



REMARKETING
OPPORTUNITY



FINANCING
MAINTENANCE



NEED
ASSET



Linking: People Assets Opportunities

GATX

Linking: People Assets Opportunities

ANNUAL REPORT
2003

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ANNUAL REPORT 2003

- Need -



- Need -

1 ~

Every customer has a specific need

Leasing appears simple – renting equipment to a customer for a fixed period at the right rate. But each customer has specific needs, and understanding this is key to our success.

We have over 900 customers in rail – many are leaders in the chemical, food, and petroleum industries. While they share common traits, each has a different rail fleet, manufacturing facility, product focus, and transportation strategy – the combination of which gives rise to unique requirements.

The same concept applies to our nearly 60 air customers and 750 technology customers. Our ability to anticipate these particular needs, to address and support them with the right assets, sets GATX apart from the competition.

Our commitment to treating customers individually has led to relationships that date back decades. Customers place their trust in GATX, and we take that responsibility very seriously.

pg.1

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“At GATX, we appreciate the value of a long-term relationship and understand the trust placed in us by our customers.”



2~

Assets are the foundation of our business

GATX is built on hard assets: The railcars rolling by at a crossing; the aircraft you board on a flight; your laptop computer. These assets may appear generic, but no two are alike: For example, two aircraft may share the same age and make, but they can have different engines, seat configurations, and maintenance profiles. GATX's asset expertise draws on these subtle complexities.

GATX's air fleet is comprised primarily of widely used, newer, narrowbody aircraft. Despite unprecedented market conditions in air, our asset strength is

evidenced by high fleet utilization. Likewise, in rail, we have maintained over 90% utilization on our North American fleet in the face of market pressures, and in technology, we have continued to experience strong residual realization.

We have a deep understanding of these assets – from the characteristics of each aircraft to the 60 different tank car types to the array of technology equipment options. Our assets provide the flexibility and customization necessary to meet our customers' ever-changing needs.



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- Assets -



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"We built one of the largest air and railcar fleets in the world by providing superior assets and service."



3 ~

Understanding a customer's financial objective leads to the right solution

Our customers often seek both asset and financial solutions – and that's where GATX's unique combination of skills provides tremendous value: We are an asset-based company with strong financial capabilities. We work with customers to understand both their asset and financial needs, then develop a customized solution that meets their objectives while enabling us to grow our business.

One such example was our recent purchase of 1,200 covered hopper railcars. One of our key customers was considering strategies for refinancing a portion of its railcar fleet. With an understanding of the customer's objectives, and a deep knowledge of this railcar type, GATX structured a sale-leaseback under

which GATX purchased the cars and immediately placed them on long-term lease with the customer. Our customer gained enhanced financial flexibility while we added quality railcars to our fleet.

We benefit from drawing on financial and asset expertise across GATX. Often this includes our corporate finance team, which provides analytical and structuring support within GATX and to our customers and other financial institutions.

Each opportunity demands a solution to meet our customer's particular objective, and with our capabilities ranging from standard operating leases to structured approaches, we have the expertise to define and execute the optimal solution.



- Financing -



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"We believe in finding the right asset and financial solution to help our customers grow and achieve success."





4

An unmatched commitment to service sets us apart

GATX deals in very long-lived assets. With proper care, railcars can last 30-40 years or more; an aircraft, at least 25 years. Proper maintenance is crucial and requires specialized knowledge, experience and expertise.

We are a full service railcar lessor, and our “full service” is extensive. Railcars undergo scheduled repairs, cleaning, lining, painting and inspection at our owned or designated maintenance facilities. A fleet of mobile repair units, strategically located throughout North America, provides rapid maintenance whenever and wherever field repairs are required, helping customers keep their cars in service.

