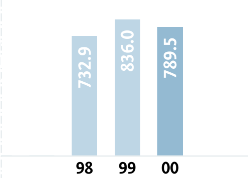
Investments in Affiliated Companies
$951.2 million

Investments in affiliated companies grew 25.6% in 2000 with significant increases in air and technology joint ventures. In 2000, GATX invested $244.4 million in joint ventures and recognized $79.0 million of equity income. Cash distributions from affiliates increased $51.4 million from 1999 due to increased distributions from air, technology and real estate joint ventures.

Other Assets
$343.0 million

Other assets decreased $43.2 million compared to 1999, with the majority of the decrease due to lower balances in progress payments for aircraft and investments in stock warrants and securities held for investment.

Total Shareholders' Equity
(IN MILLIONS OF DOLLARS)



Net Assets of Discontinued Operations
$630.9 million

Net assets of discontinued operations decreased $71.4 million from 1999 reflecting the sale of Logistics and a decrease in Terminals' net assets. Net assets of discontinued operations excludes $514.9 million and $512.1 million of debt for 2000 and 1999, respectively, that was attributable to discontinued operations but will remain the obligation of GATX.

Accrued Expenses
$141.7 million

Accrued expenses increased $100.0 million compared to the prior year due to the provision for litigation.

Debt
$4,309.5 million

Debt increased $652.3 million from the end of 1999 largely due to the funding of record investment volume at Financial Services.

Total Shareholders' Equity
$789.5 million

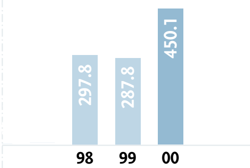
Shareholders' equity decreased $46.5 million mainly due to common stock dividends and common stock repurchased partially offset by net income.

CASH FLOWS

IN MILLIONS/YEAR ENDED DECEMBER 31	2000	1999	1998
Operating Activities			
Income from continuing operations	**$ 30.8**	$ 126.3	$ 114.2
Adjustments to reconcile income from continuing operations to net cash provided by continuing operations:			
Realized gains on remarketing of leased equipment	**(58.9)**	(72.6)	(72.9)
Depreciation and amortization	**334.8**	255.5	216.4
Provision for possible losses	**22.7**	11.0	11.0
Deferred income taxes	**26.8**	53.0	35.6
Provision for litigation	**160.5**	—	—
Net change in trade receivables, inventories, accounts payable and accrued expenses	**—**	15.3	(17.1)
Other	**(66.6)**	(100.7)	10.6
Net cash provided by continuing operations	**450.1**	287.8	297.8
Investing Activities			
Additions to equipment on lease, net of nonrecourse financing for leveraged leases	**(700.8)**	(697.0)	(501.6)
Additions to operating lease assets and facilities	**(394.5)**	(366.4)	(390.9)
Secured loans extended	**(436.1)**	(268.8)	(161.6)
Investments in affiliated companies	**(244.4)**	(168.0)	(147.0)
Other investments and progress payments	**(152.6)**	(105.8)	(34.6)
Portfolio investments and capital additions	**(1,928.4)**	(1,606.0)	(1,235.7)
Portfolio proceeds	**575.5**	503.0	805.1
Proceeds from sale of GATX Logistics, Inc.	**74.7**	—	—
Proceeds from other asset sales	**304.3**	208.7	252.5
Net cash used in investing activities of continuing operations	**(973.9)**	(894.3)	(178.1)
Financing Activities			
Proceeds from issuance of long-term debt	**1,587.4**	981.5	360.1
Repayment of long-term debt	**(1,072.2)**	(351.6)	(347.2)
Net increase (decrease) in short-term debt	**180.2**	95.6	(69.2)
Repayment of capital lease obligations	**(15.7)**	(16.3)	(14.6)
(Repurchase) issuance of common stock and other	**(20.1)**	(27.3)	9.0
Cash dividends	**(57.4)**	(54.3)	(49.3)
Net cash provided by (used in) financing activities of continuing operations	**602.2**	627.6	(111.2)
Net Transfers from (to) Discontinued Operations	**10.7**	(19.6)	2.7
Net Increase in Cash and Cash Equivalents from Continuing Operations	**89.1**	1.5	11.2
Net (Decrease) Increase in Cash and Cash Equivalents from Discontinued Operations	**(5.5)**	6.5	5.5
Net Increase in Cash and Cash Equivalents	**$ 83.6**	$ 8.0	$ 16.7

The accompanying notes are an integral part of these consolidated financial statements.

Net Cash Provided by Continuing Operations
(IN MILLIONS OF DOLLARS)



GATX generates a significant amount of cash from its operating activities and proceeds from its investment portfolio, which is used to service debt, pay dividends, and fund portfolio investments and capital additions. Most of the capital requirements are considered discretionary and represent additions to equipment, investment portfolio, railcar fleet, and joint ventures. As a result, the level of capital spending may be adjusted as conditions in the economy or GATX's businesses warrant.

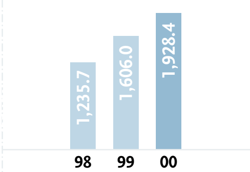
Net Cash Provided by Continuing Operations **$450.1** million

Net cash provided by continuing operations increased $162.3 million from 1999. Net income adjusted for noncash items generated $516.7 million of cash, an increase of $143.5 million over 1999, primarily due to increased depreciation and amortization and the provision for litigation. Changes in working capital and other generated $18.8 million more cash in 2000.

Portfolio Investments and Capital Additions **$1,928.4** million

Portfolio investments and capital additions increased $322.4 million from 1999. Financial Services' portfolio investments of $1.6 billion were $335.0 million higher than in 1999 as a result of strong market opportunities in the technology leasing, telecommunications and venture, and air sectors. Financial Services invested $243.0 million and $139.4 million in joint ventures in 2000 and 1999, respectively. Significant investments were made in air, telecommunications and real estate joint ventures in 2000. Financial Services also extended $436.1 million of loans to various businesses in 2000, an increase of $167.3 million over 1999. Rail's capital additions in 2000 were $374.8 million, including $369.3 million to acquire 5,400 railcars throughout North America.

Portfolio Investments and Capital Additions
(IN MILLIONS OF DOLLARS)



Portfolio Proceeds **$575.5** million

Portfolio proceeds increased $72.5 million from 1999. Proceeds from the remarketing of leased equipment decreased $42.6 million from last year. The timing of assets coming off lease, opportunities to renew leases at attractive rates and the composition of the investment portfolio all contributed to the year-over-year decrease in remarketing proceeds. Proceeds from the return of investments, which include loan principal receipts and return of capital distributions from joint venture investments, were $397.1 million and $282.0 million for 2000 and 1999, respectively.

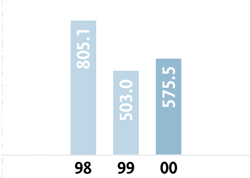
Proceeds from Sale of GATX Logistics, Inc. **$74.7** million

This amount relates to the May 2000 sale of 81% of GATX's interest. Proceeds from the remaining 19% interest sold in December were not received until 2001.

Proceeds from Other Asset Sales **$304.3** million

Proceeds from other asset sales included the receipt of $291.1 million from the sale-leaseback of railcars at Rail. Additional asset sales included the sale of approximately 400 railcars at Rail.

Portfolio Proceeds
(IN MILLIONS OF DOLLARS)



Net Cash Provided by Financing Activities of Continuing Operations **$602.2** million

Net cash provided by financing activities of continuing operations decreased $25.4 million compared to 1999. Record investment volume and capital additions were funded with proceeds from debt, cash from operations, and proceeds from asset sales, including the sale of Logistics.

GATX repurchased 1.4 million common shares for $48.0 million in addition to the 1.1 million shares purchased in 1999 for $34.6 million. Additionally, on January 26, 2001, the Board of Directors authorized management to purchase up to an additional 3.5 million shares of GATX's outstanding common stock.

Liquidity and Capital Resources

GATX Rail Corporation (GRC) and GATX Capital Corporation (GCC), both subsidiaries of GATX Corporation (GATX), have revolving credit facilities. GRC and GCC also have commercial paper programs and uncommitted money market lines that are used to fund operating needs. The GRC revolving credit facility expires in 2003 while GCC's revolving credit facility expires in 2001. Under covenants of the commercial paper programs and rating agency guidelines, GRC and GCC individually must keep unused revolving credit capacity at least equal to the amount of commercial paper outstanding. At December 31, 2000, GATX and its subsidiaries had available unused committed lines of credit amounting to $339.4 million.

GRC has a $650.0 million shelf registration for pass-through certificates and debt securities, of which $476.7 million had been issued. GCC has a shelf registration of $1.0 billion, of which $600.0 million had been issued.

As of December 31, 2000, GCC approved unfunded transactions totaling $2.1 billion, of which $1.2 billion is expected to fund in 2001. Once approved for funding, a transaction may not always be completed for various reasons or the investment may be shared with a partner or sold. Additionally, Rail has $124.1 million of commitments to acquire railcars in 2001.

At December 31, 2000, approximately $635.3 million of subsidiary net assets were restricted, limiting the ability of the subsidiaries to transfer assets to GATX in the form of loans, advances or dividends. The majority of net asset restrictions relate to the revolving credit agreement of GRC and the various loan agreements of GCC. Such restrictions are not expected to have an adverse impact on the ability of GATX to meet its cash obligations.

Risk Management and Market Sensitive Instruments

GATX, like most other companies, is exposed to certain market risks, including changes in interest rates and currency exchange rates. To manage these risks, GATX, pursuant to preestablished and preauthorized policies, enters into certain derivative transactions, principally interest rate swaps and currency swaps. These instruments and other derivatives are entered into for hedging purposes only. GATX does not hold or issue derivative financial instruments for speculative purposes.

GATX's interest expense is affected by changes in interest rates as a result of its use of variable rate debt instruments, including commercial paper and other floating rate debt. Based on GATX's variable rate debt at December 31, 2000, if market rates were to increase hypothetically by 10% of GATX's weighted average floating rate, after-tax interest expense would increase by approximately $5.6 million in 2001.

