SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997

OR

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

Commission File Number 1-2328

GATX Corporation

Incorporated in the State of New York

IRS Employer Identification Number 36-1124040

500 West Monroe Street
Chicago, Illinois 60661-3676
(312) 621-6200

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class or series	Name of each exchange on which registered
Common Stock	New York Stock Exchange Chicago Stock Exchange London Stock Exchange
$2.50 Cumulative Convertible Preferred Stock, Series A	New York Stock Exchange Chicago Stock Exchange
$2.50 Cumulative Convertible Preferred Stock, Series B	New York Stock Exchange Chicago Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

None

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x/ No

As of March 6, 1998, 24,558,983 common shares were outstanding, and the aggregate market value of the common shares (based upon the March 6, 1998 closing price of these shares on the New York Stock Exchange) of GATX Corporation held by nonaffiliates was approximately $1,846.5 million.

Documents Incorporated by Reference

Portions of the GATX Annual Report to Shareholders for the year ended December 31, 1997 are incorporated by reference into Parts I and II. Portions of GATX's proxy statement dated March 17, 1998 are incorporated by reference into Part III.

PART I

Item 1. Business

GATX Corporation is a holding company whose subsidiaries engage in the leasing and management of railroad tank cars and specialized freight cars; provide equipment and capital asset financing and related services; own and operate tank storage terminals, pipelines and related facilities; engage in Great Lakes shipping; and provide distribution and logistics support services and warehousing facilities. Information concerning financial data of business segments and the basis for grouping products or services is contained in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 1997 on page 29 and pages 34 through 37, which is incorporated herein by reference (page references are to the Annual Report to Shareholders).

Industry Segments

Railcar Leasing and Management

The Railcar Leasing and Management segment (Transportation), headquartered in Chicago, Illinois, is principally engaged in leasing specialized railcars, primarily tank cars, under full service leases. As of December 31, 1997, its North American fleet consisted of approximately 81,100 railcars, including 62,900 tank cars and 18,200 specialized freight cars, including conventional and Airslide(TM) covered hopper cars. In addition to roughly 70,700 railcars in the United States, Transportation has approximately 9,200 railcars in its Canadian fleet and 1,200 railcars in its Mexican fleet. Transportation has upgraded its fleet over time by adding new larger capacity cars and retiring older smaller capacity cars. Transportation's railcars have a useful life of approximately 30 to 33 years. The average age of the railcars in Transportation's fleet is approximately 16 years.

The following table sets forth the car types comprising Transportation's North American fleet.

	Year Ended December 31,				
	1997	1996	1995	1994	1993
Tank cars	62,900	60,400	53,900	50,700	48,000
Freight, covered hopper, and plastic pellet cars	18,200	17,100	11,000	9,100	7,800
North American fleet	81,100	77,500	64,900	59,800	55,800

In addition to the North American fleet, Transportation's investments in affiliates result in ownership interests in other fleets. During 1997 Transportation purchased a 40% interest in KVG Kesselwagen Vermietgesellschaft mbH ("KVG"), a German and Austrian-based tank car and specialty railcar leasing company that owns and operates approximately 9,400 railcars in Europe, to complement its existing 12 1/2% interest in European-based AAE Cargo.

Transportation's customers use its railcars to ship over 700 different commodities, primarily chemicals, petroleum, and food products. For 1997, approximately 51% of railcar leasing revenue was attributable to shipments of chemical products, 20% to petroleum products, and 16% to food products. Many of these products require cars with special features; Transportation offers a wide variety of sizes and types of cars to meet these needs. Transportation leases railcars to over 700 customers, including major chemical, oil, food and agricultural companies. No single customer accounts for more than 4% of total railcar leasing revenue.

Transportation typically leases new railcars to its customers for a term of five years or longer, whereas renewals or leases of existing cars are typically for periods ranging from less than a year to seven years with an average lease term of about three years. The utilization rate of Transportation's railcars as of December 31, 1997 was approximately 96%.

Under its full service leases, Transportation maintains and services its railcars, pays ad valorem taxes, and provides many ancillary services. Through its GATX Conductor web site, for example, Transportation provides customers with timely analysis and performance statistics about their leased cars to enhance and maximize the utilization of this equipment. Transportation also maintains a network of major service centers consisting of four domestic, three Canadian and one Mexican facility. To supplement the eight major service centers, Transportation utilizes a fleet of mobile trucks and also utilizes independent third-party repair shops.

Transportation purchases most of its new railcars from Trinity Industries, Inc. (Trinity), a Dallas-based metal products manufacturer, under a contract entered into in 1984 and extended from time to time thereafter, most recently in 1992. Transportation anticipates that through this contract it will continue to be able to satisfy its customers' new car lease requirements. Transportation's engineering staff provides Trinity with design criteria and equipment specifications, and works with Trinity's engineers to develop new technology where needed in order to upgrade or improve car performance or in response to regulatory requirements.

The full-service railcar leasing industry is comprised of Transportation, Union Tank Car Company, General Electric Railcar Services Corporation, Shippers Car Line division of ACF Industries, Incorporated, Procor Limited, and many smaller companies.

Of the approximately 218,000 tank cars owned and leased in the United States at December 31, 1997, Transportation had approximately 57,000. Principal competitive factors include price, service and availability.

Financial Services

GATX Financial Services, through its principal subsidiary, GATX Capital, provides asset-based financing, sells and services technology equipment, structures transactions for investment by other lessors, and manages lease portfolios for third parties. Asset-based financing is provided primarily to the aircraft, rail, technology, and marine industries. These financings, which are held within GATX Capital's own portfolio and through partnerships with coinvestors, are structured as leases and secured loans, and frequently include interests in the asset's residual value. Centron and Sun Financial, two of GATX Capital's subsidiaries, sell, service, and finance information technology equipment. For its transaction structuring and portfolio management services, Capital receives fees at the time the transaction is completed, an asset is remarketed, and/or on an ongoing basis.

GATX Capital competes with captive leasing companies, leasing subsidiaries of commercial banks, independent leasing companies, lease brokers, investment bankers, and financing arms of equipment manufacturers. In addition to its San Francisco home office, Capital has 4 domestic and 11 foreign offices.

At December 31, 1997, GATX Capital's asset concentrations within its $2.2 billion portfolio were:

Aircraft	26%
Rail	25%
Technology	16%
Marine	8%
Other	25%

Terminals and Pipelines

GATX Terminals Corporation (Terminals) is engaged in the storage, handling and intermodal transfer of petroleum and chemical commodities at key points in the bulk liquid distribution chain. All of its terminals are located near major distribution and transportation points and most are capable of receiving and shipping bulk liquids by ship, rail, barge and truck. Many of the terminals also are linked with major interstate pipelines. In addition to storing, handling and transferring bulk liquids, Terminals provides blending and testing services at most of its facilities. Terminals, headquartered in Chicago, Illinois, owns and operates 23 terminals in 10 states, and seven terminals in the United Kingdom. Terminals also has joint venture interests in 14 international facilities. Additionally, Terminals owns or holds interests in four refined product pipeline systems.

As of December 31, 1997, Terminals had a total storage capacity of 68 million barrels. This includes 48 million barrels of bulk liquid storage capacity in the United States, 8 million barrels in the United Kingdom, and an equity interest in another 12 million barrels of storage capacity in Europe, Mexico and the Far East. Terminals' smallest bulk liquid facility has a storage capacity of 95,000 barrels while its largest facility, located in Pasadena, Texas, has a capacity of over 12 million barrels. Capacity utilization at Terminals' wholly-owned facilities averaged 91% during 1997; throughput, or deliveries to customers, for the year was 639 million barrels.

In 1997, a strategic decision was made to sell or close the Staten Island terminal and the seven storage facilities which make up GATX Terminals Limited in the United Kingdom. The decision included analyses of the related customer base, industry served, and profitability outlook related to each facility. The Staten Island terminal serves the petroleum market while the United Kingdom facilities serve both the petroleum and chemical markets in approximately the same proportion. Other smaller facilities are also being evaluated for possible sale or closure.

For 1997, 54% of Terminals' revenue was derived from petroleum storage, 23% from chemical storage, 22% from pipelines, and 1% from other products. Demand for Terminals' facilities depends in part upon demand for petroleum and chemical products and is also affected by refinery output, foreign imports, availability of other storage facilities, and the expansion of its customers into new geographical markets.

Terminals serves over 450 customers, including major oil and chemical companies as well as trading firms and larger independent refiners. No single customer accounts for more than 6% of Terminals' revenue. Customer service contracts are both short term and long term.

Terminals along with two Dutch companies, Pakhoed N.V. and Van Ommeren N.V., are the three major international public terminaling companies. Pakhoed carries out its operations under the name Paktank. (On March 2, 1998, Pakhoed and Van Ommeren announced a proposed merger (VOPAK), subject to approval by the European Commission.) The domestic public terminaling industry consists of Terminals, Paktank Corporation, International-Matex Tank Terminals (a joint venture in which Van Ommeren participates), and many smaller independent terminaling companies. In addition to public terminaling companies, oil and chemical companies also have significant storage capacity and compete with Terminals in a number of markets. Terminals' pipelines compete with rail, trucks and other pipelines for movement of liquid petroleum products. Principal competitive factors include price, location relative to distribution facilities, and service.