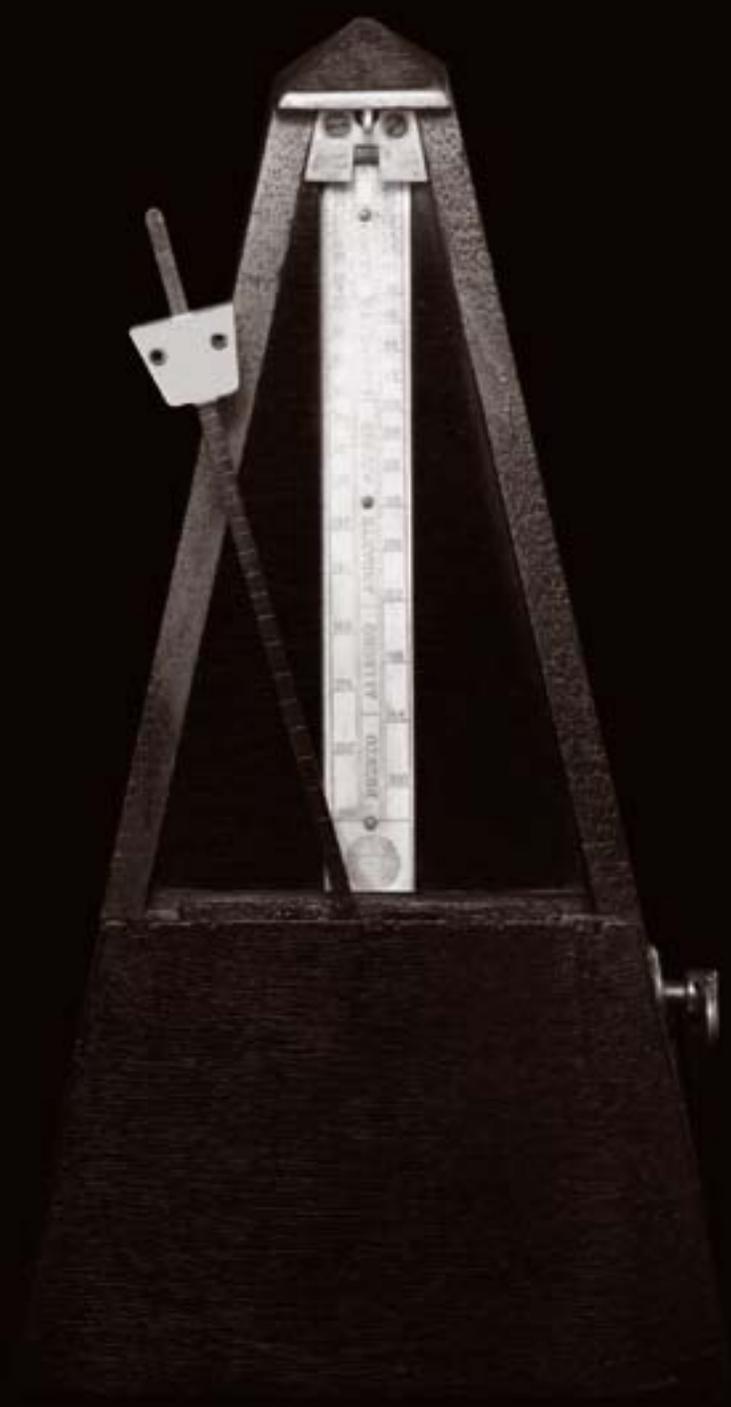
Our North American maintenance network repairs nearly 20,000 cars per year, and mobile repair units make an additional 40,000 maintenance calls. In Europe, we also service 7,000 cars per year. That’s 67,000 railcar touches annually – handled efficiently and thoroughly.

At GATX, our definition of full service goes beyond physical maintenance. We also provide customers with regulatory testing services and training so they are well equipped to address railcar regulations. We focus on the broad spectrum of maintenance services from an owner’s point of view to ensure the safety and reliability of the assets.



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- Remarketing -



5

New opportunities are born from our relationships and market presence

Across each business line, we interface with customers and other financial institutions every day. In rail, for example, we renew over 20,000 railcar leases each year. This continuous interaction enhances our market knowledge and provides a window into opportunities that competitors often miss.

Capitalizing on these opportunities requires the ability to fill multiple roles in the same transaction. An air customer considering a fleet change or upgrade may need to sell existing aircraft as part of the process. Depending on our view of the assets and the market, we can help the airline find a buyer, purchase the aircraft ourselves, or assist in finding

and financing newer, replacement aircraft.

One of our key skills is asset remarketing – whether moving an asset from one customer to another, renewing a lease with an existing customer, or the outright sale of an asset. With 105 years of experience, we understand asset life cycles, and we use this knowledge to maximize the value of assets.

Additionally, whether through our business units or our corporate finance team, our market presence enables us to identify secondary market portfolio acquisitions, third-party asset management mandates, and other advisory services. This enhances our fee base and strengthens our financial returns.



6 ~

We operate on a global scale

In each of our markets, we leverage our experience and expertise globally. In Europe, GATX has built a solid platform with an interest in more than 36,000 railcars. Through our operations headquartered in Austria, Germany, and Poland and our joint venture in Switzerland, we are finding opportunities to work with shippers and railroads, providing modern equipment and leasing solutions similar to those we offer in North America.

Operating in 28 countries, our air business is primarily international. We have nearly 90% of our fleet on lease outside North America. Our newer

fleet of aircraft is well positioned to meet the needs of the international marketplace. We have established a number of strong international alliances in our technology business. We are also building a number of excellent marine-related joint ventures with shipping operators, further enhancing our long-standing position in this global market.