Changes in certain currency exchange rates would also affect GATX's reported earnings. Based on 2000 reported earnings from continuing operations, a uniform and hypothetical 10% strengthening in the U.S. dollar versus applicable foreign currencies would decrease after-tax income from continuing operations in 2001 by approximately $1.9 million.

The interpretation and analysis of the results from the hypothetical changes to interest rates and currency exchange rates should not be considered in isolation; such changes would typically have corresponding offsetting effects. For example, offsetting effects are present to the extent that floating rate debt is associated with floating rate assets.

Environmental Matters

Certain operations of GATX's subsidiaries (collectively GATX) present potential environmental risks principally through the transportation or storage of various commodities. Recognizing that some risk to the environment is intrinsic to its operations, GATX is committed to protecting the environment as well as complying with applicable environmental protection laws and regulations. GATX, as well as its competitors, is subject to extensive regulation under federal, state and local environmental laws which have the effect of increasing the costs and liabilities associated with the conduct of its operations. In addition, GATX's foreign operations are subject to environmental laws in effect in each respective jurisdiction.

GATX's policy is to monitor and actively address environmental concerns in a responsible manner. GATX has received notices from the U.S. Environmental Protection Agency (EPA) that it is a potentially responsible party (PRP) for study and cleanup costs at 13 sites under the requirements of the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund). Under these Acts and comparable state laws, GATX may be required to share in the cost to clean up various contaminated sites identified by the EPA and other agencies. GATX has also received notice that it is a PRP at one site to undertake a Natural Resource Damage Assessment. In all instances, GATX is one of a number of financially responsible PRPs and has been identified as contributing only a small percentage of the contamination at each of the sites. Due to various factors such as the required level of remediation or restoration and participation in cleanup or restoration efforts by others, GATX's total cleanup costs at these sites cannot be predicted with certainty; however, GATX's best estimates for remediation and restoration of these sites have been determined and are included in its environmental reserves.

Future costs of environmental compliance are indeterminable due to unknowns such as the magnitude of possible contamination, the timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties including insurers. Also, GATX may incur additional costs relating to facilities and sites where past operations followed practices and procedures that were considered acceptable at the time but in the future may require investigation and/or remedial work to ensure adequate protection to the environment under current or future standards. If future laws and regulations contain more stringent requirements than presently anticipated, expenditures may be higher than the estimates, forecasts, and assessments of potential environmental costs provided below. However, these costs are expected to be at least equal to the current level of expenditures. In addition, GATX has provided indemnities for environmental issues to the buyers of three divested companies for which GATX believes it has adequate reserves.

GATX's environmental reserve at the end of 2000 was $83.2 million and reflects GATX's best estimate of the cost to remediate known environmental conditions. Additions to the reserve were $9.3 million and $11.7 million for 2000 and 1999, respectively. Expenditures charged to the reserve amounted to $11.8 million and $7.6 million in 2000 and 1999, respectively.

In 2000, GATX made capital expenditures of $8.1 million for environmental and regulatory compliance compared to $8.3 million in 1999. These projects included marine vapor recovery systems, discharge prevention compliance, wastewater systems, impervious dikes, tank modifications for emissions control, and tank car cleaning systems.

In November 2000, GATX entered into an agreement to sell substantially all of the U.S. terminals and pipeline assets, representing the bulk of Terminals' operations. The transaction is structured as a sale of the capital stock of Terminals. Under the terms of the agreement, various environmental liabilities associated with the terminals and pipeline assets will be assumed by the buyer. Excluding the liabilities associated with the sale of Terminals' operations, GATX's environmental reserve at the end of 2000 was $46.2 million.

Forward-Looking Statements

Many economists believe that the U.S. economy is entering a recessionary environment. Should a recession develop, GATX's prospective results would not be immune from the effects thereof if there were significant changes in demand for its services or assets provided. Certain statements in Management's Discussion and Analysis constitute forward-looking statements and are made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. This information may involve risks and uncertainties that could cause actual results to differ materially from those suggested in the forward-looking statements. Although the company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, changes in the U.S. economy, changes in interest rates and changes in the markets served by GATX and its customers such as the aircraft, petroleum, chemical, rail, technology and steel industries.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

IN MILLIONS, EXCEPT NUMBER OF SHARES/DECEMBER 31	2000 DOLLARS	1999 DOLLARS	1998 DOLLARS	2000 SHARES	1999 SHARES	1998 SHARES
Preferred Stock						
Balance at beginning of period	**$ —**	$ —	$ —	**25,311**	26,065	26,365
Conversion of preferred stock into common stock	**—**	—	—	**(1,697)**	(754)	(300)
Balance at end of period	**—**	—	—	**23,614**	25,311	26,065
Common Stock						
Balance at beginning of period	**34.5**	34.3	34.1	**55,198,346**	54,822,163	54,480,556
Issuance of common stock	**.5**	.2	.2	**813,905**	372,413	340,107
Conversion of preferred stock into common stock	**—**	—	—	**8,485**	3,770	1,500
Balance at end of period	**35.0**	34.5	34.3	**56,020,736**	55,198,346	54,822,163
Treasury Stock						
Balance at beginning of period	**(81.4)**	(46.8)	(46.8)	**(6,599,047)**	(5,538,230)	(5,539,440)
Purchase of common stock	**(48.0)**	(34.6)	—	**(1,407,900)**	(1,065,010)	—
Issuance of common stock	**—**	—	—	**4,352**	4,193	1,210
Balance at end of period	**(129.4)**	(81.4)	(46.8)	**(8,002,595)**	(6,599,047)	(5,538,230)
Additional Capital						
Balance at beginning of period	**338.7**	331.6	322.6			
Issuance of common stock	**27.4**	7.1	9.0			
Balance at end of period	**366.1**	338.7	331.6			
Reinvested Earnings						
Balance at beginning of period	**543.0**	446.0	363.4			
Net income	**66.6**	151.3	131.9			
Dividends declared	**(57.4)**	(54.3)	(49.3)			
Balance at end of period	**552.2**	543.0	446.0			
Accumulated Other Comprehensive (Loss) Income						
Balance at beginning of period	**1.2**	(32.2)	(17.9)			
Foreign currency translation (loss) gain	**(28.6)**	5.1	(16.3)			
Unrealized (loss) gain on securities, net	**(7.0)**	28.3	2.0			
Balance at end of period	**(34.4)**	1.2	(32.2)			
Total Shareholders' Equity	**$789.5**	$836.0	$732.9			

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

IN MILLIONS/YEAR ENDED DECEMBER 31	2000	1999	1998
Net income	**$ 66.6**	$151.3	$131.9
Other comprehensive (loss) income, net of tax:			
Foreign currency translation (loss) gain	**(28.6)**	5.1	(16.3)
Unrealized (loss) gain on securities, net of reclassification adjustments (a)	**(7.0)**	28.3	2.0
Other comprehensive (loss) income	**(35.6)**	33.4	(14.3)
Comprehensive Income	**$ 31.0**	$184.7	$117.6

(a) Reclassification adjustments:			
Unrealized gain on securities	**$ 24.6**	$ 37.3	$ 2.8
Less — reclassification adjustments for gains realized included in net income	**(31.6)**	(9.0)	(.8)
Net unrealized (loss) gain on securities	**$ (7.0)**	$ 28.3	$ 2.0

The accompanying notes are an integral part of these consolidated financial statements.

To Our Shareholders

The management of GATX Corporation has prepared the accompanying consolidated financial statements and related information included in this 2000 Annual Report to Shareholders and has the primary responsibility for the integrity of this information. The financial statements have been prepared in conformity with generally accepted accounting principles and necessarily include certain amounts which are based on estimates and informed judgments of management.

The financial statements have been audited by the company's independent auditors, whose report thereon appears on this page. Their role is to form an independent opinion as to the fairness with which such statements present the financial position of the company and the results of its operations.

GATX maintains a system of internal accounting controls which is designed to provide reasonable assurance as to the reliability of its financial records and the protection of its shareholders' assets. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the related benefits. Management believes the company's system provides this appropriate balance in all material respects.

GATX's system of internal controls is further augmented by an audit committee composed of independent directors, which meets regularly throughout the year with management, the independent auditors and the internal auditors; an internal audit program that includes prompt, responsive action by management; and the annual audit of the company's financial statements by independent auditors.

RONALD H. ZECH	BRIAN A. KENNEY	WILLIAM M. MUCKIAN
CHAIRMAN AND CHIEF EXECUTIVE OFFICER	VICE PRESIDENT AND CHIEF FINANCIAL OFFICER	CONTROLLER AND CHIEF ACCOUNTING OFFICER

To the Shareholders and Board of Directors of GATX Corporation

We have audited the accompanying consolidated balance sheets of GATX Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity, comprehensive income, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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 as of December 31, 2000 and 1999, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Chicago, Illinois
January 23, 2001
(except with respect to Note 17, as to which the date is March 5, 2001)

ERNST & YOUNG LLP

NOTE 1 Significant Accounting Policies

Significant accounting policies of GATX and its consolidated subsidiaries are discussed below.

CONSOLIDATION — The consolidated financial statements include the accounts of GATX and its majority-owned subsidiaries. Investments in 20 to 50 percent-owned companies and joint ventures are accounted for under the equity method and are shown as investments in affiliated companies, with pretax operating results shown as share of affiliates' earnings.