Logistics and Warehousing

GATX Logistics, Inc. is one of the largest third-party providers of distribution and logistics support services and warehousing facilities in the United States. Headquartered in Jacksonville, Florida, GATX Logistics operates 106 facilities covering approximately 21 million square feet of warehousing space in North America with utilization of 95% at the end of 1997. Value- adding services are strategically the most important benefit GATX Logistics provides. Examples of these services are integrated logistics solutions, information management, just-in-time delivery systems, packaging, sub-assembly, freight management and returns management.

GATX Logistics continued implementing its strategy of providing integrated logistics solutions to an expanding customer base while steadily reducing its role in lower margin, public warehousing business. As a result, during 1997 the value of certain past acquisitions involved in public warehousing was written down to better reflect the economics of that industry sector.

GATX Logistics serves over 400 customers, many of which are Fortune 1000 companies. Most customers are manufacturers, but the customer base also includes retailers. In the warehousing sector, GATX Logistics competes primarily with in-house or private operations and with other national operators as well as multi-regional and local operators. In providing transportation and logistics services, GATX Logistics competes with the major trucking companies and providers of specialized distribution services.

GATX Logistics' revenue source by industry served during 1997 was 37% automotive / industrial equipment, 14% consumer products, 14% grocery, 10% electronics and computers, 8% consumer durables, 4% chemical, 4% industrial products, and 9% other. No single customer accounts for more than 11% of Logistics' revenue.

Great Lakes Shipping

American Steamship Company (ASC), with the largest carrying capacity of the domestic Great Lakes vessel fleets, provides modern and efficient waterborne transportation of dry bulk materials to the integrated steel, electric utility and construction industries. ASC's fleet is entirely comprised of self-unloading vessels which do not require shoreside assistance to discharge cargo. ASC's eleven vessels range in size from 635 feet to 1,000 feet, transport cargoes from 17,000 net tons up to 70,000 net tons depending on vessel size, and can unload at speeds from 2,800 net tons per hour up to 10,000 net tons per hour. Great Lakes vessels are not subject to the severe rusting condition typical of salt water vessels. As a result, ASC's vessels have expected lives of 50 to 75 years.

In 1997, ASC carried 26.4 million tons of cargo. ASC primarily transported iron ore, coal, and limestone aggregate. Other commodities transported include sand, salt, potash, gypsum, grain, marble chips and slag. ASC's revenue source by industry served during 1997 was 46% steel, 24% construction, 23% power generation, and 7% other. No single customer accounts for more than 24% of ASC's revenue.

ASC competes with three other U.S. flag Great Lakes commercial fleets, which include U.S.S. Great Lakes Fleet, Inc., Oglebay Norton Company, and Interlake Steamship, and with steel companies which operate captive fleets. Great Lakes shipping is the only major activity of GATX which consumes substantial quantities of petroleum products; fuel for these operations is presently in adequate supply. Competition is based primarily on service and price. ASC is headquartered in Williamsville, New York, and has one regional office.

Trademarks, Patents and Research Activities

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

Seasonal Nature of Business

Great Lakes shipping is seasonal due to the effects of winter weather conditions. However, seasonality is not considered significant to the operations of GATX and its subsidiaries taken as a whole.

Customer Base

GATX and its subsidiaries are not dependent upon a single customer or a few customers. The loss of any one customer would not have a material adverse effect on any segment or GATX as a whole.

Employees

GATX and its subsidiaries have approximately 6,000 active employees, of whom 20% are hourly employees covered by union contracts.

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 potentially the 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 clean-up costs at 12 sites under the requirements of the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and the National Resource Damage Assessment. Under these Statutes 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. 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 and participation in clean-up efforts by others, GATX's total clean-up 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 environmental costs 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 1997 was $75 million and reflects GATX's best estimate of the cost to remediate known environmental conditions. Additions to the reserve were $11 million in 1997 and $12 million in 1996. Expenditures charged to the reserve amounted to $14 million and $18 million in 1997 and 1996, respectively.

In 1997, GATX made capital expenditures of $13 million for environmental and regulatory compliance compared to $17 million in 1996. These projects included marine vapor recovery systems, discharge prevention compliance, waste water systems, impervious dikes, tank modifications for emissions control, and tank car cleaning systems. Environmental projects authorized or planned would require capital expenditures of approximately $14 million in 1998. GATX anticipates it will make annual expenditures at approximately the same level over each of the next three years.

Item 2. Properties

Information regarding the location and general character of certain properties of GATX is included in Item 1, Business, of this document and in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 1997 on page 67, GATX Location of Operations (page reference is to the Annual Report to Shareholders). The major portion of Terminals' land is owned; the balance, including some of its dock facilities, is leased. Most of the warehouses operated by GATX Logistics are leased; the others are managed for third parties.

Item 3. Legal Proceedings

A Final Judgment has been entered by the U.S. District Court for the Northern District of Illinois in favor of General American Transportation Corporation in the previously reported matter of General American Transportation Corporation v. Cryo-Trans, Incorporated (Case No. 91 C 1305), a case involving an alleged patent infringement by GATC in the construction and use of its ArcticarTM cryogenically cooled railcar. A Petition for Writ of Certiorari filed on behalf of Cryo-Trans, Incorporated was denied by the United States Supreme Court.

On July 11, 1996, GATX/Airlog Company ("Airlog"), a California general partnership of which a subsidiary of GATX Capital Corporation (a wholly-owned subsidiary of GATX Corporation) ("Capital") is a partner, and Capital filed a complaint for Declaratory Judgment against Evergreen International Airlines, Inc., ("Evergreen") in the United States District Court for the Northern District of California (No. C96-2494) seeking a declaration that neither Capital nor Airlog has any liability to Evergreen as a result of the issuance of Airworthiness Directive 96-01-03 (the "Airworthiness Directive") by the Federal Aviation Administration (the "FAA") in January 1996. The effect of the Airworthiness Directive is to reduce significantly the amount of freight that three of Evergreen's B747 aircraft may carry.

Between 1988 and 1990, these three aircraft, along with a fourth no longer owned by Evergreen, were modified from passenger to freight configuration by subcontractors of Airlog, with Evergreen's knowledge and consent, pursuant to contracts between Airlog and Evergreen or one of its affiliates. These four aircraft are part of a group of ten B747 aircraft (the "Affected Aircraft") that were modified by subcontractors of Airlog under authority of Supplemental Type Certificates issued by the FAA pursuant to a design approved by the FAA at the time the modifications were made, and which are subject to the Airworthiness Directive (the "STCs"). The three Evergreen aircraft were flown as part of its fleet for more than five years, and the seven other Affected Aircraft were flown by Evergreen and the three other operators for significant periods. Capital guaranteed certain of Airlog's obligations to Evergreen. Capital did not issue guarantees with respect to Airlog's obligations to any of Airlog's other customers for the Affected Aircraft.

Evergreen filed an answer and counterclaim on August 1, 1996 asserting that Airlog and Capital are liable to it under a number of legal theories in connection with the application of the Airworthiness Directive to its three aircraft. In an initial disclosure statement dated October 29, 1996, and served on Airlog and Capital pursuant to applicable discovery rules, Evergreen alleged damages which it calculated as follows: (i) out-of-service costs amounting to approximately $16.2 million as of October 15, 1996; (ii) denial of access to then currently favorable capital markets, resulting in an alleged inability to issue shares in an initial public offering with a value of as much as $1.8 billion; (iii) lost flight revenues and profits amounting to approximately $25.8 million; (iv) lost business opportunities and profits attributable to Evergreen's diminished 747 fleet capacity (which Evergreen did not quantify, but indicated is subject to further calculation); and maintenance costs in responding to the Airworthiness Directive (and to related airworthiness directives issued by the FAA) of approximately $1.6 million as of March 1996. The counterclaim also seeks exemplary and punitive damages in an unspecified amount. In its November 7, 1997 Subsequent Case Management Statement, Evergreen claims that it seeks recovery for out-of-pocket losses, lost revenues, lost profits, lost business opportunities, maintenance work, repair costs and capital losses in an amount that exceeds $145 million.

Airlog and Capital filed a motion seeking partial summary judgment as to four of Evergreen's counterclaims. Airlog and Capital alleged that three counterclaims, each for breach of warranty, are barred by the California Commercial Code's four-year statute of repose, and that a fourth counterclaim, seeking recovery for negligent misrepresentation is barred by the "economic loss doctrine" which prevents contracting parties from attempting to use tort law to avoid liability limitations they agreed to in their contracts. On June 5, 1997, the Court ruled on the Motion For Partial Summary Judgment. The Court granted the motion as to Evergreen's counterclaim that alleged Airlog breached its warranty under the Purchase Agreement pursuant to which Airlog sold one of the converted aircraft to Evergreen, and denied the motion as to Evergreen's counterclaim that Airlog breached its warranty under the Modification Agreements pursuant to which Airlog manufactured and installed freighter conversion kits with respect to two other aircraft owned by Evergreen. The Court ruled that the Purchase Agreement was a contract for the sale of goods and that claims thereunder were barred by the four year statute of limitations under the California Commercial Code (the "Code"). The Court ruled that the Modification Agreements were contracts of services not governed by the Code, and that any applicable statute of limitations did not begin to run until Evergreen had, or should have had, knowledge of the alleged breach. The Court also denied the motion with respect to Evergreen's counterclaim in which it alleged that Airlog negligently misrepresented certain facts which purportedly induced Evergreen to enter into the Purchase and Modification Agreements. The Court's ruling bars Evergreen from recovering under its claim for breach of warranty under the Purchase Agreement, and permits Evergreen (subject to reconsideration or appeal) to proceed with its claim for breach of warranty under the Modification Agreements and its claim of negligent misrepresentation. The ruling does not represent a decision that Evergreen is entitled to prevail on those claims. Airlog and Capital have other defenses to those claims which they are vigorously asserting.