GATX has been active in international markets since the 1920s. By utilizing this experience and capitalizing on our global market presence, we proactively address our customers' growing international needs.



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- Opportunities -



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"We use our vast experience to face each new challenge and find the solutions that benefit GATX and our global customers."



Market Position

RAIL

Largest tank car lessor in North America. Own and interest in approximately 151,000 railcars worldwide. Full service maintenance network in North America and Europe. Leading service provider to shippers in chemical, petroleum and food industries.

AIR

One of the largest aircraft lessors in the world. Own, manage and have an interest in over 230 commercial aircraft. Own 50% interest in one of the world's largest aircraft engine lessors. Provide third-party asset management, advisory and remarketing services to investors across the globe.

TECHNOLOGY

Leading independent information technology (IT) equipment lessor. Approximately 750 customers in North America. Technology services provided in the U.K. and Germany. Service-intensive business combining IT equipment leasing with life cycle management.

Strengths

RAIL

Over 105 years of industry experience. Expertise in specialized railcars. Growing international presence. Leader in full service leasing. Strong customer relationships.

AIR

Over 35 years of industry experience. Newer, narrowbody fleet with a 5-year weighted average age. Extensive international presence. Sizeable customer base. Managed portfolio of 74 aircraft.

TECHNOLOGY

Over 20 years of industry experience. Diversified portfolio across customers and equipment types. Vendor independent. Strong, service-based customer relationships.

GATX Corporation is a specialized finance and leasing company combining asset knowledge and services, structuring expertise, partnering, and capital to serve customers and partners worldwide. GATX primarily focuses on leasing railcars and locomotives, commercial jet aircraft, information technology and marine assets.

Our vision is to be the premier specialty finance and leasing company recognized for superior asset expertise, market knowledge, and risk-return management. Our people will set the standard for responsive service, integrity and creativity in providing asset and financial solutions to help our customers and partners grow and achieve success.



2003 Highlights

RAIL

Improved utilization of North American fleet from 91% to 93%. Acquired 2,400 railcars for North American fleet, including committed purchase program and portfolio acquisitions. Streamlined European fleet operations following acquisition of remaining 51% of KVG in 2002.

AIR

Maintained 97% or better utilization on owned fleet. Delivered 6 new aircraft and placed 8 owned and 5 managed renewals. Scheduled aircraft placed with minimal downtime. Completed 11 unscheduled aircraft movements and sold 11 owned and managed aircraft.

TECHNOLOGY

Developed strategic marketing alliances to increase asset base and customer reach. Created Strategic Advisory Services team to provide advisory services across the technology spectrum to our customers.

Strategy

RAIL

Continue to improve fleet utilization and maximize revenue from existing fleet. Pursue core fleet additions through Committed Purchase Program and fleet acquisitions. Capitalize on opportunities in European platform.

AIR

Continue to maintain high fleet utilization. Effectively manage remarketing and delivery schedule. Expand managed assets and asset advisory services. Pursue selective investment opportunities with partners.

TECHNOLOGY

Focus on volume generation. Fully utilize new marketing alliances. Improve operating efficiency. Pursue portfolio acquisitions aggressively. Seize sizable market opportunity.

In December 2002, GATX announced its intent to exit its venture finance business, and curtail new investment in its specialty portfolio. In 2003, venture and specialty were consolidated under the direction of one management team. GATX anticipates that the venture portfolio will substantially liquidate by mid-2005.

New investment in specialty declined in 2003, as planned. GATX anticipates selectively pursuing specialty investments, particularly in marine-related assets, as well as secondary market portfolio acquisitions and third-party asset management mandates, to complement its long-standing positions in these markets.

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- Financial Highlights -

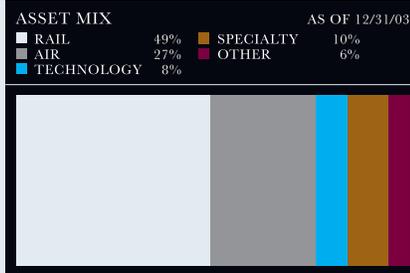
IN MILLIONS, EXCEPT PER SHARE DATA

	2003	2002	2001
Gross income	\$ 1,314.5	\$ 1,352.9	\$ 1,529.7
Income from continuing operations			
before cumulative effect of accounting change	76.9	29.0	7.5
Income from discontinued operations	-	6.2	165.4
Income before cumulative effect of accounting change	76.9	35.2	172.9
Net income	76.9	0.3	172.9
Per share diluted income			
before cumulative effect of accounting change	\$ 1.56	\$ 0.72	\$ 3.51
Per share diluted income	1.56	-	3.51