CASH EQUIVALENTS — GATX considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

OPERATING LEASE ASSETS AND FACILITIES — Operating lease assets and facilities are stated principally at cost. Assets acquired under capital leases are included in operating lease assets and the related obligations are recorded as liabilities. Provisions for depreciation include the amortization of the cost of capital leases and are computed by the straight-line method which results in equal annual depreciation charges over the estimated useful lives of the assets. The estimated useful lives of depreciable assets are as follows:

Railcars	20–38 years
Locomotives	28 years
Aircraft	25 years
Technology equipment/software	2–5 years
Buildings and leasehold improvements	5–40 years
Marine vessels	15–50 years
Machinery and related equipment	3–20 years

GOODWILL — GATX has classified the cost in excess of the fair value of net assets acquired as goodwill. Goodwill, which is included in other assets, is being amortized on a straight-line basis over 10 to 40 years. GATX continually evaluates the existence of goodwill impairment on the basis of whether the goodwill is recoverable from projected undiscounted net cash flows of the related business. Goodwill, net of accumulated amortization of $18.9 million and $17.2 million, was $56.6 million and $46.9 million as of December 31, 2000 and 1999, respectively. Amortization expense was $7.2 million, $3.4 million and $11.3 million in 2000, 1999, and 1998, respectively.

INCOME TAXES — United States income taxes have not been provided on the undistributed earnings of foreign subsidiaries and affiliates that GATX intends to permanently reinvest in these foreign operations. The cumulative amount of such earnings was $136.9 million at December 31, 2000.

OTHER DEFERRED ITEMS — Other deferred items include the accrual for postretirement benefits other than pensions; environmental, general liability, litigation and workers' compensation reserves; and other deferred credits.

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS — GATX uses off-balance sheet financial instruments such as interest rate and currency swaps, forwards and similar contracts to set interest and exchange rates on existing or anticipated transactions. The fair values of GATX's off-balance sheet financial instruments (futures, swaps, forwards, options, guarantees, and lending and purchase commitments) are based on current market prices, settlement values or fees currently charged to enter into similar agreements.

The fair values of the hedge contracts are not recognized in the financial statements. Net amounts paid or received on such contracts are recognized over the term of the contract as an adjustment to interest expense or the basis of the hedged financial instrument.

ENVIRONMENTAL LIABILITIES — Expenditures that relate to current or future operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are charged to environmental reserves. Reserves are recorded in accordance with accounting guidelines to cover work at identified sites when GATX's liability for environmental cleanup is both probable and a reasonable estimate of associated costs can be made; adjustments to initial estimates are recorded as necessary.

REVENUE RECOGNITION — The majority of GATX's gross income is derived from the rentals of railcars, commercial aircraft, technology equipment and marine vessels. In addition, income is derived from finance leases, asset remarketing, stock sales, secured loans, technology equipment sales, and other services.

FOREIGN CURRENCY TRANSLATION — The assets and liabilities of GATX's operations located outside the United States are translated at exchange rates in effect at year end, and income statements are translated at the average exchange rates for the year. Adjustments resulting from the translation of foreign currency financial statements are deferred and recorded as a separate component of accumulated other comprehensive (loss) income in the shareholders' equity section of the balance sheet. The cumulative foreign currency translation adjustment was $(62.3) million and $(33.7) million at the end of 2000 and 1999, respectively.

INVESTMENTS IN EQUITY SECURITIES — Financial Services' venture leasing portfolio includes stock warrants received from investee companies and common stock resulting from exercising the warrants. These securities are accounted for as available-for-sale in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. These securities are carried at fair value. Upon receipt, the fair value of stock warrants is generally not ascertainable due to the early-stage nature of the investee companies; accordingly, assigned values are nominal. For subsequent reporting, securities are carried at this nominal value until the investee's common stock becomes publicly traded. Unrealized gains and losses arising from marking the portfolio to fair value are included on a net-of-tax basis as a separate component of accumulated other comprehensive (loss) income. The unrealized gains on these securities were $27.9 million and $34.9 million at the end of 2000 and 1999, respectively.

USE OF ESTIMATES — The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as revenues and expenses during the reporting period. Actual amounts when ultimately realized could differ from those estimates.

RECLASSIFICATIONS — Certain amounts in the 1999 and 1998 financial statements have been reclassified to conform to the 2000 presentation.

NEW ACCOUNTING PRONOUNCEMENTS — Effective January 1, 2001, GATX will adopt SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 137, *Accounting for Derivative Instruments and Hedging Activities — Deferral of the Effective Date of FASB Statement No. 133*, and SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities — an amendment of FASB Statement No. 133*. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts. The statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the qualified nature of the hedge, changes in fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in accumulated other comprehensive (loss) income. The change in fair value of the ineffective portion of a hedge will be immediately recognized in earnings. GATX believes that the adoption of SFAS No. 133, as amended, will have a material impact on the accounting for stock warrants. Under current accounting guidance, these items are generally accounted for as available-for-sale securities. Upon adoption of SFAS No. 133, as amended, these warrants must be accounted for as derivatives, with prospective changes in fair value recorded in current earnings.

As of December 31, 2000, a total of $27.9 million of unrealized gains, net of tax, was recorded in accumulated other comprehensive (loss) income. Of this amount, $2.5 million is from warrants and will be subject to SFAS No. 133 while the remaining $25.4 million represents stock held in the available-for-sale securities portfolio that will continue to be accounted for in accordance with SFAS No. 115.

Apart from warrants, GATX uses interest rate and currency swap agreements, and forward sale agreements, as hedges to manage its exposure to interest rate and currency exchange rate risk on existing and anticipated transactions. To qualify for hedge accounting under current accounting guidance, the derivative instrument must be identified with and reduce the risk arising from a specific transaction. Interest income or expense on interest rate swaps is accrued and recorded as an adjustment to the interest income or expense related to the hedged item. Realized and unrealized gains on currency swaps are deferred and included in the measurement of the hedged investment over the term of the contract. Fair value changes arising from forward sale agreements are deferred in the investment section of the balance sheet and recognized in other comprehensive (loss) income in stockholders' equity in conjunction with the designated hedged item. The application of SFAS No. 133, as amended, to derivative instruments other than warrants is not expected to have a material impact on GATX's consolidated financial statements.

NOTE 2 Accounting for Leases

The following information pertains to GATX as a lessor:

FINANCE LEASES — GATX's finance leases include direct financing leases and leveraged leases. Investment in direct financing leases consists of lease receivables, plus the estimated residual value of the equipment at the lease termination dates, less unearned income. Lease receivables represent the total rent to be received over the term of the lease reduced by rent already collected. Initial unearned income is the amount by which the original sum of the lease receivable and the estimated residual value exceeds the original cost of the leased equipment. Unearned income is amortized to lease income over the lease term in a manner that produces a constant rate of return on the net investment in the lease.

Financing leases that are financed principally with nonrecourse borrowings at lease inception and that meet certain criteria are accounted for as leveraged leases. Leveraged lease receivables are stated net of the related nonrecourse debt. Initial unearned income represents the excess of anticipated cash flows (including estimated residual values, and net of the related debt service) over the original investment in the lease.

The components of the investment in finance leases were (in millions):

DECEMBER 31	2000	1999
Net minimum future lease receivables	**$ 800.7**	$ 664.1
Estimated residual values	**368.4**	262.7
	1,169.1	926.8
Less — unearned income	**(290.8)**	(281.1)
Investment in finance leases	**$ 878.3**	$ 645.7

OPERATING LEASES — The majority of railcar assets and certain other equipment leases included in operating lease assets are accounted for as operating leases. Rental income from operating leases is usually reported on a straight-line basis over the term of the lease.

MINIMUM FUTURE RECEIPTS — Minimum future lease receipts from finance leases and minimum future rental receipts from noncancelable operating leases by year at December 31, 2000 were (in millions):

	FINANCE LEASES	OPERATING LEASES	TOTAL
2001	$252.2	$ 788.3	$1,040.5
2002	149.9	565.3	715.2
2003	94.6	361.8	456.4
2004	54.1	240.3	294.4
2005	41.8	159.2	201.0
Years thereafter	208.1	406.0	614.1
	$800.7	$2,520.9	$3,321.6

The following information pertains to GATX as a lessee:

CAPITAL LEASES — Assets classified as operating lease assets and finance leases that have been financed under capital leases were (in millions):

DECEMBER 31	2000	1999
Railcars	**$ 149.5**	$ 150.0
Marine vessels	**147.7**	159.5
	297.2	309.5
Less — allowance for depreciation	**(192.2)**	(194.0)
	105.0	115.5
Finance leases	**19.4**	6.9
	$ 124.4	$ 122.4

OPERATING LEASES — GATX has financed railcars, aircraft, and other assets through sale-leasebacks that are accounted for as operating leases. In addition, GATX leases certain other assets and office facilities. For one of the operating leases, a subsidiary of GATX has provided a guarantee to the lessor that the residual value will be the projected fair market value of the assets. Total rental expense for the years ended December 31, 2000, 1999, and 1998 was $178.7 million, $153.0 million, and $139.4 million, respectively.

FUTURE MINIMUM RENTAL PAYMENTS — Future minimum rental payments due under noncancelable leases at December 31, 2000 were (in millions):

	CAPITAL LEASES	OPERATING LEASES	NONRECOURSE OPERATING LEASES
2001	$ 30.3	$ 130.3	$ 39.9
2002	30.0	138.3	37.4
2003	28.1	130.7	40.0
2004	23.3	129.8	39.9
2005	18.3	138.0	41.5
Years thereafter	117.8	1,394.3	559.6
	$247.8	$2,061.4	$758.3
Less — amounts representing interest	(83.6)		
Present value of future minimum capital lease payments	$164.2		

The above capital lease amounts and certain operating leases do not include the costs of licenses, taxes, insurance, and maintenance that GATX is required to pay. Interest expense on the above capital leases was $14.4 million in 2000, $14.6 million in 1999, and $16.1 million in 1998.

The amounts shown as nonrecourse operating leases reflect rental payments of three bankruptcy remote, special-purpose corporations that are wholly-owned by GATX. These rentals are consolidated for accounting purposes, but do not represent legal obligations of GATX.

NOTE 3 Secured Loans

Secured loans are recorded at the principal amount outstanding plus accrued interest. The loan portfolio is reviewed regularly, and a loan is classified as impaired and written down when it is probable that GATX will be unable to collect all amounts due under the loan agreement. Since most loans are collateralized, impairment is generally measured as the amount the recorded investment in the loan exceeds the fair value of the collateral, and any adjustment is considered in determining the provision for possible losses. Interest income is not recognized on impaired loans until the outstanding principal is recovered.