On January 31, 1997, American International Airways, Inc. ("AIA") filed a complaint in the United States District Court for the Northern District of California (C97-0378) against Airlog, Capital, Airlog Management Corp., and others asserting that Airlog and Capital are liable to it under a number of legal theories in connection with the application of the Airworthiness Directive to two Affected Aircraft owned by AIA. These aircraft were modified by subcontractors of Airlog in 1992 and 1994 with AIA's knowledge and consent, and are two of the ten Affected Aircraft. The Complaint seeks damages (to be trebled under one count of the complaint) of an unspecified amount relating to lost revenues, lost profits, denied access to capital markets, repair costs, disruption of its business plan, lost business opportunities, maintenance and engineering costs, and other additional consequential, direct, incidental and related damages. The Complaint asks in the alternative for a recision of AIA's agreements with Airlog and a return of amounts paid, and for injunctive relief directing that Airlog, and certain individual defendants, properly staff and manage the correction of the alleged deficiencies that caused the FAA to issue the Airworthiness Directive. AIA filed a Joint Case Management Statement and Proposed Order specifying the damages it has allegedly suffered as a result of the application of the Airworthiness Directive to the two Affected Aircraft it owns. In that pleading, AIA alleges that it sustained damages of $43,787,954 through May 31, 1997, and further alleges that it continues to accrue loss of use damages of at least $1,800,000 per month until the aircraft are operational.

On June 4, 1997, Tower Air, Inc. ("Tower") filed an action in the Supreme Court of the State of New York, County of New York (Index No. 97/602851) against Capital, Airlog, an officer of Capital and others with respect to one Affected Aircraft it leased and subsequently purchased from a trust for the benefit of an affiliate of Airlog in December 1994. This action asserts causes of action in fraud and deceit, negligent misrepresentation, breach of contract, negligence and seeks damages in excess of $25 million together with interest, costs, attorneys' fees and punitive damages.

General Electric Capital Corporation and a subsidiary thereof (collectively, "GECC"), Airlog, GATX Corporation and Capital entered into a Tolling Agreement dated December 17, 1996 and amended in April 1997 and January 1998. The Tolling Agreement relates to certain causes of action under a number of legal theories arising out of the modification of three Affected Aircraft from passenger to freighter configuration. These aircraft were modified by subcontractors of Airlog in 1991 with GECC's knowledge and consent. Under the Tolling Agreement, as amended, the parties have agreed that any defenses of expiration of the statute of limitations or statue of repose or laches applicable to the causes of action asserted by GECC are tolled up to and including July 6, 1998.

On February 25, 1998 The Bank of New York ("BNY") filed an action, as beneficial owner of an Affected Aircraft, in the United States District Court for the Northern District of California (No. C98-0385 WHO). This aircraft was originally converted by Airlog for Evergreen. This action seeks declaratory relief and asserts claims for breach of contract, intentional misrepresentation, nondisclosure of known facts, negligence, negligent misrepresentation and unfair competition. The suit alleges damages of a minimum of $262,000 per month in lost rent and storage costs, unspecified maintenance and related expenses, diminution in the value of its aircraft by well in excess of $10 million plus the costs of aircraft inspection and modifications to comply with the Airworthiness Directive, "Anticipated to be in the millions of dollars." Claims for interest, injunctive relief, restitution and attorneys' fees are also included.

Airlog and Capital have filed an action in the United States District Court for the Northern District of California against Pemco Aeroplex, Inc. (C97-2484WHO), a contractor for Airlog which obtained the STCs and modified certain of the Affected Aircraft. The Complaint in this action alleges causes of action for fraudulent and negligent misrepresentation, breach of contract, professional negligence, implied and equitable indemnity and contribution. This action seeks a judgment awarding the plaintiffs any and all damages, costs and expenses in connection with the resolution of the concerns of the FAA as expressed in the Airworthiness Directive or relating to it, repairing the Affected Aircraft, defending against the litigation involving the plaintiffs arising from the Affected Aircraft, paying any judgments against plaintiffs that may be entered in said litigation and attorneys' fees incurred by the plaintiffs in connection with defending said litigation.

On December 18, 1997, Airlog filed a claim under the Federal Tort Claims Act against the FAA for negligence in connection with the FAA's participation in the design and manufacture of the Affected Aircraft in the amount of $6,204,065. This amount represents, as at December 18, 1997, the expenses incurred by Airlog in responding to the Airworthiness Directive and legal fees and costs incurred in defending the litigation described above. Airlog reserved its right to increase the amount of its claim in the future. On January 29, 1998, the FAA rejected Airlog's claim. While disappointing, the FAA's rejection of Airlog's claim was a procedural requirement to initiating litigation against the Agency. Under the applicable statute Airlog has six months in which to file an action against the FAA.

On February 10, 1998, the FAA issued a letter to Airlog that approves a number of Airlog generated Service Bulletins which, when collectively performed on an Affected Aircraft, permit an operator of such aircraft to achieve revenue service, but at payloads less than the original certified payload.

Consistent with its ongoing product support, Airlog continues to pursue, with the apparent cooperation of each of the four operators of the Affected Aircraft, including Evergreen, GECC and AIA, solutions to the FAA's remaining concerns raised in the Airworthiness Directive. While the results of any litigation are impossible to predict with certainty, the Company believes that each of the foregoing claims are without merit, and that Capital and Airlog have adequate defenses thereto.

Various lawsuits have been filed in the Superior Court for the State of California, County of San Bernardino, and served upon

GATX Terminals, Calnev Pipe Line Company, or another GATX subsidiary seeking an unspecified amount of damages arising out of the May 1989 explosion in San Bernardino, California. All of those suits have all been resolved except for: Aguilar, et al, v. Calnev Pipe Line Company, et al, filed February 1990 in the County of Los Angeles (No. 0751026); Pearson v. Calnev Pipe Line Company, et al, filed May 1990 in the County of San Bernardino (No. 256206); Davis v. Calnev Pipe Line Company, et al, filed May 1990 (No. 256207). As Terminals' insurance carriers have assumed the defense of these lawsuits without a reservation of rights and have paid all of the settlements entered into between the parties to date, GATX believes that the likelihood of a material adverse effect on GATX's consolidated financial position or results of operations is remote.

In September 1997, judgment was entered against General American Transportation Corporation ("GATC"), its wholly owned subsidiary, GATX Terminals Corporation ("GTC") and seven other defendants not related to GATX for compensatory damages of approximately $1.9 million plus interest from the date of the incident to twenty individuals in a class action law suit filed in the Civil District Court for the Parish of Orleans, LA, In Re New Orleans Train Car Leakage Fire Incident (No. 87-16374). The judgment allocated responsibility for twenty percent of the compensatory damages to GATC and ten percent to GTC. The judgment also provided for punitive damages of $3.4 billion in the aggregate against five of the nine named defendants, including $190 million against GTC. The litigation arose out of an incident which began on September 9, 1987, when butadiene leaked from a tank car owned by GATC and caught fire. The incident resulted in no deaths or significant injuries and only minimal property damage, but caused the overnight evacuation of a number of residents from the immediate area.

On October 31, 1997, the Louisiana Supreme Court ruled that the trial Court erred in rendering a judgment awarding damages prior to rendering a judgment adjudicating all liability issues in the case. Accordingly, it vacated the trial Court's September 1997 judgment which had awarded both compensatory and punitive damages, and remanded the case back to the trial Court for further proceedings not inconsistent with its ruling. The plaintiffs have filed a motion asking that the trial Court refrain from signing a judgment until all remaining 8,000 claims are tried. The defendants have filed motions asking the Court (1) to enter a judgment on liability as to compensatory damages and as to the conduct of the defendants giving rise to punitive damages, and (2) to vacate the verdict awarding punitive damages. If a judgment is entered as suggested by the defendants, the Company will be in a position to seek appropriate judicial review of the liability determinations made to date and of the finding as to the conduct on which punitive damages were based. The Company will evaluate any further ruling of the trial Court, and if appropriate ask the Court for post judgment relief. If necessary, the Company will appeal any judgment against it.

Although more than 8,000 claims have been made, the Company believes that the damages, if any, that may be awarded to the remaining claimants should average substantially less than those awarded to the initial twenty plaintiffs. The Company also believes that the award of compensatory damages to the twenty plaintiffs was excessive, and that the punitive damages judgment as to GTC was unwarranted and excessive.