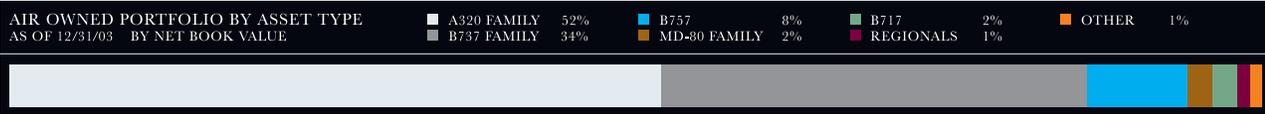
INCOME PER SHARE \$ PER DILUTED SHARE				
1999	2000	2001	2002	2003
\$3.01		\$3.51		
	\$1.37			\$1.56
			-	

CASH FROM CONTINUING OPERATIONS AND PORTFOLIO PROCEEDS \$ MILLIONS				
CASH FROM CONTINUING OPERATIONS		PORTFOLIO PROCEEDS		
1999	2000	2001	2002	2003
\$273	\$402	\$373	\$416	\$408
	\$518	\$627	\$833	\$760
		\$1,026		

PORTFOLIO INVESTMENTS AND CAPITAL EXPENDITURES \$ MILLIONS				
1999	2000	2001	2002	2003
\$1,606	\$1,897	\$1,791	\$1,272	\$875



NORTH AMERICAN FLEET UTILIZATION				
1999	2000	2001	2002	2003
94%	92%	91%	91%	93%



- Chairman's Letter -



DEAR SHAREHOLDERS,

During the past three years, GATX faced unprecedented operating conditions: The economy weakened, we worked through some investments that hurt our performance, September 11 negatively affected our air business and air partnering strategy, the war in Iraq created uncertainty, and capital market volatility made funding difficult for GATX and many other finance companies. There is no guide for dealing with these challenges. You draw on experience and rely on instincts; fortunately, I'm surrounded by experienced associates with great instincts.

This was evident in 2003 as we stabilized operations and positioned GATX for the long run. We managed our balance sheet and liquidity effectively, thereby providing capacity for increased future investments. Operating efficiency improved as we reduced costs across the company. We invested \$875 million in our core markets, planting seeds for future growth. Asset utilization improved in rail and remained high in air, a key to increasing future lease rates. Lastly, and importantly, our funding costs decreased dramatically.

We enter 2004 more optimistic than we have been in several years. While our earnings improvement will be gradual as we work through the process of resetting lease rates, our markets are improving and we are positioned for the recovery. We took the right path by maintaining a conservative posture during volatile times and exiting non-core markets, but now we will refocus on aggressively pursuing new investment opportunities in our base businesses.

In rail, we are seeing an increased flow of opportunities. Our recent acquisition of 1,200 railcars in North America is typical of the type of transaction we expect will augment new car purchases. As the air industry recovers, we will selectively pursue asset acquisitions, on our own and with financial partners, and aircraft portfolio management mandates. In technology, we have formed marketing alliances to expand our customer base, and we are in the early stages of benefiting from this strategy and a recovery in demand for technology assets.

In addition to accelerating our pursuit of new investments, our drive for operational excellence continues. This goes beyond reducing SG&A expenses, where we made significant strides in recent years. Lowering per car maintenance expense in rail, for example, and improving back office processes can yield tangible benefits and contribute to our progress.

In recent years we made a number of difficult decisions, always with an eye toward a stronger future for GATX. Most visible was a recent decision to reduce our dividend. We weighed many factors, including earnings expectations, investment opportunities, the effect on our shareholders, and a desire to improve our credit rating. We believe the new dividend level better serves the company long term, and we thank those shareholders who supported us during a volatile time for our stock.

We have passed through a period of turmoil, and are now focused on building for the future. We have the people, assets, experience, and drive to seize the opportunities before us and build a stronger GATX. Sincerely,

A handwritten signature in black ink that reads "Ronald H. Zech". The signature is written in a cursive, slightly slanted style.

RONALD H. ZECH
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

- Directors and Officers -

GATX Board of Directors

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CAC, LLC

James M. Denny ^(2,3)
Retired; Former Vice Chairman
Sears, Roebuck and Co.

Richard Fairbanks ⁽³⁾
Counselor
Center for Strategic & International Studies

Deborah M. Fretz ⁽¹⁾
President and Chief Executive Officer
Sunoco Logistics Partners, L.P.