The types of loans in GATX's portfolio are as follows (in millions):

DECEMBER 31	2000	1999
Equipment	**$368.5**	$245.7
Venture	**254.4**	102.7
Golf courses	**11.2**	9.6
Total investments	**$634.1**	$358.0
Impaired loans (included in total)	**$ 62.9**	$ 22.3

At December 31, 2000, secured loan principal due by year was as follows (in millions):

	LOAN PRINCIPAL
2001	$171.1
2002	109.8
2003	98.9
2004	51.1
2005	19.1
Years thereafter	184.1
	$634.1

NOTE 4 Investments in Affiliated Companies

GATX has investments in 25 to 50 percent-owned companies and joint ventures that are accounted for using the equity method. These domestic and foreign investments are in businesses similar to those of GATX's principal subsidiaries. Distributions received from such affiliates were $119.7 million, $68.3 million, and $162.4 million in 2000, 1999 and 1998, respectively. These distributions reflect both operating results and return of principal.

For all affiliated companies held at the end of a year, operating results, as if GATX held 100 percent interest, were (in millions):

YEAR ENDED DECEMBER 31	2000	1999	1998
Gross income	**$717.2**	$603.5	$448.5
Pretax income	**203.4**	145.4	116.1

For all affiliated companies held at the end of a year, summarized balance sheet data, as if GATX held 100 percent interest, were (in millions):

DECEMBER 31	2000	1999
Total assets	**$5,209.2**	$4,327.6
Long-term liabilities	**2,164.6**	1,683.1
Other liabilities	**623.5**	554.2
Shareholders' equity	**$2,421.1**	$2,090.3

NOTE 5 Foreign Operations

GATX has a number of investments in subsidiaries and affiliated companies that are located in or derive revenues from foreign countries. Foreign entities contribute significantly to share of affiliates' earnings. The foreign identifiable assets represent investments in affiliated companies as well as fully consolidated assets for Canadian and Mexican railcar operations, and foreign lease, loan and other investments.

IN MILLIONS, YEAR ENDED OR AT DECEMBER 31	2000	1999	1998
Revenues			
Foreign	**$ 212.9**	$ 164.1	$ 183.2
United States	**1,098.9**	1,030.9	1,031.9
	$1,311.8	$1,195.0	$1,215.1
Share of Affiliates' Earnings			
Foreign	**$ 44.7**	$ 29.3	$ 19.9
United States	**34.3**	35.2	28.6
	$ 79.0	$ 64.5	$ 48.5
Identifiable Assets for Continuing Operations			
Foreign	**$1,200.3**	$ 943.9	$ 702.2
United States	**4,432.5**	3,783.0	3,217.8
	$5,632.8	$4,726.9	$3,920.0

Foreign cash flows generated are used to meet local operating needs and for reinvestment. The translation of the foreign balance sheets into U.S. dollars results in an unrealized foreign currency translation adjustment, a component of accumulated other comprehensive (loss) income.

NOTE 6 Short-Term Debt and Lines of Credit

Short-term debt (in millions) and weighted average interest rates as of year end were:

DECEMBER 31	2000 AMOUNT	2000 RATE	1999 AMOUNT	1999 RATE
Commercial paper	**$345.6**	**7.62%**	$261.5	6.65%
Other short-term borrowings	**211.6**	**7.86%**	115.5	6.53%
	$557.2		$377.0	

Under a revolving credit agreement with a group of banks, GATX Rail Corporation (GRC) may borrow up to $350.0 million. While at year end no borrowings were outstanding, availability under the credit line was reduced by $172.0 million of commercial paper outstanding. GRC also had borrowings of $65.0 million under unsecured money market lines at December 31, 2000.

GATX Capital Corporation (GCC) and one of its wholly-owned subsidiaries have commitments under credit agreements with a group of banks for revolving credit loans totaling $335.0 million of which $161.4 million was available at December 31, 2000; availability under the credit line was reduced by $173.6 million of commercial paper outstanding.

Both GRC's and GCC's primary revolving credit agreements contain various restrictive covenants, including dividend restrictions and requirements to maintain a defined minimum net worth and certain financial ratios. Both GRC and GCC met all credit agreement requirements at December 31, 2000.

Interest expense on short-term debt was $31.7 million in 2000, $25.1 million in 1999, and $23.5 million in 1998. The portion of interest expense allocated to discontinued operations was $5.8 million, $2.2 million and $1.4 million for 2000, 1999 and 1998, respectively.

NOTE 7 Long-Term Debt

Long-term debt (in millions) and the range of interest rates as of year end were:

DECEMBER 31	INTEREST RATES	FINAL MATURITY	2000	1999
Variable Rate				
Term notes	5.23%– 7.76%	2001–2005	**$ 829.2**	$ 388.0
Nonrecourse obligations	6.19%– 8.38%	2002–2015	**91.2**	28.7
			920.4	416.7
Fixed Rate				
Term notes	5.88%–10.45%	2001–2011	**2,264.7**	2,297.2
Nonrecourse obligations	6.28%–10.70%	2001–2005	**403.0**	390.1
			2,667.7	2,687.3
			$3,588.1	$3,104.0

Maturities of GATX's long-term debt as of December 31, 2000 for the next five years were (in millions):

	MATURITIES
2001	$693.7
2002	701.2
2003	771.1
2004	313.7
2005	216.3

At December 31, 2000, certain technology assets, aircraft, railcars, and other equipment with a net carrying value of $929.7 million were pledged as collateral for $587.1 million of notes and bonds.

Interest expense on long-term debt, net of capitalized interest, was $253.5 million in 2000, $191.9 million in 1999, and $194.9 million in 1998. Interest expense capitalized as part of the cost of construction of major assets was $10.6 million in 2000, $4.6 million in 1999, and $3.3 million in 1998. The portion of the interest allocated to discontinued operations was $51.2 million, $49.5 million, and $52.6 million for 2000, 1999 and 1998, respectively.

NOTE 8 Off-Balance Sheet Financial Instruments

In the ordinary course of business, GATX utilizes off-balance sheet financial instruments to manage financial market risk, including interest rate and foreign exchange risk.

At December 31, 2000, GATX had the following off-balance sheet financial instruments (in millions):

	NOTIONAL AMOUNT	PAY RATE/ INDEX	RECEIVE RATE/INDEX	MATURITY
Interest Rate Swaps				
GATX pays fixed, receives floating	$384.3	4.93–7.54%	LIBOR–LIBOR+1.57%	2001–2011
GATX pays floating, receives fixed	285.0	LIBOR–LIBOR+.75%	5.90–7.20%	2001–2006

	RECEIVE	DELIVER	MATURITY
Currency Swaps and Forwards			
Canadian dollar swaps	$137.8	C$188.9	2001–2013
Euro forward	$ 28.7	€ 24.5	2011
Deutsche mark forwards	$ 46.8	84.3DM	2002

Following is a summary of GATX's interest rate hedge activity (in millions):

	PAY FIXED	PAY FLOATING
Interest Rate Swaps		
Balance at January 1, 1999	$ 772.8	$ 702.0
Additions	85.3	—
Maturities	(262.9)	(10.0)
Balance at December 31, 1999	595.2	692.0
Additions	206.7	150.0
Maturities	(417.6)	(557.0)
Balance at December 31, 2000	$ 384.3	$ 285.0

GATX uses interest rate swaps and forward starting interest rate swaps to convert floating rate debt to fixed rate debt and to manage the floating/fixed rate mix of the debt portfolio. GATX also uses forward starting interest rate swaps and treasury derivatives to manage interest rate risk associated with the anticipated issuance of debt.

Historically, GRC had a program that utilized interest rate swaps to match the cash flow characteristics of its debt portfolio and its railcar leases. The interest rate swaps effectively converted GRC's long-term fixed rate debt to debt with maturities of three months to five years, matching the terms of the railcar leases. During 2000, GRC terminated this program and implemented a new program that utilizes interest rate swaps to achieve a target level of floating interest rate exposure in its debt portfolio to reduce income volatility over the long-term. GCC uses interest rate swaps in addition to commercial paper and floating rate medium-term notes to match fund its floating rate lease and loan portfolio with floating rate borrowings.

The net amount payable or receivable from the interest rate swap agreements is accrued as an adjustment to interest expense. The fair value of interest rate swap agreements is determined based on the differences between the contractual rate of interest and the rates currently quoted for agreements of similar terms and maturities. The fair value of the interest rate swaps was $1.0 million at December 31, 2000 and $4.9 million at December 31, 1999.

GATX has entered into currency swaps and forwards to hedge $137.8 million of debt obligations of its Canadian subsidiaries, $46.8 million in debt obligations associated with a German joint venture and $28.7 million in future euro receipts for a leveraged lease transaction. The fair value of the aggregate of currency swap and forward agreements was $26.9 million at December 31, 2000 and $6.0 million at December 31, 1999.

In the event that a counterparty fails to meet the terms of the interest rate swap agreement or a foreign exchange contract, GATX's exposure is limited to the interest rate or currency differential. GATX manages the credit risk of counterparties by dealing only with institutions that the company considers financially sound and by avoiding concentrations of risk with a single counterparty. GATX considers the risk of non-performance to be remote.

NOTE 9 Fair Value of Other Financial Instruments

The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair value of financial instruments:

The carrying amount of cash and cash equivalents, trade receivables, accounts payable, and short-term debt approximates fair value because of the short maturity of those instruments. Also, the carrying amount of variable rate long-term debt and variable rate secured loans approximates fair value.

The fair value of fixed rate secured loans was estimated using discounted cash flow analyses, at interest rates currently offered for loans with similar terms to borrowers of similar credit quality.