GATX and its subsidiaries are engaged in various matters of litigation including but not limited to those matters described above, 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 damages, if any, required to be paid by GATX and its subsidiaries in the discharge of such liability are not likely to be material to GATX's consolidated financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3), the following information regarding executive officers is included in Part I in lieu of inclusion in the GATX Proxy Statement:

Name	Office Held	Office Held Since	Age
Ronald H. Zech	Chairman, President and Chief Executive Officer	1996	54
David M. Edwards	Vice President, Finance and Chief Financial Officer	1994	46
David B. Anderson	Vice President, Corporate Development, General Counsel and Secretary	1995	56
William L. Chambers	Vice President, Human Resources	1993	60
Gail L. Duddy	Vice President, Compensation and Benefits	1997	45
Ralph L. O'Hara	Controller and Chief Accounting Officer	1986	53
Brian A. Kenney	Vice President and Treasurer	1997	38

Officers are elected annually by the Board of Directors. Previously, Mr. Zech was President of GATX Financial Services from 1985 to 1994. In 1994 Mr. Zech was elected as President and Chief Operating Officer of GATX. On January 1, 1996, he was elected as Chief Executive Officer and on April 26, 1996, Chairman. Mr. Edwards was Senior Vice President - Finance and Administration of GATX Financial Services from 1990 to 1994. Mr. Anderson was Vice President, Corporate Development, General Counsel and Secretary of Inland Steel Industries from 1986 until 1995. Concurrently, he served as President of Inland Engineered Materials Corporation. Mr. Chambers was engaged in human resource consulting from 1991 until 1993. Ms. Duddy joined GATX in 1992 as Director of Compensation and in 1995 also assumed responsibility for the benefits function. Prior to coming to GATX, Ms. Duddy served as a Senior Compensation Consultant at William M. Mercer, Inc. Mr. Kenney was Managing Director, Corporate Finance and Banking, for AMR Corporation from 1990-1995.

PART II

Item 5. Market for the Registrant's Common Stock and Related Shareholder Matters

Information required by this item is contained in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 1997 on page 61, which is incorporated herein by reference (page reference is to the Annual Report to Shareholders).

Item 6. Selected Financial Data

Information required by this item is contained in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 1997, on pages 62 and 63, which is incorporated herein by reference (page references are to the Annual Report to Shareholders).

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

Information required by this item is contained in Item 1, Business, section of this document and in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 1997, the management discussion and analysis of 1997 compared to 1996 on pages 31, 32, 33, 39, 41, 43 and 44, the financial data of business segments on pages 34 through 37, and the management discussion and analysis of 1996 compared to 1995 on pages 64, 65, and 66, which is incorporated herein by reference (page references are to the Annual Report to Shareholders).

Item 8. Financial Statements and Supplementary Data

The following consolidated financial statements of GATX Corporation, included in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 1997, which is incorporated herein by reference (page references are to the Annual Report to Shareholders):

- Statements of Consolidated Operations and Reinvested Earnings -- Years ended December 31, 1997, 1996 and 1995 on page 38.
- Consolidated Balance Sheets -- December 31, 1997 and 1996, on page 40.
- Statements of Consolidated Cash Flows -- Years ended December 31, 1997, 1996 and 1995, on page 42.
- Notes to Consolidated Financial Statements on pages 46 through 60.

Quarterly results of operations are contained in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 1997 on page 61, which is incorporated herein by reference (page reference is to the Annual Report to Shareholders).

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information required by this item regarding directors is contained in sections entitled "Nominees For Directors" and "Additional Information Concerning Nominees" in the GATX Proxy Statement dated March 17, 1998, which sections are incorporated herein by reference. Information regarding officers is included at the end of Part I.

Item 11. Executive Compensation

Information required by this item regarding executive compensation is contained in sections entitled "Compensation of Directors" and "Compensation of Executive Officers" in the GATX Proxy Statement dated March 17, 1998, which sections are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information required by this item regarding the Company's Common Stock is contained in sections entitled "Nominees For Directors," "Security Ownership of Management" and "Beneficial Ownership of Common Stock" in the GATX Proxy Statement dated March 17, 1998, which sections are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

None.

PART IV

Item 14. Financial Statement Schedules, Reports on Form 8-K and Exhibits.

(a) 1. -Financial Statements

The following consolidated financial statements of GATX Corporation included in the Annual Report to Shareholders for the year ended December 31, 1997, are filed in response to Item 8:

Statements of Consolidated Operations and Reinvested Earnings -- Years ended December 31, 1997, 1996 and 1995
Consolidated Balance Sheets -- December 31, 1997 and 1996
Statements of Consolidated Cash Flows -- Years ended December 31, 1997, 1996 and 1995
Notes to Consolidated Financial Statements

2. -Financial Statement Schedules: Page

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

(b) Report on Form 8-K

GATX filed a report on Form 8-K on December 8, 1997, under Item 5., Other Events.

(c) Exhibit Index

Exhibit Number	Exhibit Description	Page

3A.	Restated Certificate of Incorporation of GATX Corporation, as amended, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1991, file number 1-2328.	
3B.	By-Laws of GATX Corporation, as amended and restated as of July 29, 1994, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, file number 1-2328.	

Exhibit Number	Exhibit Description	Page
10A.	GATX Corporation 1985 Long Term Incentive Compensation Plan, as amended, and restated as of April 27, 1990, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1990, file No. 1-2328. Amendment to said Plan effective as of April 1, 1991, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1991, file number 1-2328; Sixth Amendment to said Plan effective January 31,1997, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, file number 1-2328.	
10B.	GATX Corporation 1995 Long Term Incentive Compensation Plan, incorporated by reference to GATX's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1995, file number 1-2328. First Amendment of said Plan effective as of January 31, 1997 submitted to the SEC on Form 10-K for the fiscal year ended December 31, 1996, file number 1-2328. Second Amendment of said Plan effective as of December 5, 1997 submitted to the SEC along with the electronic transmission of this Annual Report on Form 10-K.	
10C.	GATX Corporation Deferred Fee Plan for Directors, as Amended and Restated as of October 25, 1996, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, file number 1-2328.	
10D.	1984 Executive Deferred Income Plan Participation Agreement between GATX Corporation and participating directors and executive officers dated September 1, 1984, as amended, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1991, file number 1-2328.	
10E.	1985 Executive Deferred Income Plan Participation Agreement between GATX Corporation and participating directors and executive officers dated July 1, 1985, as amended, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1991, file number 1-2328.	
10F.	1987 Executive Deferred Income Plan Participation Agreement between GATX Corporation and participating directors and executive officers dated December 31, 1986, as amended, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1991, file number 1-2328.	
10G.	Amendment to Executive Deferred Income Plan Participation Agreements between GATX and certain participating directors and participating executive officers entered into as of January 1, 1990, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, file number 1-2328.	

Exhibit Number	Exhibit Description	Page
10H.	Retirement Supplement to Executive Deferred Income Plan Participation Agreements entered into as of January 23, 1990, between GATX and certain participating directors incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, file number 1-2328 and between GATX and certain other participating directors incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1990, file number 1-2328.	
10I.	Amendment to Executive Deferred Income Plan Participation Agreements between GATX and participating executive officers entered into as of April 23, 1993, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, file number 1-2328.	
10J.	Directors' Deferred Stock Plan approved on July 26,1996, effective as of April 26, 1996, Summary of Plan incorporated by reference to GATX's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1996, file number 1-2328.	
10K.	Agreement for Continued Employment Following Change of Control or Disposition of a Subsidiary between GATX Corporation and certain executive officers dated as of January 1, 1998, submitted to the SEC along with the electronic submission of this Report on Form 10-K.	
10L.	Letter Agreement dated August 17, 1993 between William Chambers and GATX, incorporated by reference to GATX's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1995, file number 1-2328.	
10M.	Letter Agreement dated May 31, 1995 between David B. Anderson and GATX, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, file number 1-2328.	
10N.	Arrangements between James J. Glasser and GATX associated with Mr. Glasser's retirement from GATX as described on page 11 in the Section of the GATX Proxy Statement dated March 13, 1996 entitled "Termination of Employment and Change of Control Arrangements" are incorporated herein by reference thereto, file number 1-2328.	
11A.	Statement regarding computation of per share earnings.	23
11B.	Statement regarding computation of per share earnings (assuming dilution)	24
12.	Statement regarding computation of ratios of earnings to combined fixed charges and preferred stock dividends.	25

Exhibit Number	Exhibit Description	Page
13.	Annual Report to Shareholders for the year ended December 31, 1997, pages 29 - 70, with respect to the Annual Report on Form	

10-K for the fiscal year ended December 31, 1997, file number 1-2328. Submitted to the SEC along with the electronic submission of this Report on Form 10-K.

21.	Subsidiaries of the Registrant.	26
23.	Consent of Independent Auditors.	27
24.	Powers of Attorney with respect to the Annual Report on Form 10-K for the fiscal year ended December 31, 1997, file number 1-2328. Submitted to the SEC along with the electronic submission of this Report on Form 10-K.	
27.	Financial Data Schedule for GATX Corporation for the fiscal year ended December 31, 1997, file number 1-2328. Submitted to the SEC along with the electronic submission of this Report on Form 10-K.	
99A.	Undertakings to the GATX Corporation Salaried Employees Retirement Savings Plan, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1982, file number 1-2328.	
99B.	Undertakings to the GATX Corporation 1995 Long Term Incentive Plan for the fiscal year ended December 31, 1995, file number 1-2328, incorporated by reference to GATX's Annual Report on Form 10-K for the year ended December 31, 1995.	
99C.	Undertakings to the GATX Logistics Inc. 401(k) Cash Accumulation Plan incorporated by reference to the Form S-8 Registration Statement filed with the SEC on June 19,1996, Registration No.33-06315.	
99D.	Undertakings to the Centron DPL Company, Inc. Profit Sharing Plan Plan incorporated by reference to the Form S-8 Registration Statement filed with the SEC on December 23, 1997, Registration No.33-43113.	

REPORT OF INDEPENDENT AUDITORS

To the Shareholders
and Board of Directors
GATX Corporation

We have audited the consolidated financial statements and related schedules of GATX Corporation and subsidiaries listed in Item 14 (a)(1) and (2) of the Annual Report on Form 10-K of GATX Corporation for the year ended December 31, 1997. These financial statements and related schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and related schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 and related schedules. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GATX Corporation and subsidiaries at December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects, the information set forth therein.