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Former Chairman and Chief Executive Officer
Fort James Corporation

Michael E. Murphy ^(1,2)
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Chief Administrative Officer
Sara Lee Corporation

John W. Rogers, Jr. ^(1,3)
Chairman and Chief Executive Officer
Ariel Capital Management, Inc.

Ronald H. Zech
Chairman, President and Chief Executive Officer
GATX Corporation

GATX Officers

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Chairman, President and Chief Executive Officer

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Senior Vice President and Chief Financial Officer

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Vice President, General Counsel and Secretary

Gail L. Duddy
Vice President, Human Resources

William M. Muckian
Vice President, Controller and Chief Accounting Officer

William J. Hasek
Vice President, Treasurer

Robert C. Lyons
Vice President, Investor Relations

GATX Business Unit Executives

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President
GATX Rail

Alan C. Coe
President
GATX Air

Thomas K. McGreal
President
GATX Technology Services

Curt F. Glenn
Executive Vice President
GATX Specialty Finance

⁽¹⁾ Member, Audit Committee
⁽²⁾ Member, Compensation Committee
⁽³⁾ Member, Governance Committee



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- Corporate Information -

ANNUAL MEETING:

Friday, April 23, 2004, 9:00 a.m., Central Time
Northern Trust Company
Assembly Room, Sixth 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 2003 and selected other information are available without charge.

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

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 Challenge Road
Ridgefield Park, New Jersey 07660

Telephone: (866) 767-6259
TDD for Hearing Impaired: (800) 231-5469
Foreign Shareholders: (201) 329-8660
TDD Foreign Shareholders: (201) 329-8354
Internet: www.melloninvestor.com

**INFORMATION RELATING TO SHAREHOLDER OWNERSHIP,
DIVIDEND PAYMENTS, OR SHARE TRANSFERS:**

Lisa M. Ibarra, Assistant Secretary
Telephone: (312) 621-6603
Fax: (312) 621-6647
E-mail: lisa.ibarra@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, www.gatx.com. Many GATX publications may be directly viewed or downloaded from this site.

**TO REQUEST PUBLISHED FINANCIAL INFORMATION
AND FINANCIAL REPORTS, CONTACT:**

GATX Corporation
Investor Relations Department
500 West Monroe Street
Chicago, Illinois 60661-3676
Telephone: (800) 428-8161
E-mail: ir@gatx.com

AUTOMATED REQUEST LINE FOR MATERIALS:

(312) 621-6300

**ANALYSTS, INSTITUTIONAL SHAREHOLDERS AND FINANCIAL
COMMUNITY PROFESSIONALS:**

Robert C. Lyons, Vice President, Investor Relations
Telephone: (312) 621-6633
Fax: (312) 621-6648
E-mail: robert.lyons@gatx.com

Rhonda S. Johnson, Director, Investor Relations

Telephone: (415) 955-3211
Fax: (415) 955-3449
E-mail: rhonda.johnson@gatx.com

INDIVIDUAL INVESTORS' INQUIRIES:

Irma Dominguez, Investor Relations Coordinator
Telephone: (312) 621-8799
Fax: (312) 621-6648
E-mail: irma.dominguez@gatx.com

**QUESTIONS REGARDING SALES, SERVICE, LEASE INFORMATION,
OR CUSTOMER SOLUTIONS:**

GATX Rail: (312) 621-6200
GATX Air: (415) 955-3200
GATX Technology Services: (813) 289-7000
GATX Specialty Finance: (415) 955-3200

INDEPENDENT AUDITORS:

Ernst & Young LLP

FORWARD-LOOKING STATEMENTS:

Certain statements within this document, including but not limited to the Chairman's Letter, and narrative sections on pages I-14, may constitute forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. These statements are identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "predict," or "project" and similar expressions. This information may involve risks and uncertainties that could cause actual results to differ materially from 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. Risks and uncertainties include, but are not limited to, general economic conditions; aircraft and railcar lease rate and utilization levels; conditions in the capital markets and the potential for a downgrade in GATX Corporation or GATX Financial Corporation's credit ratings, either of which could have an effect on the Company's borrowing costs or ability to access the markets for commercial paper or secured and unsecured debt; dynamics affecting customers within the chemical, petroleum and food industries; regulatory rulings that may impact the economic value of assets; competitors in the rail and air markets who may have access to capital at lower costs than GATX; additional potential write-downs and/or provisions within GATX's portfolio; impaired asset charges; and general market conditions in the rail, air, technology, venture, and other large-ticket industries.



GATX CORPORATION
500 WEST MONROE STREET
CHICAGO, ILLINOIS
60661-3676
(312) 621-6200 • (800) 428-8161

WWW.GATX.COM
NYSE:GMT