The fair value of fixed rate long-term debt was estimated by performing a discounted cash flow calculation using the term and market interest rate for each note based on GATX's current incremental borrowing rates for similar borrowing arrangements. Portions of fixed rate long-term debt have effectively been converted to floating rate debt by utilizing interest rate swaps (GATX pays floating rate interest, receives fixed rate interest), as described in Note 8. In such instances, the increase (decrease) in the fair value of the fixed rate long-term debt would be offset in part by the increase (decrease) in the fair value of the interest rate swap.

The following table sets forth the carrying amounts and fair values of the company's fixed rate instruments (in millions):

DECEMBER 31	2000 CARRYING AMOUNT	2000 FAIR VALUE	1999 CARRYING AMOUNT	1999 FAIR VALUE
Secured loans — fixed	**$ 623.5**	**$ 606.2**	$ 292.2	$ 290.1
Long-term debt — fixed	**2,667.7**	**2,610.4**	2,687.3	2,621.4

NOTE 10 Pension and Other Postretirement Benefits

GATX and certain of its subsidiaries maintain noncontributory defined benefit pension plans covering their respective employees. Benefits payable under the pension plans are based on years of service and/or final average salary. The funding policy for the pension plans is based on an actuarially determined cost method allowable under Internal Revenue Service regulations.

In addition to the pension plans, GATX's other postretirement plans provide health care, life insurance and other benefits for certain retired employees who meet established criteria. Most domestic employees are eligible for health care and life insurance benefits if they retire from GATX with immediate pension benefits under the GATX plan. The plans are either contributory or noncontributory, depending on various factors.

The following tables set forth pension obligations and plan assets as of December 31 and other postretirement obligations for continuing operations as of December 31 (in millions):

	2000 PENSION BENEFITS	1999 PENSION BENEFITS	2000 RETIREE HEALTH AND LIFE	1999 RETIREE HEALTH AND LIFE
Change in Benefit Obligation				
Benefit obligation at beginning of period	**$312.2**	$304.6	**$ 50.3**	$ 51.0
Service cost	**8.3**	7.4	**.3**	.3
Interest cost	**21.8**	20.6	**3.4**	3.4
Plan amendments	**.7**	—	**—**	—
Actuarial loss	**(8.7)**	1.6	**(1.6)**	.9
Benefits paid	**(22.0)**	(22.0)	**(4.9)**	(5.3)
Benefit obligation at end of period	**$312.3**	$312.2	**$ 47.5**	$ 50.3
Change in Fair Value of Plan Assets				
Plan assets at beginning of period	**$353.5**	$325.8	**$ —**	$ —
Actual return on plan assets	**(7.5)**	49.2	**—**	—
Company contributions	**.5**	.5	**4.9**	5.3
Benefits paid	**(22.0)**	(22.0)	**(4.9)**	(5.3)
Plan assets at end of period	**$324.5**	$353.5	**$ —**	$ —
Funded Status				
Funded status of the plan	**$ 12.2**	$ 41.3	**$(47.5)**	$(50.3)
Unrecognized net gain	**(22.3)**	(46.9)	**(14.7)**	(14.7)
Unrecognized prior service cost	**2.0**	1.8	**—**	—
Unrecognized net transition (asset) obligation	**(.1)**	(.2)	**.4**	.4
Accrued cost	**$ (8.2)**	$ (4.0)	**$(61.8)**	$(64.6)
Amount Recognized				
Prepaid benefit cost	**$ 1.4**	$ 3.6	**$ —**	$ —
Accrued benefit liability	**(9.6)**	(9.3)	**(56.2)**	(65.0)
Intangible asset	**—**	1.7	**(5.6)**	.4
Total recognized	**$ (8.2)**	$ (4.0)	**$(61.8)**	$(64.6)

The components of pension and other postretirement benefit costs are as follows (in millions):

	2000 PENSION BENEFITS	1999 PENSION BENEFITS	1998 PENSION BENEFITS	**2000 RETIREE HEALTH AND LIFE**	1999 RETIREE HEALTH AND LIFE	1998 RETIREE HEALTH AND LIFE
Service cost	**$ 8.3**	$ 7.4	$ 5.9	**$ .3**	$ .3	$ .2
Interest cost	**21.8**	20.6	20.4	**3.4**	3.4	3.6
Expected return on plan assets	**(26.1)**	(23.9)	(22.6)	**—**	—	—
Amortization of:						
Unrecognized prior service cost	**.4**	.4	.4	**—**	—	—
Unrecognized net loss (gain)	**.3**	.2	.1	**(.3)**	(.2)	(.6)
Unrecognized net (asset) obligation	**—**	(.1)	—	**—**	.1	—
Net costs	**$ 4.7**	$ 4.6	$ 4.2	**$3.4**	$3.6	$3.2

Postretirement benefit costs are for continuing operations only. Pension costs include $1.2 million, $1.4 million and $1.2 million related to discontinued operations for the years ended December 31, 2000, 1999 and 1998, respectively.

GATX amortizes the prior service cost using a straight-line method over the average remaining service period of employees to receive benefits under the plan.

Assumptions as of December 31:

	2000 PENSION BENEFITS	1999 PENSION BENEFITS	**2000 RETIREE HEALTH AND LIFE**	1999 RETIREE HEALTH AND LIFE
Discount rate	**7.50%**	7.00%	**7.50%**	7.00%
Expected return on plan assets	**8.75%**	8.75%	**N/A**	N/A
Rate of compensation increases	**5.00%**	5.00%	**5.00%**	5.00%

The assumed health care cost trend rate was 5.0% for participants over the age of 65 and 6.0% for participants under the age of 65 for 2000 and thereafter. The health care cost trend rate has a significant effect on the other postretirement benefit cost and obligation. A 1% increase in the trend rate would increase the cost by $.3 million and the obligation by $3.8 million. A 1% decrease in the trend rate would decrease the cost by $.3 million and the obligation by $3.4 million.

In addition to contributions to its defined benefit plans, GATX maintains two 401(k) retirement plans that are available to substantially all salaried and certain other employee groups. GATX may contribute to the plans as defined by their respective terms. Contributions to such plans for continuing operations were $1.8 million, $1.6 million, and $1.5 million for 2000, 1999, and 1998, respectively.

NOTE 11 Income Taxes

Deferred income taxes reflect 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.

Significant components of GATX's deferred tax liabilities and assets were (in millions):

DECEMBER 31	2000	1999
Deferred Tax Liabilities		
Book/tax basis difference due to depreciation	**$197.5**	$211.0
Leveraged leases	**80.6**	58.3
Investment in joint ventures	**67.9**	101.8
Lease accounting (other than leveraged)	**192.3**	99.2
Other	**67.2**	58.0
Total deferred tax liabilities	**605.5**	528.3
Deferred Tax Assets		
Alternative minimum tax credit	**18.9**	16.4
Accruals not currently deductible for tax purposes	**82.9**	24.4
Allowance for possible losses	**37.0**	44.3
Postretirement benefits other than pensions	**21.6**	22.5
Other	**34.3**	32.6
Total deferred tax assets	**194.7**	140.2
Net deferred tax liabilities	**$410.8**	$388.1

At December 31, 2000, GATX had an alternative minimum tax credit of $67.5 million, of which $48.6 million is included as part of net assets of discontinued operations. The credit can be carried forward indefinitely to reduce future regular tax liabilities.

GATX and its United States subsidiaries file a consolidated federal income tax return. Amounts shown as Current — Federal represent taxes payable as determined by the Alternative Minimum Tax. Income taxes for continuing operations consisted of (in millions):

YEAR ENDED DECEMBER 31	2000	1999	1998
Current			
Domestic:			
Federal	**$(18.5)**	$14.4	$40.5
State and local	**3.1**	4.0	4.1
	(15.4)	18.4	44.6
Foreign	**11.3**	11.4	5.8
	(4.1)	29.8	50.4
Deferred			
Domestic:			
Federal	**24.5**	44.6	22.7
State and local	**(2.4)**	5.7	6.8
	22.1	50.3	29.5
Foreign	**4.7**	2.7	6.1
	26.8	53.0	35.6
Income tax expense	**$ 22.7**	$82.8	$86.0
Income taxes (refunded) paid	**$(18.3)**	$28.7	$47.9

The reasons for the difference between GATX's effective income tax rate and the federal statutory income tax rate were:

YEAR ENDED DECEMBER 31	2000	1999	1998
Federal statutory income tax rate	**35.0%**	35.0%	35.0%
Add effect of:			
State income taxes	**1.3**	3.0	3.6
Foreign income	**4.4**	1.5	2.1
Other	**1.7**	.1	2.3
Effective income tax rate	**42.4%**	39.6%	43.0%

NOTE 12 Shareholders' Equity

In 1998, the company's shareholders approved an amendment to GATX's certificate of incorporation that increased authorized shares of common stock from 60 million to 120 million shares and effected a two-for-one stock split, in the form of a stock dividend. Par value remained at $.625 per share after the split. All share and per share amounts in the accompanying consolidated financial statements have been restated accordingly.

GATX's certificate of incorporation also authorizes 5 million shares of preferred stock at a par value of $1.00 per share. Shares of preferred stock issued and outstanding consist of Series A and B $2.50 cumulative convertible preferred stock, which entitles holders to a cumulative annual cash dividend of $2.50 per share. Each share of such preferred stock may be called for redemption by GATX at $63 per share, has a liquidating value of $60 per share, and may be converted into five shares of common stock.

Holders of both series of $2.50 convertible preferred stock and common stock are entitled to one vote for each share held. Except in certain instances, all such classes vote together as a single class.

A total of 9,184,361 shares of common stock were reserved at December 31, 2000, for the following:

	SHARES
Conversion of outstanding preferred stock	115,613
Incentive compensation programs	5,450,755
Employee service awards	36,250
Employee stock purchase plan	3,581,743
	9,184,361

In an effort to ensure the fair value to all shareholders in the event of an unsolicited takeover offer for the company, GATX adopted a Shareholders' Rights Plan in August 1998. Shareholders received a distribution of one right for each share of the company's common stock held. Initially the rights are represented by GATX's common stock certificates and are not exercisable. The rights will be exercisable only if a person acquires or announces a tender offer that would result in beneficial ownership of 20 percent or more of the company's common stock. If a person acquires beneficial ownership of 20 percent or more of the company's common stock, all holders of rights other than the acquiring person will be entitled to purchase the company's common stock at half price. The rights are scheduled to expire on August 14, 2008.