ERNST & YOUNG LLP

Chicago, Illinois
January 27, 1998

SIGNATURES

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

GATX CORPORATION
(Registrant)

/s/Ronald H. Zech

Ronald H. Zech
Chairman, President and
Chief Executive Officer
March 19, 1998

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

/s/Ronald H. Zech Ronald H. Zech March 19, 1998	Chairman, President and Chief Executive Officer
/s/David M. Edwards David M. Edwards March 19, 1998	Vice President Finance and Chief Financial Officer
/s/Ralph L. O'Hara Ralph L. O'Hara March 19, 1998	Controller and Chief Accounting Officer

James M. Denny	Director	By /s/David B. Anderson
Richard Fairbanks	Director	David B. Anderson
William C. Foote	Director	(Attorney in Fact)
Deborah M. Fretz	Director	
Richard A. Giesen	Director	
Miles L. Marsh	Director	

Charles Marshall Director
Michael E. Murphy Director

Date: March 19, 1998

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

GATX CORPORATION
(PARENT COMPANY)

STATEMENTS OF OPERATIONS

(In Millions)

	Year Ended December 31		
	1997	1996	1995
Gross income (loss)	$ 1.4	$ (1.3)	$ (1.0)
Costs and expenses			
Interest	31.7	30.6	31.7
Provision for depreciation	1.0	1.0	.8
Selling, general and administrative	21.2	16.0	20.4
	53.9	47.6	52.9
Loss before income taxes and share of net (loss) income of subsidiaries	(52.5)	(48.9)	(53.9)
Income tax benefit	(18.2)	(17.7)	(21.3)
Loss before share of net (loss) income of subsidiaries	(34.3)	(31.2)	(32.6)
Share of net (loss) income of subsidiaries	(16.6)	133.9	133.4
Net (loss) income	$(50.9)	$102.7	$100.8

GATX CORPORATION
(PARENT COMPANY)

STATEMENTS OF CASH FLOWS
(In Millions)

	Year Ended December 31		
	1997	1996	1995
OPERATING ACTIVITIES			
Net (loss) income	$ (50.9)	$ 102.7	$ 100.8
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Provision for depreciation	1.0	1.0	.8
Deferred income tax benefit	(7.9)	(6.8)	(10.8)
Share of net (loss) income of subsidiaries less dividends received	112.6	(60.3)	(61.0)
Other (includes working capital)	(3.5)	(23.5)	(4.3)
NET CASH PROVIDED BY OPERATING ACTIVITIES	51.3	13.1	25.5
INVESTING ACTIVITIES			
Additions to operating lease assets and facilities	-	(1.8)	(.9)
NET CASH USED IN INVESTING ACTIVITIES	-	(1.8)	(.9)
FINANCING ACTIVITIES			
Issuance of Common Stock under employee benefit programs and other	12.4	3.1	5.5
Cash dividends to shareholders	(49.4)	(48.0)	(45.3)
Advances (to) from subsidiaries	(13.4)	33.4	14.5
NET CASH USED IN FINANCING ACTIVITIES	(50.4)	(11.5)	(25.3)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ .9	$ (.2)	$ (.7)

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (CONT'D)

GATX CORPORATION
(PARENT COMPANY)

BALANCE SHEETS

(In Millions)

ASSETS

	December 31	
	1997	1996
Cash and cash equivalents	$ 1.1	$ .2
Operating lease assets and facilities	11.0	10.9
Less - Allowance for depreciation	(4.4)	(3.4)

	6.6	7.5
Investment in subsidiaries	1,141.4	1,283.3
Other assets	13.9	22.0
TOTAL ASSETS	$ 1,163.0	$ 1,313.0

LIABILITIES, DEFERRED ITEMS AND SHAREHOLDERS' EQUITY

	December 31	
	1997	1996
Accounts payable and accrued expenses	$ 10.2	$ 16.6
Due to subsidiaries	478.7	492.1
Other deferred items	18.7	29.4
Total liabilities and deferred items	507.6	538.1
Shareholders' equity:		
Preferred Stock	-	3.4
Common Stock	17.0	14.4
Additional capital	339.7	329.0
Reinvested earnings	363.4	463.7
Cumulative unrealized equity adjustments	(17.9)	11.4
	702.2	821.9
Less - Cost of shares in treasury	(46.8)	(47.0)

Total shareholders' equity	655.4	774.9
TOTAL LIABILITIES, DEFERRED ITEMS AND SHAREHOLDERS' EQUITY	$ 1,163.0	$ 1,313.0

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
GATX CORPORATION AND SUBSIDIARIES
(In Millions)

COL. A	COL. B	COL.	COL. D	COL. E	COL. F
DESCRIPTION	Balance at Beginning of Period	Charged to Costs and Expenses	Additions Charged to Other Accounts-Describe	Deductions-Describe	Balance at End of Period
Year ended December 31, 1997: Allowance for possible losses - Note A	$ 121.1	$ 11.1	$ 3.3 (B)	$ (7.0) (C)	$ 128.5
Year ended December 31, 1996: Allowance for possible losses - Note A	$ 100.0	$ 12.5	$ 15.5 (B)	$ (6.9) (C)	$ 121.1
Year ended December 31, 1995: Allowance for possible losses - Note A	$ 89.6	$ 18.4	$ 5.2 (B)	$ (13.2) (C)	$ 100.0

<FN>

Note A - Deducted from asset accounts.
Note B - Represents principally recovery of amounts previously written off.
Note C - Represents principally reductions in asset values charged off or transferred to claims and uncollectible amounts.

</FN>

EXHIBIT 11A

GATX CORPORATION AND SUBSIDIARIES

COMPUTATION OF NET (LOSS) INCOME PER SHARE OF
COMMON STOCK

(In Millions, Except Per Share Amounts)

	1997	1996	1995	1994	1993
Average number of shares of Common Stock outstanding	22.5	20.2	20.0	19.9	19.6
Net (loss) income	$ (50.9)	$ 102.7	$ 100.8	$ 91.5	$ 72.7
Deduct - Dividends paid and accrued on Preferred Stock	6.7	13.2	13.2	13.3	13.3
Net (loss) income, as adjusted	$ (57.6)	$ 89.5	$ 87.6	$ 78.2	$ 59.4
Net (loss) income per share	$ (2.55)	$ 4.43	$ 4.38	$ 3.94	$ 3.03

Year Ended December 31

EXHIBIT 11B

GATX CORPORATION AND SUBSIDIARIES

COMPUTATION OF NET (LOSS) INCOME PER SHARE OF COMMON STOCK AND
COMMON STOCK EQUIVALENTS ASSUMING DILUTION
(PRINCIPALLY CONVERSION OF ALL OUTSTANDING PREFERRED STOCK)
(In Millions, Except Per Share Amounts)

	Year Ended December 31				
	1997	1996	1995	1994	1993
Average number of shares used to compute basic earnings per share	22.5	20.2	20.0	19.9	19.6
Shares issuable upon assumed exercise of stock options, reduced by the number of shares which could have been purchased with the proceeds from exercise of such options	*	.3	.4	.3	*
Common Stock issuable upon assumed conversion of Preferred Stock	*	4.0	4.0	4.0	*
Total	22.5	24.5	24.4	24.2	19.6
Net (loss) income as adjusted per basic computation	$(57.6)	$ 89.5	$ 87.6	$ 78.2	$ 59.4
Add - Dividends paid and accrued on Preferred Stock	*	13.2	13.2	13.3	*
Net (loss) income, as adjusted	$(57.6)	$ 102.7	$ 100.8	$ 91.5	$ 59.4
Net (loss) income per share, assuming dilution	$(2.55)	$ 4.20	$ 4.14	$ 3.79	$ 3.03

<FN>

* Exercise of options and conversion of Preferred Stock is excluded from computation of diluted earnings because of antidilutive effects.
</FN>

Additional diluted computation (1)	1997	1993
Average number of shares used to compute basic earnings per share	22.5	19.6
Common stock issuable upon assumed conversion of Preferred Stock, and stock option exercises	2.3	4.3
	24.8	23.9
Net (loss) income as adjusted per basic computation	$ (57.6)	$ 59.4
Add - Dividends paid and accrued on Preferred Stock	6.7	13.3
	$ (50.9)	$ 72.7

Net (loss) income per share, assuming dilution	$ (2.05)	$ 3.04

<FN>

(1) This calculation is submitted in accordance with Regulation S-K item 601(b)(11) although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces an antidilutive result.

</FN>

EXHIBIT 12

GATX CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(In Millions Except For Ratios)

	1997	1996	1995	1994	1993
Earnings available for fixed charges:					
Net (loss) income	$ (50.9)	$ 102.7	$ 100.8	$ 91.5	$ 72.7
Add:					
Income taxes (benefit) expense	(5.5)	54.4	47.6	48.8	51.4
Equity in net earnings of affiliated companies, net of distributions received	40.7	8.0	6.5	3.7	8.0
Interest on indebtedness and amortization of debt discount and expense	222.4	202.8	170.1	148.2	151.8
Amortization of capitalized interest	1.4	3.7	1.1	1.1	1.1
Portion of rents representative of interest factor (deemed to be one-third)	62.2	56.7	43.9	37.9	31.4
Total earnings available for fixed charges	$ 270.3	$ 428.3	$ 370.0	$ 331.2	$ 316.4
Preferred dividend requirements	$ 6.7	$ 13.2	$ 13.2	$ 13.3	$ 13.3
Ratio to convert preferred dividends to pretax basis (A)	107%	173%	169%	171%	197%
Preferred dividend factor on pretax basis	7.2	22.8	22.3	22.7	26.2
Fixed charges:					
Interest on indebtedness and amortization of debt discount and expense	222.4	202.8	170.1	148.2	151.8
Capitalized interest	2.5	6.8	6.2	3.0	2.7
Portion of rents representative of interest factor (deemed to be one-third)	62.2	56.7	43.9	37.9	31.4
Combined fixed charges and preferred stock dividends	$ 294.3	$ 289.1	$ 242.5	$ 211.8	$ 212.1
Ratio of earnings to combined fixed charges and preferred stock dividends (B)	.92x (C)	1.48x	1.53x	1.56x	1.49x

<FN>

(A) To adjust preferred dividends to a pretax basis, (loss) income before income taxes and equity in net earnings of affiliated companies is divided by (loss) income before equity in net earnings of affiliated companies.

(B) The ratios of earnings to combined fixed charges and preferred stock dividends represent the number of times "fixed charges and preferred stock dividends" were covered by "earnings." "Fixed charges and preferred stock dividends" consist of interest on outstanding debt and capitalized interest, one-third (the proportion deemed representative of the interest factor) of rentals, amortization of debt discount and expense, and dividends on preferred stock adjusted to a pretax basis. "Earnings" consist of consolidated net (loss) income before income taxes and fixed charges, less equity in net earnings of affiliated companies, net of distributions received.

(C) In 1997, net loss included restructuring charges of $162.8 million. Excluding the charges, the "ratio of earnings to combined fixed charges and preferred stock dividends" was 1.66x. See Note P - Restructuring Charges on page 60 of the Company's 1997 Annual Report to Shareholders.

</FN>

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

The following is a list of subsidiaries included in GATX's consolidated financial statements (excluding a number of subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary), and the state of incorporation of each:

General American Transportation Corporation (New York)--includes 4 domestic subsidiaries, 4 foreign subsidiaries and interests in 2 foreign affiliates, Business Segment--Railcar Leasing and Management

GATX Financial Services, Inc. (Delaware) -- 64 domestic subsidiaries (which includes GATX Capital Corporation), 13 foreign subsidiaries, interests in 6 domestic affiliates and 5 foreign affiliates, Business Segment--Financial Services

GATX Terminals Corporation (Delaware)--3 domestic subsidiaries, 3 foreign subsidiaries, an interest in 1 domestic affiliate and 13 foreign affiliates, Business Segment--Terminals and Pipelines

GATX Logistics, Inc. (Florida) --7 domestic subsidiaries and 2 foreign subsidiaries and an interest in 1 foreign affiliate, Business Segment--Logistics and Warehousing

American Steamship Company (New York)--12 domestic subsidiaries, Business Segment--Great Lakes Shipping

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following: (i) Registration Statement No. 2-92404 on Form S-8, filed July 26, 1984; (ii) Registration Statement No. 2-96593 on Form S-8, filed March 22, 1985; (iii) Registration Statement No. 33-38790 on Form S-8 filed February 1, 1991; (iv) Registration Statement No. 33-41007 on Form S-8 filed June 7, 1991; (v) Registration Statement No. 33-61183 on Form S-8 filed July 20, 1995; (vi) Registration Statement No. 33-06315 on Form S-8 filed June 19, 1996; and (vii) Registration Statement No. 33-43113 on Form S-8 filed December 23, 1997 of GATX Corporation, of our report dated January 27, 1998 with respect to the consolidated financial statements and schedules of GATX Corporation included and/or incorporated by reference in the Annual Report on Form 10-K for the year ended December 31, 1997.

ERNST & YOUNG LLP

Chicago, Illinois
March 16, 1998

EXHIBITS FILED WITH DOCUMENT

10B.	GATX Corporation 1995 Long Term Incentive Compensation Plan, incorporated by reference to GATX's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1995, file number 1-2328. First Amendment of said Plan effective as of January 31, 1997 submitted to the SEC on Form 10-K for the fiscal year ended December 31, 1996, file number 1-2328. Second Amendment of said Plan effective as of December 5, 1997 submitted to the SEC along with the electronic transmission of this Annual Report on Form 10-K.
10K.	Agreement for Continued Employment Following Change of Control or Disposition of a Subsidiary between GATX Corporation and certain executive officers dated as of January 1, 1998, submitted to the SEC along with the electronic submission of this Report on Form 10-K.
11A.	Statement regarding computation of per share earnings.
11B.	Statement regarding computation of per share earnings (assuming dilution)
12.	Statement regarding computation of ratios of earnings to combined fixed charges and preferred stock dividends.
13.	Annual Report to Shareholders for the year ended December 31, 1997, pages 29 - 70, with respect to the Annual Report on Form 10-K for the fiscal year ended December 31, 1997, file number 1-2328. Submitted to the SEC along with the electronic submission of this Report on Form 10-K.
21.	Subsidiaries of the Registrant.
23.	Consent of Independent Auditors.
24.	Powers of Attorney with respect to the Annual Report on Form 10-K for the fiscal year ended December 31, 1997, file number 1-2328. Submitted to the SEC along with the electronic submission of this Report on Form 10-K.
27.	Financial Data Schedule for GATX Corporation for the fiscal year ended December 31, 1997, file number 1-2328. Submitted to the SEC along with the electronic submission of this Report on Form 10-K.

Second Amendment of
GATX Corporation
1995 Long Term Incentive Compensation Plan

WHEREAS, GATX Corporation (the "Company") maintains the GATX Corporation 1995 Long Term Incentive Compensation Plan (the "1995 Plan"); and

WHEREAS, the Plan has been amended by the Board of Directors of GATX Corporation on December 5, 1997.

Consistent with such resolutions the Plan is hereby amended as follows:

1. Paragraph VIII-1 thereof is deleted in its entirety, and is substituted in its place:

Special Acceleration. Notwithstanding any other provisions of the Plan, a Special Acceleration of awards outstanding under the Plan shall occur with the effect set forth in paragraph VIII-2 at any time when there is a change in the beneficial ownership of the Company's voting stock or a change in the composition of the Company's Board of Directors which occurs as follows:

(1) any "person" [as such term is used in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")] other than:

(A) a trustee or other fiduciary of securities held under an employee benefit plan of the Company;

(B) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the Company; or

(C) any person in which the Executive has a substantial equity interest;

is or becomes a beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of stock of the Company representing 20% or more of the total voting power of the Company's then outstanding stock;

(2) a tender offer is made for the stock of the Company by a person other than a person described in subparagraph (1)(A), (B) or (C) and one of the following occurs:

(A) the person making the offer owns or has accepted for payment stock of the Company representing 20% or more of the total voting power of the Company's stock; or

(B) three business days before the offer is to terminate (unless the offer is withdrawn first) such person could own, by the terms of the offer plus any shares owned by such person, stock representing 50% or more of the total voting power of the Company's outstanding stock when the offer terminates;

(3) during any period of two consecutive years there shall cease to be a majority of the Company's Board of Directors comprised as follows: individuals who at the beginning of such period constitute the Board of Directors and any new director(s) whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for

election was previously so approved; or

(4) the stockholders of the Company approve a merger or consolidation of the Company with any other company other than:

(A) such a merger or consolidation which would result in the Company's voting stock outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting stock of the surviving entity) more than 70% of the combined voting power of the Company's or such surviving entity's outstanding voting stock immediately after such merger or consolidation; or

(B) such a merger or consolidation which would result in the directors of the Company who were directors immediately prior thereto continuing to constitute at least 50% of the directors of the surviving entity immediately after such merger or consolidation.

For purposes of this paragraph (4), "surviving entity" shall mean only an entity in which all of the Company's stockholders become stockholders by the terms of such merger or consolidation, and the phrase "directors of the Company who were directors immediately prior thereto" shall not include:

(A) any director of the Company who was designated by a person who has entered into an agreement with the Company to effect a transaction described in this paragraph or in paragraph (2) above; or

(B) any director who was not a director at the beginning of the 24-consecutive-month period preceding the date of such merger or consolidation;

unless his election by the Board of Directors or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors before the beginning of such period.

With respect to any Participant with whom the Company has entered into an Agreement for Continued Employment Following a Change of Control of Disposition of a Subsidiary, a Special Acceleration of awards outstanding under the Plan with the effect set forth in paragraph VIII-2 as to such Participant shall occur if such Participant's employment is terminated or constructively terminated, and as a result thereof such Participant becomes entitled to termination payments under such agreement.

2. The first sentence of Paragraph II - 4 is hereby deleted thereof in its entirety the following is inserted in its place:

Each Incentive Stock Option granted to a Participant shall terminate on the earlier of (a) the tenth anniversary of the Option Date or, (b) subject to the provisions of the following sentence, three (3) months (or such other period of time as may be determined by the Committee in its discretion) after the date the Participant's employment by the Company and its subsidiaries is terminated for any reason.

3. The first sentence of Paragraph III - 4 is deleted in its entirety, and the following is inserted in its place:

Each Non-Qualified Stock Option granted to a Participant shall terminate on the earlier of (a) the tenth anniversary of the Option Date or, (b) subject to the provisions of the following sentence, three months (or such other period of time as may be determined by the Committee in its discretion) after the date the Participant's employment by the Company and its subsidiaries is terminated for any reason.