NOTE 13 Incentive Compensation Plans

The GATX Corporation 1995 Long Term Incentive Compensation Plan (the 1995 Plan) contains provisions for the granting of nonqualified stock options, incentive stock options, stock appreciation rights (SARs), cash and common stock individual performance units (IPUs), restricted stock rights, restricted common stock, performance awards and exchange stock options. An aggregate of 5,000,000 shares of common stock may be issued under the 1995 Plan. As of December 31, 2000, 1,758,015 shares were available for issuance under the 1995 Plan.

Nonqualified stock options and incentive stock options may be granted for the purchase of common stock for periods not longer than ten years from the date of grant. The exercise price will not be less than the higher of market value at date of grant or par value of the common stock. All options become exercisable commencing on a date no earlier than one year from the date of grant.

IPUs may be granted to key employees and, if predetermined performance goals are met, will be redeemed in cash and common stock, as applicable, with the redemption value determined in part by the fair market value of the common stock as of the date of redemption and in part by the extent to which preestablished performance goals have been achieved. A total of 44,842 IPUs were granted during 2000 and 79,477 IPUs in total were outstanding at the end of the year. In 2000, 9,881 shares of common stock and $.2 million in cash were paid to the participants in redemption of previously issued IPUs.

Restricted stock rights may be granted to key employees entitling them to receive a specified number of shares of restricted common stock. The recipients of restricted common stock are entitled to all dividends and voting rights, but the shares are not transferable prior to the expiration of a "restriction period" as determined at the discretion of the Compensation Committee of the Board of Directors. Performance Awards are granted to employees who have been granted restricted stock rights or restricted common stock, but these Awards may not exceed the market value of the restricted common stock when restrictions lapse. The Performance Awards provide cash payments if certain criteria and earnings goals are met over a predetermined period. During 2000, three grants totaling 1,500 shares of restricted stock were made.

The Exchange Stock Option Program became part of the 1995 Plan in 1999 and allows key employees to make an irrevocable election to exchange up to 25% of their pensionable incentive payments for stock options, with a minimum contribution of $5,000 in any calendar year. The purchase price of the options is based on a percentage of the Black-Scholes value of stock options of GATX common stock as specified by the Compensation Committee. Exchange Stock Options are granted in January and are exercisable immediately following grant thereof. All Exchange Stock Options will terminate on the tenth anniversary of the date of grant. The exercise price of the options is the fair market value of the common stock on the grant date. In January 2001, 70,275 options were granted for the year 2000.

Under the GATX Employee Stock Purchase Plan, which became effective July 1, 1999, GATX is authorized to issue up to 247,167 shares of common stock to eligible employees during the calendar year. Such employees may have up to $10,000 of earnings withheld to purchase GATX common stock. The purchase price of the stock on the date of exercise is 85% of the lesser of its market price at the beginning or end of the plan year. In accordance with the plan, GATX sold 77,964 shares to employees in 2000.

Stock options are outstanding under the GATX Corporation 1985 Long Term Incentive Compensation Plan (the 1985 Plan), as amended, but no additional options, stock or awards may be issued thereunder.

Data with respect to both the 1985 Plan and the 1995 Plan, including the range of exercise prices per share for 2000 and 1999, are set forth below:

NUMBER OF SHARES UNDER STOCK OPTION PLANS	2000	1999	PRICE PER SHARE
Outstanding at January 1	**3,651,100**	3,388,275	$ 9.97–39.75
Granted	**881,871**	591,050	28.69–36.22
Exercised	**(811,903)**	(272,550)	9.97–39.72
Canceled	**(263,026)**	(55,675)	12.75–39.72
Outstanding at December 31	**3,458,042**	3,651,100	$ 9.97–39.75
Outstanding at December 31, by year granted:			
1990	—	56,000	$ 9.97
1991	**49,000**	168,000	14.00
1992	**98,200**	153,200	12.75
1993	**141,500**	259,800	18.84
1994	**224,900**	372,100	20.91
1995	**270,576**	451,100	23.78–25.28
1996	**480,763**	593,800	23.16–24.91
1997	**427,970**	510,350	27.44–33.47
1998	**434,262**	504,200	33.38–39.72
1999	**500,100**	582,550	30.78–39.75
2000	**830,771**	—	28.69–36.22
Total	**3,458,042**	3,651,100	$ 9.97–39.75
Options exercisable at December 31	**2,365,356**	2,691,175	
Options available for future grant at December 31	**1,758,015**	2,388,041	

ACCOUNTING FOR STOCK OPTIONS — GATX has elected to follow Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, in accounting for its employee stock options. Under these guidelines, no compensation expense is recognized because the exercise price of GATX's employee stock options equals the market price of the underlying stock on the measurement date.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, *Accounting for Stock-Based Compensation*, and has been determined as if GATX had accounted for its employee stock options under the fair value method. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions for 2000, 1999 and 1998: dividend yield of 2.8%, 3.1% and 3.1%, respectively; volatility factor of the expected market price of GATX's common stock of .23, .20 and .19, respectively; expected life of the option of five years, six years and six years, respectively; and weighted average risk-free interest rate of 5.0%, 6.5% and 4.8%, respectively.

The Black-Scholes model, one of the most frequently referenced models to value options, was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including expected stock price volatility. Because GATX's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

For purposes of this pro forma disclosure, the estimated fair value of the options is amortized to expense over the option vesting period. The resultant pro forma net income and earnings per share were (in millions, except for earnings per share information):

YEAR ENDED DECEMBER 31	2000	1999	1998
Pro forma net income	**$62.3**	$148.5	$129.8
Pro forma earnings per share:			
Basic	**$1.30**	$ 3.01	$ 2.64
Diluted	**$1.28**	$ 2.95	$ 2.57

NOTE 14 Commitments, Contingencies and Concentrations of Credit Risk

GATX's revenues are derived from a wide range of industries and companies. Approximately 19% of total revenues are generated from the transportation of products for the chemical industry; for similar services, 11% of revenues are derived from the petroleum industry. In addition, approximately 17% of GATX's assets consist of commercial aircraft operated by various domestic and international airlines.

Under its lease agreements, GATX retains legal ownership of the asset except where such assets have been financed by sale-leasebacks. With most loan financings, the loan is collateralized by the equipment. GATX performs credit evaluations prior to approval of a lease or loan contract. Subsequently, the creditworthiness of the customer and the value of the collateral are monitored on an ongoing basis. GATX maintains an allowance for possible losses and other reserves to provide for potential losses that could arise should customers become unable to discharge their obligations to GATX and to provide for permanent declines in investment value.

At December 31, 2000, GATX and its aircraft joint ventures had commitments of $1.2 billion for orders and options for interests in 63 new aircraft to be delivered between 2001 and 2006. GATX also had other firm commitments totaling $124.1 million to acquire railcars in 2001.

GATX's subsidiaries had $405.3 million of residual and rental guarantees outstanding at December 31, 2000. Guarantees are commitments issued to guarantee performance of an affiliate to a third party, generally in the form of lease and loan payment guarantees, or to guarantee the value of an asset at the end of a lease. Lease and loan payment guarantees generally involve guaranteeing repayment of the financing required to acquire assets being leased by an affiliate to third parties, and are in lieu of making direct equity investments in the affiliate. Asset residual value guarantees represent GATX Capital Corporation's commitment to a third party that an asset or group of assets will be worth a specified amount at the end of a lease term. Exposure to certain supplier and loan payment guarantees at GATX's subsidiaries is mitigated by, among other things, a third-party cross guaranty. Based on known and expected market conditions, management does not believe that the asset residual value guarantees will result in any adverse financial impact to GATX.

GATX's subsidiaries are also parties to letters of credit and bonds totaling $30.5 million and $38.3 million at December 31, 2000 and 1999, respectively. In GATX's past experience, virtually no claims have been made against these financial instruments. Management does not expect any material losses to result from these off-balance sheet instruments because performance is not expected to be required, and, therefore, is of the opinion that the fair value of these instruments is zero.

GATX and its subsidiaries are engaged in various matters of litigation and have a number of unresolved claims pending, including proceedings under governmental laws and regulations related to environmental matters. While the amounts claimed are substantial, and the ultimate liability with respect to such litigation and claims cannot be determined at this time, it is the opinion of management that amounts, if any, required to be paid by GATX and its subsidiaries in the discharge of such liabilities, are not likely to be material to GATX's consolidated financial position or results of operations.

NOTE 15 Discontinued Operations

In May 2000, GATX sold 81% of GATX Logistics, Inc. (Logistics), a member of the GATX Integrated Solutions Group (ISG) segment. The remaining 19% of Logistics was sold in December 2000. In July 2000, GATX announced its intent to sell GATX Terminals Corporation (Terminals), a member of ISG, and reached an agreement in November to sell substantially all of the U.S. terminals and pipeline assets, representing the bulk of Terminals' operations. A portion of this transaction closed in March 2001 and the remainder is expected to close following regulatory approval. GATX expects to complete the divestiture of the remaining terminals and supply chain businesses in 2001.

The overall sale of ISG is expected to generate a net gain. Losses on individual asset sales incurred after the measurement date have been deferred and will be recognized as a reduction of the overall gain realized on the sale. The sale of Logistics generated an after-tax gain, of which $8.4 million was recognized in 2000. The Logistics gain was recognized in the current period as the transaction occurred prior to the measurement date for discontinued operations treatment. An additional $4.2 million after-tax gain will be recognized in the first quarter of 2001 on the sale of Logistics.