4. The first sentence of Paragraph IV - 5 is deleted in its entirety, and the following is inserted in its place:

Each Stock Appreciation Right granted to a Participant shall terminate on the earlier of (a) the tenth anniversary of the Option Date or, (b) subject to the provisions of the following sentence, three months (or such other period of time as may be determined by the Committee in its discretion) after the date the Participant's employment by the Company and its subsidiaries is terminated for any reason.

/s/ William L. Chambers

William L. Chambers
Vice President, Human Resources

Exhibit 10K

The following Agreement for Continued Employment Following Change of Control or Disposition of a Subsidiary dated as of January 1, 1998 has been entered into between GATX Corporation and the following executive officers:

Ronald H. Zech, Chairman and CEO
David Edwards, Vice President Finance and CFO
David Anderson , Vice President Corporate Development, Secretary and General Counsel
William Chambers, Vice President Human Resources
Brian A. Kenney, Vice President and Treasurer

AGREEMENT FOR CONTINUED EMPLOYMENT FOLLOWING CHANGE
OF CONTROL OR DISPOSITION OF A SUBSIDIARY

This Agreement is made and entered into by and between GATX Corporation ("GATX") and , (the "Executive") on the Execution Date shown below, to be effective as of January 1, 1998.

WITNESSETH

WHEREAS, GATX and the Executive desire to enter into this Agreement in order to provide GATX and its consolidated subsidiaries stability of management following a Change of Control or Disposition (as those terms are defined herein) of GATX or one of its consolidated subsidiaries, to provide for the continued employment of the Executive for a period for two years following the occurrence of either such event, and to set forth the terms and conditions of such continued employment and the obligations of the parties in the event of termination thereof.

NOW, THEREFORE, it is hereby agreed by and between the parties as follows:

1. Definitions.

a. "Cause" means a willful and material breach of this Agreement which has resulted or is likely to result in a material detriment to the financial condition, business or prospects of GATX.

b. "Change of Control" means a change in the beneficial ownership of GATX's voting stock or a change in the composition of GATX's Board of Directors which occurs as follows:

(1) any "person" (as such term is used in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")) other than:

(A) a trustee or other fiduciary of securities held under an employee benefit plan of GATX;

(B) a corporation owned, directly or indirectly, by the stockholders of the GATX in substantially the same proportions as their ownership of GATX; or

(C) any person in which the Executive has a substantial equity interest;

is or becomes a beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of stock of GATX representing 20% or more of the total voting power of GATX's then outstanding stock;

(2) a tender offer is made for the stock of GATX by a person other than a person described in subparagraph

(1)(A), (B) or (C), and one of the following occurs:

(A) the person making the offer owns or has accepted for payment stock of GATX representing 20% or more of the total voting power of GATX's stock; or

(B) three business days before the offer is to terminate (unless the offer is withdrawn first) such person could own, by the terms of the offer plus any shares owned by such person, stock representing 50% or more of the total voting power of GATX's outstanding stock when the offer terminates;

(3) during any period of two consecutive years there shall cease to be a majority of GATX's Board of Directors comprised as follows: individuals who at the beginning of such period constitute the Board of Directors and any new director(s) whose election by the Board of Directors or nomination for election by GATX's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved; or

(4) the stockholders of GATX approve a merger or consolidation of GATX with any other company other than:

(A) such a merger or consolidation which would result in GATX's voting stock outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting stock of the surviving entity) more than 70% of the combined voting power of GATX's or such surviving entity's outstanding voting stock immediately after such merger or consolidation; or

(B) such a merger or consolidation which would result in the directors of GATX who were directors immediately prior thereto continuing to constitute at least 50% of the directors of the surviving entity immediately after such merger or consolidation.

For purposes of this paragraph (4), "surviving entity" shall mean only an entity in which all of GATX's stockholders become stockholders by the terms of such merger or consolidation, and the phrase "directors of GATX who were directors immediately prior thereto" shall not include:

(A) any director of GATX who was designated by a person who has entered into an agreement with GATX to effect a transaction described in this paragraph or in paragraph (2) above; or

(B) any director who was not a director at the beginning of the 24-consecutive-month period preceding the date of such merger or consolidation;

unless his election by the Board of Directors or nomination for election by GATX's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors before the beginning of such period.

(5) A determination by the Board of Directors that the cumulative effect on GATX of the sale or other disposition, either in a single transaction, or a series of related transactions, of all of the common stock or substantially all of the assets of one or more Company Units warrants the conclusion that a "Change of Control" has occurred for purposes of this Agreement.

c. "Company" includes GATX, its consolidated subsidiaries, any former subsidiary of GATX by which the Executive was primarily employed on the day prior to the Triggering Event and any successor to GATX or such subsidiary by purchase of assets or otherwise.

d. "Company Unit" means any corporation included within the term "Company."

e. "Constructive Termination" or "Constructively Terminates" means the effecting of any of the following actions by the Company following which the Executive terminates the Executive's employment by the Company:

(1) a significant reduction in the nature or scope of the Executive's authority, duties, functions or responsibilities or a material change in the location at which they are to be performed or the imposition of unreasonable travel requirements;

(2) a reduction in the Executive's compensation from that provided to the Executive immediately prior to the Triggering Event;

(3) a diminution in the Executive's eligibility to participate in bonus, stock option, incentive award and other benefit plans from the level at which the Executive was participating therein immediately prior to the Triggering Event;

(4) a diminution in employee benefits (including, but not limited to medical, dental, life insurance and disability plans) and other Perquisites applicable to the Executive, from the level of benefits and other Perquisites to which the Executive was entitled immediately prior to the Triggering Event;

(5) a reasonable determination by the Executive that, as a result of a change in circumstances affecting the Company or its management, the Executive is unable to exercise effectively the authorities, duties, functions and responsibilities consistent with those attributable to the Executive's position immediately prior to the Triggering Event; and

(6) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement as contemplated in paragraph 15 below.

f. "Disposition" of a Company Unit means any transaction including sale, consolidation, merger or spin-off of any Company Unit, following which GATX no longer owns fifty percent (50%) or more of the voting stock of such Company Unit or the sale of all or substantially all of the assets of such Company Unit.

g. "Employment Period" means the two (2) year period commencing on the day of a Triggering Event and ending two years following such day.

h. "Perquisites" includes not only those incidental emoluments of office commonly included within the term, such as a company assigned car, club membership and financial planning assistance, but also the benefits under corporate employee benefit plans such as the GATX medical, life insurance and Pension Plan (as defined herein) and other plans and agreements relating thereto.

i. "Total Disability" means any disability that (1) entitles the Executive to disability income benefits under the GATX Corporation Long Term Disability Income Plan as in effect on the day prior to the Triggering Event and (2) prevents the Executive, for the duration of the Employment Period, from engaging in the same or comparable type of employment as that in which the Executive was engaged on the day prior to the Triggering Event.

j. "Triggering Event" means the first to occur of a Change of Control or the Disposition of the Company Unit by which the Executive was primarily employed on the day prior to such Disposition.

2. Employment. This agreement shall have no effect on, nor shall any of its provisions apply to, the Executive's employment or termination thereof that occurs prior to the occurrence of a Triggering Event. However, if the Executive is employed by the Company on the day prior to the Triggering Event, the Company shall continue to employ the Executive and the Executive shall remain in the employ of the Company for the duration of the Employment Period. Provided, however, subject only to the provisions of paragraphs five (5) and six (6) below, the Company may, at any time, terminate the employment of the Executive at will.

3. Performance of Duties. During the Executive's employment by the Company, the Executive shall devote his or her best efforts and full business time exclusively to the business affairs and interests of the Company and shall faithfully and efficiently perform such duties, consistent with the status of the Executive's position, as may be assigned to the Executive from time to time by the Chief Executive Officer of the Company or the Chief Executive Officer's delegate.

4. Compensation. During the Executive's employment by the Company, he or she shall receive a salary in such amount as may be established from time to time by the Company Unit by which the Executive is primarily employed and shall be entitled to participate, in accordance with the Company's policy and consistent with the Executive's position and salary, in all plans and all Perquisites applicable generally to other executives of the Company Unit.

5. Termination Payments. If the Company terminates or Constructively Terminates the Executive's employment at any time during the Employment Period for any reason other than Cause or Total Disability, the Company shall promptly pay or cause to be paid to the Executive in a lump sum an amount equal to:

a. The sum of (i) two times the Executive's annual salary before deductions and deferrals at the level thereof as of the day prior to the Triggering Event, plus (ii) one times the bonus that would have been payable to the Executive (for the year in which such termination or Constructive Termination occurs) under the GATX Management Incentive Plan (the "MIP") as in effect on the day prior to the Triggering Event, equal in amount to the product of (A) the Executive's annual salary as in effect immediately prior to the Triggering Event and (B) the Executive's Target Bonus (as that term is defined in the MIP); minus

b. Any amounts paid to the Executive in accordance with the Company's severance pay policies.