GATX's financial statements have been restated to reflect the ISG segment as a discontinued operation for all periods presented. Corporate allocations to discontinued operations were for services provided. Operating results include interest expense on debt to be assumed by the buyer and an allocation of the interest expense on GATX's general credit facilities based on actual historical financing requirements.

Operating results of the discontinued ISG operation are presented below (in millions):

YEAR ENDED DECEMBER 31	2000	1999	1998
Gross income	**$469.9**	$599.4	$586.5
Income, net of income taxes of $16.8, $19.8 and $13.9	**27.4**	25.0	17.7

Assets and liabilities of the discontinued operations are summarized below (in millions):

DECEMBER 31	2000	1999
Accounts receivable, net	**$ 41.5**	$ 70.6
Tank storage terminals, pipelines and other, net	**856.6**	754.3
Investment in affiliated companies	**73.9**	199.8
Other assets	**67.5**	115.2
Accounts payable and accrued expenses	**64.9**	112.4
Long-term debt	**147.8**	152.8
Deferred items	**195.9**	172.4
Net Assets of Discontinued Operations	**$630.9**	$702.3

NOTE 16 Financial Data of Business Segments

The financial data presented below conforms to SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, and depict the profitability, financial position and cash flow of each of GATX's continuing business segments. Segment profitability is presented to reflect operating results inclusive of allocated support expenses from the parent company and interest costs based upon the debt levels shown below.

Financial Services represents GATX Capital Corporation and its subsidiaries and affiliates, which arrange and service the financing of equipment and other capital assets on a worldwide basis, and American Steamship Company, which operates self-unloading vessels on the Great Lakes.

GATX Rail represents GATX Rail Corporation and its foreign subsidiaries and affiliates, which lease and manage tank cars and other specialized railcars.

IN MILLIONS	FINANCIAL SERVICES	GATX RAIL	CORPORATE AND OTHER	INTER-SEGMENT	TOTAL
2000					
Profitability					
Revenues	$ 736.4	$ 572.0	$ 7.3	$ (3.9)	**$1,311.8**
Share of affiliates' earnings	75.9	3.0	.1	—	**79.0**
Gross income	812.3	575.0	7.4	(3.9)	**1,390.8**
Interest expense	(182.6)	(52.8)	(7.9)	.7	**(242.6)**
Depreciation and amortization	(230.5)	(100.5)	(1.6)	(2.2)	**(334.8)**
(Loss) income from continuing operations before taxes	(23.1)	105.9	(29.3)	—	**53.5**
(Loss) income from continuing operations	(13.7)	65.7	(21.2)	—	**30.8**
Financial Position					
Debt	2,938.9	760.3	648.4	(38.1)	**4,309.5**
Equity	333.4	359.7	101.5	(5.1)	**789.5**
Investments in affiliated companies	866.8	83.9	.5	—	**951.2**
Identifiable assets	3,950.7	1,669.6	718.9	(75.5)	**6,263.7**
Items Affecting Cash Flow					
Net cash provided by continuing operations	297.1	151.8	1.2	—	**450.1**
Portfolio proceeds	575.5	—	—	—	**575.5**
Total cash provided	872.6	151.8	1.2	—	**1,025.6**
Portfolio investments and capital additions	1,552.8	374.8	.8	—	**1,928.4**

IN MILLIONS	FINANCIAL SERVICES	GATX RAIL	CORPORATE AND OTHER	INTER-SEGMENT	TOTAL
1999					
Profitability					
Revenues	$ 632.9	$ 567.1	$ 1.9	$ (6.9)	**$1,195.0**
Share of affiliates' earnings	60.7	3.8	—	—	**64.5**
Gross income	693.6	570.9	1.9	(6.9)	**1,259.5**
Interest expense	(122.4)	(52.6)	(7.3)	2.4	**(179.9)**
Depreciation and amortization	(151.9)	(100.1)	(1.4)	(2.1)	**(255.5)**
Income (loss) from continuing operations before taxes	117.9	117.5	(25.0)	(1.3)	**209.1**
Income (loss) from continuing operations	71.0	72.9	(16.7)	(.9)	**126.3**
Financial Position					
Debt	2,255.3	831.0	579.7	(8.8)	**3,657.2**
Equity	362.8	327.5	150.7	(5.0)	**836.0**
Investments in affiliated companies	665.5	91.3	.7	—	**757.5**
Identifiable assets	3,088.9	1,693.8	732.1	(85.6)	**5,429.2**
Items Affecting Cash Flow					
Net cash provided by continuing operations	161.5	141.4	(15.1)	—	**287.8**
Portfolio proceeds	503.0	—	—	—	**503.0**
Total cash provided (used)	664.5	141.4	(15.1)	—	**790.8**
Portfolio investments and capital additions	1,217.8	386.5	1.7	—	**1,606.0**
1998					
Profitability					
Revenues	$ 684.3	$ 532.3	$ 3.2	$ (4.7)	**$1,215.1**
Share of affiliates' earnings	45.8	2.7	—	—	**48.5**
Gross income	730.1	535.0	3.2	(4.7)	**1,263.6**
Interest expense	(121.4)	(52.9)	(7.8)	1.6	**(180.5)**
Depreciation and amortization	(117.2)	(97.3)	(1.1)	(.8)	**(216.4)**
Income (loss) from continuing operations before taxes	121.1	108.5	(27.1)	(2.3)	**200.2**
Income (loss) from continuing operations	66.5	67.1	(17.9)	(1.5)	**114.2**
Financial Position					
Debt	1,717.4	710.4	539.1	(3.9)	**2,963.0**
Equity	304.6	298.3	134.1	(4.1)	**732.9**
Investments in affiliated companies	570.3	62.2	—	—	**632.5**
Identifiable assets	2,443.8	1,539.9	698.3	(100.9)	**4,581.1**
Items Affecting Cash Flow					
Net cash provided by continuing operations	148.5	166.1	(16.8)	—	**297.8**
Portfolio proceeds	811.5	—	—	(6.4)	**805.1**
Total cash provided (used)	960.0	166.1	(16.8)	(6.4)	**1,102.9**
Capital additions and portfolio investments	857.8	384.8	.8	(7.7)	**1,235.7**

NOTE 17 Subsequent Events

GATX Capital Corporation (GCC), a subsidiary of GATX Corporation and the major part of the Financial Services operating segment, is party to litigation arising from the issuance by the Federal Aviation Administration of Airworthiness Directive 96-01-03 in 1996, the effect of which significantly reduced the amount of freight that ten 747 aircraft were authorized to carry. GATX/Airlog, a California partnership in which a subsidiary of GCC is a partner, through a series of contractors, modified these aircraft from passenger to freighter configuration between 1988 and 1994. GCC reached settlements covering five of the aircraft, and the remaining five are the subject of this litigation.

On February 16, 2001, a jury found that GATX/Airlog breached certain warranties under the applicable aircraft modification agreements, and fraudulently failed to disclose information to the operators of the aircraft. GCC ultimately settled this issue with Evergreen International Airlines, Inc., which had been party to the litigation. On March 1, 2001, the jury awarded the remaining plantiff, Kalitta Air, $47.5 million in damages plus applicable interest. GCC will pursue all means of loss recovery including appeals and insurance coverage.

GATX recorded a pretax charge of $160.5 million in 2000 to accrue for its obligation under the various settlement agreements and management's best estimate of GCC's potential liability under the judgment entered in favor of Kalitta Air.

On March 1, 2001, GATX completed the sale of the majority of Terminals' domestic operations to Kinder Morgan Energy Partners, L.P. The sale included Terminals' domestic terminaling operations and the Central Florida Pipeline Company. The sale of Calnev Pipeline Company to Kinder Morgan Energy Partners, L.P. is expected to close following regulatory approval. Approximately $800 million of the purchase price was realized in conjunction with this portion of the transaction, including approximately $620 million in cash plus the assumption of debt and other liabilities. The remainder of the purchase price will be realized upon closing of the Calnev Pipeline Company sale.

GATX has also completed the sale of substantially all of Terminals' European operations, including the sale of GATX Terminals Antwerpen N.V., a wholly-owned terminal operation based in Antwerp, to Oiltanking GmbH, and the sale of its 50% interest in Terminales Portuarias, S.A. to its partner, Petrofrance Chemie S.A. Additionally, subsequent to year-end, GATX sold various smaller supply chain businesses.

In the fourth quarter of 2000, employees at Rail's four major U.S. service centers rejected the terms of a company-proposed labor contract. As a result of this situation, the amount of work at Rail's service centers declined and the use of third-party contract shops increased. On February 26, 2001, employees at Rail's domestic service centers approved a new labor contract. Subsequent to December 31, 2000, Rail decided to shut down the service center located in East Chicago, Indiana. The three remaining service centers were not affected by this decision.

CONSOLIDATED QUARTERLY FINANCIAL DATA (UNAUDITED) AND COMMON STOCK INFORMATION

IN MILLIONS, EXCEPT PER SHARE DATA	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER(b)	TOTAL
2000					
Gross income	$309.0	$342.5	$364.3	$375.0	**$1,390.8**
Ownership costs and operating expenses from continuing operations	204.4	233.7	244.4	262.4	**944.9**
Income (loss) from continuing operations	37.6	32.4	37.6	(76.8)	**30.8**
Income from discontinued operations	3.0	9.1	7.5	16.2	**35.8**
Net income (loss)	$ 40.6	$ 41.5	$ 45.1	$ (60.6)	**$ 66.6**
Per Share Data:(a)					
Basic:					
Income (loss) from continuing operations	$ .78	$ .68	$ .79	$ (1.61)	**$ .64**
Income from discontinued operations	.06	.19	.16	.34	**.75**
Total	$ .84	$ .87	$ .95	$ (1.27)	**$ 1.39**
Diluted:					
Income (loss) from continuing operations	$ .76	$ .67	$ .78	$ (1.60)	**$ .63**
Income from discontinued operations	.06	.19	.15	.33	**.74**
Total	$ .82	$ .86	$ .93	$ (1.27)	**$ 1.37**
1999					
Gross income	$303.1	$331.1	$314.1	$311.2	$1,259.5
Ownership costs and operating expenses from continuing operations	202.1	220.0	201.7	212.2	836.0
Income from continuing operations	31.6	32.6	36.4	25.7	126.3
Income from discontinued operations	7.6	5.5	5.8	6.1	25.0
Net income	$ 39.2	$ 38.1	$ 42.2	$ 31.8	$ 151.3
Per Share Data:(a)					
Basic:					
Income from continuing operations	$ .63	$ .66	$ .74	$ .53	$ 2.56
Income from discontinued operations	.16	.11	.11	.12	.51
Total	$ .79	$ .77	$ .85	$ .65	$ 3.07
Diluted:					
Income from continuing operations	$ .63	$ .64	$ .72	$ .52	$ 2.51
Income from discontinued operations	.15	.11	.11	.12	.50
Total	$ .78	$ .75	$ .83	$ .64	$ 3.01

(a) Quarterly earnings per share results 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.

(b) The provision for litigation was $160.5 million on a pretax basis, $97.6 million on an after-tax basis.

COMMON STOCK INFORMATION — GATX common stock is listed on the New York and Chicago Stock Exchanges under ticker symbol GMT. The approximate number of common stock holders of record as of March 8, 2001 was 3,590. The following table shows the reported high and low sales price of GATX common shares on the New York Stock Exchange, which is the principal market for GATX shares, and the dividends declared per share:

COMMON STOCK	2000 HIGH	2000 LOW	1999 HIGH	1999 LOW	2000 DIVIDENDS DECLARED	1999 DIVIDENDS DECLARED
First quarter	**$40.25**	**$28.38**	$40.63	$32.00	**$.30**	$.275
Second quarter	**38.75**	**33.13**	40.69	28.06	**.30**	.275
Third quarter	**45.19**	**34.13**	40.88	30.25	**.30**	.275
Fourth quarter	**50.50**	**36.31**	35.94	29.00	**.30**	.275

SELECTED CONSOLIDATED FINANCIAL DATA (5-YEAR SUMMARY)

IN MILLIONS, EXCEPT PER SHARE DATA YEAR ENDED OR AT DECEMBER 31	2000 (a)	1999	1998	1997 (b)	1996
Results of Operations					
Gross income	**$1,390.8**	$1,259.5	$1,263.6	$1,197.0	$ 889.4
Costs and expenses	**1,337.3**	1,050.4	1,063.4	1,027.6	740.2
Income from continuing operations before income taxes	**53.5**	209.1	200.2	169.4	149.2
Income taxes	**22.7**	82.8	86.0	66.8	60.1
Income from continuing operations	**30.8**	126.3	114.2	102.6	89.1
Income from discontinued operations	**35.8**	25.0	17.7	(153.5)	13.6
Net income (loss)	**$ 66.6**	$ 151.3	$ 131.9	$ (50.9)	$ 102.7
Per Share Data					
Basic:					
Income from continuing operations	**$ .64**	$ 2.56	$ 2.32	$ 2.15	$ 1.93
Income (loss) from discontinued operations	**.75**	.51	.36	(3.43)	.29
Total	**$ 1.39**	$ 3.07	$ 2.68	$ (1.28)	$ 2.22
Average number of common shares (in thousands)	**47,880**	49,296	49,178	45,084	40,379
Diluted:					
Income from continuing operations	**$ .63**	$ 2.51	$ 2.27	$ 2.06	$ 1.82
Income (loss) from discontinued operations	**.74**	.50	.35	(3.34)	.28
Total	**$ 1.37**	$ 3.01	$ 2.62	$ (1.28)	$ 2.10
Average number of common shares and common share equivalents (in thousands)	**48,753**	50,301	50,426	45,084	48,924
Dividends declared per share of common stock	**$ 1.20**	$ 1.10	$ 1.00	$ .92	$ .86
Financial Condition					
Assets	**$6,263.7**	$5,429.2	$4,581.1	$4,583.8	$4,307.6
Long-term debt and capital lease obligations	**3,752.3**	3,280.2	2,663.1	2,674.1	2,493.9
Shareholders' equity	**789.5**	836.0	732.9	655.4	774.9

(a) The 2000 provision for litigation was $160.5 million on a pretax basis, $97.6 million on an after-tax basis.

(b) The 1997 restructuring charge was $224.8 million on a pretax basis, $162.8 million on an after-tax basis.

GATX LOCATIONS OF OPERATIONS

Financial Services

HEADQUARTERS
San Francisco, California

OFFICES
Lafayette, California
Farmington, Connecticut
Tampa, Florida
Chicago, Illinois
Williamsville, New York
Toledo, Ohio
Seattle, Washington
Sydney, Australia
Toulouse, France
Frankfurt, Germany
Tokyo, Japan
Toronto, Ontario
Singapore, Republic of Singapore
London, United Kingdom

AFFILIATES
San Francisco, California
La Grange, Illinois
Sydney, Australia
Bad Homburg, Germany
Dublin, Ireland
Zug, Switzerland
Zurich, Switzerland
Elstree, United Kingdom
London, United Kingdom
Woking, United Kingdom

GATX Rail

HEADQUARTERS
Chicago, Illinois

BUSINESS OFFICES
Valencia, California
Atlanta, Georgia
Chicago, Illinois
Hackensack, New Jersey
Philadelphia, Pennsylvania
Pittsburgh, Pennsylvania
Houston, Texas
Mexico City, Mexico
Calgary, Alberta
Toronto, Ontario
Montreal, Quebec

MAJOR SERVICE CENTERS
Colton, California
Waycross, Georgia
East Chicago, Indiana
Hearne, Texas
Tierra Blanca, Mexico
Red Deer, Alberta
Sarnia, Ontario
Montreal, Quebec
Moose Jaw, Saskatchewan

MINI SERVICE CENTERS
Macon, Georgia
Terre Haute, Indiana
Geismar, Louisiana
Plaquemine, Louisiana
Midland, Michigan
Cincinnati, Ohio
Catoosa, Oklahoma
Copper Hill, Tennessee
Freeport, Texas (2)
Cd. Valles, Mexico
Coatcacoalcos, Mexico
Guaymas, Mexico
Hibueras, Mexico
Miramar, Mexico
Monterrey, Mexico
Orizaba, Mexico
Tlalnepantla, Mexico

MOBILE SERVICE UNITS
Mobile, Alabama
Colton, California
Lake City, Florida
East Chicago, Indiana
Norco, Louisiana
Carteret, New Jersey
Las Cruces, New Mexico
Albany, New York
Masury, Ohio
Galena Park, Texas
Nederland, Texas
Olympia, Washington
Altamira, Mexico
Coatcacoalcos, Mexico
Guaymas, Mexico
Edmonton, Alberta
Red Deer, Alberta
Vancouver, British Columbia
Montreal, Quebec
Moose Jaw, Saskatchewan

AFFILIATES
Vienna, Austria
Hamburg, Germany
Zug, Switzerland

GATX DIRECTORS AND OFFICERS

GATX Board of Directors

ROD F. DAMMEYER [2,4]
President,
CAC llc

JAMES M. DENNY [2,3]
Retired; Former Managing Director,
William Blair Capital Partners, LLC

RICHARD FAIRBANKS [1,3]
Counselor,
Center for Strategic & International Studies

WILLIAM C. FOOTE [1,3]
Chairman, President and Chief Executive Officer,
USG Corporation

DEBORAH M. FRETZ [1,4]
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Mid-Continent Refining, Marketing & Logistics,
Sunoco, Inc.

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Former Chairman and Chief Executive Officer,
Fort James Corporation

MICHAEL E. MURPHY [2,4]
Retired; Former Vice Chairman
and Chief Administrative Officer,
Sara Lee Corporation

JOHN W. ROGERS, JR. [1,4]
Chairman and Chief Executive Officer,
Ariel Capital Management, Inc.

RONALD H. ZECH
Chairman, President and Chief Executive Officer,
GATX Corporation

1 Member, Audit Committee
2 Member, Compensation Committee
3 Member, Nominating Committee
4 Member, Retirement Funds Review Committee

GATX Officers

(left to right)

WILLIAM J. HASEK
Treasurer

WILLIAM M. MUCKIAN
Controller and Chief Accounting Officer

GAIL L. DUDDY
Vice President, Human Resources

RONALD J. CIANCIO
Vice President, General Counsel and Secretary

CLIFFORD J. PORZENHEIM
Vice President, Corporate Strategy

(pictured on page 5)

RONALD H. ZECH
Chairman, President and Chief Executive Officer

BRIAN A. KENNEY
Vice President and Chief Financial Officer

GATX CORPORATE INFORMATION

Annual Meeting
Friday, April 27, 2001, 9:00 a.m.
Northern Trust Company
Assembly Room, 6th Floor
50 South LaSalle Street
Chicago, Illinois 60675

Financial Information and Press Releases
A copy of the company's Annual Report on Form 10-K for 2000 and selected other information are available without charge.

Corporate information and press releases may be found at http://www.gatx.com. A variety of current and historical financial information, press releases and photographs are available at this site.

GATX press releases may be obtained by accessing PR Newswire Company's News On-Call automated fax service at (800) 758-5804. The company identification number for GATX is 105121.

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:

Mellon Investor Services LLC
Overpeck Centre
85 Challenger Road
Ridgefield Park, NJ 07660

Telephone: (800) 851-9677
TDD for Hearing Impaired: (800) 231-5469
Foreign Shareholders: (201) 329-8660
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Internet: http://www.mellon-investor.com

Information relating to shareholder ownership, dividend payments, or share transfers:
Lisa M. Ibarra, Assistant Secretary
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E-mail: lmibarra@gatx.com

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 letter, telephone, e-mail and/or fax.

Requests for information or brochures may be made through GATX's website. Many GATX publications may be directly viewed or downloaded from this site.

To request published financial information and financial reports, contact:
GATX Corporation
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500 West Monroe Street
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E-mail: ir@gatx.com

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Ernst & Young LLP

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