In addition to the amount set forth above, the Company shall:

(1) Permit the Executive to continue the Executive's participation (or provide equivalent coverage) in the Company Unit's medical, dental, disability and life insurance programs provided under GATX's benefit plans as in effect on the day prior to the Triggering Event until the earlier to occur of (a) the second anniversary of the date as of which the Executive's employment is terminated or Constructively Terminated or (b) the date on which the Executive becomes eligible for coverage under any other employee benefit plans providing substantially equivalent benefits at substantially equivalent levels;

(2) Reimburse the Executive (to a maximum of five thousand dollars ($5,000) per year) for financial and estate planning and tax return preparation for the two (2) years immediately following the Executive's termination or Constructive Termination of employment in accordance with GATX's executive financial planning program in effect on the day prior to a Triggering Event;

(3) Reimburse the Executive (to a maximum of thirty thousand dollars ($30,000)) for the cost of outplacement services, plus up to one thousand dollars ($1,000) of expenses incurred in seeking or obtaining new employment.

Notwithstanding any provision of this Agreement to the contrary, in no event shall an Executive be entitled to termination payments under this paragraph 5 by reason of the Disposition of the Company Unit in which the Executive was primarily employed immediately prior to such Disposition if the Executive continues in employment with the successor or purchaser of such Company Unit during the two-year period following the Disposition.

6. Retirement Income Benefits. In addition to the foregoing, if the Executive survives for two (2) years following such termination or Constructive Termination of employment:

a. The Company shall pay or cause to be paid to the Executive (or in the event of the Executive's death following the expiration of such two (2) year period to the Executive's surviving spouse) a Retirement Income Benefit (as hereinafter defined) calculated and paid as follows:

(1) The Retirement Income Benefit shall be an amount equal to the difference, if any, between (A) the monthly benefit the Executive (or, in the event of the Executive's death, the Executive's surviving spouse) would have received as a monthly pension benefit under the GATX Corporation Non-Contributory Pension Plan for Salaried Employees (the "Salaried Pension Plan"), the GATX Corporation Excess Benefit Plan, the GATX Corporation Supplemental Benefit Plan and any other written agreement between the Executive and the Company regarding the Executive's retirement, all as in effect on the day prior to the Triggering

Event, (hereinafter collectively, the "Pension Plan") assuming the Executive's employment had terminated two (2)

years after the date of the Executive's termination or Constructive Termination of employment, and accordingly the Executive had accumulated two additional years of service credit under the Pension Plan at a level of compensation calculated in accordance with the immediately following sentence and (B) the amount, if any, the Executive (or, in the event of the Executive's death, the Executive's surviving spouse) actually receives as a monthly benefit under the Pension Plan. For purposes of subparagraph (A) of this paragraph, the Executive's compensation for each of the two additional years of assumed service credit shall be equal to the level of the Executive's compensation as in effect immediately prior to the Triggering Event, plus an amount equal to the average of the Covered Bonuses (as defined in Section 2.13 of the Salaried Pension Plan) paid to the Executive during the five (5) calendar year period immediately preceding the Triggering Event.

(2) Payment of the Retirement Income Benefit shall be made in the same manner, simultaneously with and in the same form as payments are, or would have been, made to the Executive (or in the event of the Executive's death to the Executive's surviving spouse) under the Pension Plan, but shall commence no sooner than two (2) years following the Executives' termination or Constructive Termination of employment. Any election available to and validly executed by the Executive under the Pension Plan as to either an optional form of payment or as to the date on which benefits are to commence, shall be applicable to the Retirement Income Benefit and shall be utilized in calculating the amount of the Retirement Income Benefit.

b. The Company shall permit the Executive to participate in (or shall provide equivalent coverage) on the same basis as other Company employees who have terminated their employment at approximately the same age and after a substantially equivalent number of years of service in the GATX Corporation Medical Plan and the GATX Corporation Life Insurance Plan, both as in effect on the day prior to the Triggering Event. Such benefits shall be paid at the same time, under the same conditions and to the same extent as if the Executive's employment had continued for two (2) years after the termination or Constructive Termination of the Executive's employment.

Notwithstanding the foregoing, if the Executive would otherwise be entitled to receive a Retirement Income Benefit hereunder but dies prior to the expiration of a two (2) year period following termination or Constructive Termination of the Executive's employment and leaves a surviving spouse, such surviving spouse shall be entitled to receive such payments and Perquisites as would be applicable to such surviving spouse under this Agreement, the Pension Plan and all other GATX employee benefit plans and policies in effect on the day prior to the Triggering Event, calculated and payable in the same manner as if the Executive had been employed by the Company on the Executive's date of death.

7. Payment in Lieu. Except with respect to (a) compensation applicable to the Executive's employment prior to the termination or Constructive

Termination thereof, (b) amounts payable under the severance pay policies described in paragraph 5(b) above, and (c) such compensation as may be payable or rights as may be exercisable on termination of employment under the GATX Salaried Employees Retirement Savings Plan, the GATX Corporation 1995 Long Term Incentive Compensation Plan or other similar programs, all as in effect on the day prior to the Triggering Event, the amounts payable to the Executive under this Agreement shall be in lieu of any other amount payable to the Executive by the Company by reason of the Executive's termination or Constructive Termination of employment.

8. Confidentiality. During and after the Executive's employment, the Executive will not divulge or appropriate to the Executive's own use or to the use of others any secret or confidential information or knowledge pertaining to the business of the Company or any of its subsidiaries or affiliates obtained by the Executive during such employment.

9. Nonalienation. The interests of the Executive under the Agreement are not subject to the claims of the Executive's creditors and may not otherwise be voluntarily or involuntarily assigned, alienated or encumbered.

10. Tax Penalties. If any amount payable to the Executive by the Company, whether under this Agreement or otherwise (a "Payment"), is subject to any tax under section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any similar federal or state law (an "Excise Tax"), the Company shall pay to the Executive an additional amount (the "Make-Whole Amount") which is equal to (i) the amount of the Excise Tax,

plus (ii) the aggregate amount of any interest, penalties, fines or additions to any tax which are imposed in connection with the imposition of such Excise Tax, plus (iii) all income, excise and other applicable taxes imposed on the Executive under the laws of any Federal, state or local government or taxing authority by reason of the payments required under clause (i) and clause (ii) and this clause (iii).

a. For purposes of determining the Make-Whole Amount, the Executive shall be deemed to be taxed at the highest marginal rate under all applicable local, state, federal and foreign income tax laws for the year in which the Make-Whole Amount is paid. The Make-Whole Amount payable with respect to an Excise Tax shall be paid by the Company coincident with the Payment with respect to which such Excise Tax relates.

b. All calculations under this paragraph 10 shall be made initially by the Company and the Company shall provide prompt written notice thereof to the Executive to enable the Executive to timely file all applicable tax returns. Upon request of the Executive, the Company shall provide the Executive with sufficient tax and compensation data to enable the Executive or his tax advisor to independently make the calculations described in subparagraph (a) above and the Company shall reimburse the Executive for reasonable fees and expenses incurred for any such verification.

c. If the Executive gives written notice to the Company of any objection to the results of the Company's calculations within 60 days of the Executive's receipt of written notice thereof, the dispute shall be referred for determination to tax counsel selected by the independent auditors of the Company ("Tax Counsel"). The Company shall pay all fees and expenses of such Tax Counsel. Pending such determination by Tax Counsel, the Company shall pay the Executive the Make-Whole Amount as determined by it in good faith. The Company shall pay the

Executive any additional amount determined by Tax Counsel to be due under this paragraph 10 (together with interest thereon at a rate equal to 120% of the Federal short-term rate determined under section 1274(d) of the Code) promptly after such determination.

d. The determination by Tax Counsel shall be conclusive and binding upon all parties unless the Internal Revenue Service, a court of competent jurisdiction, or such other duly empowered governmental body or agency (a "Taxing Authority") determines that the Executive owes a greater or lesser amount of Excise Tax with respect to any Payment than the amount determined by Tax Counsel.

e. If a Taxing Authority makes a claim against the Executive which, if successful, would require the Company to make a payment under this paragraph 10, the Executive agrees to contest the claim on request of the Company subject to the following conditions:

(1) The Executive shall notify the Company of any such claim within 10 days of becoming aware thereof. In the event that the Company desires the claim to be contested, it shall promptly (but in no event more than 30 days after the notice from the Executive or such shorter time as the Taxing Authority may specify for responding to such claim) request the Executive to contest the claim. The Executive shall not make any payment of any tax which is the subject of the claim before the Executive has given the notice or during the 30-day period thereafter, unless the Executive receives written instructions from the Company to make such payment together with an advance of funds sufficient to make the requested payment plus any amounts payable under this paragraph 10 determined as if such advance were an Excise Tax, in which case the Executive will act promptly in accordance with such instructions.

(2) If the Company so requests, the Executive will contest the claim by either paying the tax claimed and suing for a refund in the appropriate court or contesting the claim in the United States Tax Court or other appropriate court, as directed by the Company; provided, however, that any request by the Company for the Executive to pay the tax shall be accompanied by an advance from the Company to the Executive of funds sufficient to make the requested payment plus any amounts payable under this paragraph 10 determined as if such advance were an Excise Tax. If directed by the Company in writing the Executive will take all action necessary to compromise or settle the claim, but in no event will the Executive compromise or settle the claim or cease to contest the claim without the written consent of the Company; provided, however, that the Executive may take any such action if the Executive waives in writing his right to a payment under this paragraph 10 for any amounts payable in connection with such claim. The Executive

agrees to cooperate in good faith with the Company in contesting the claim and to comply with any reasonable request from the Company concerning the contest of the claim, including the pursuit of administrative remedies, the appropriate forum for any judicial proceedings, and the legal basis for contesting the claim. Upon request of the Company, the Executive shall take appropriate appeals of any judgment or decision that would require the Company to make a payment under this paragraph 10. Provided that the Executive is in compliance with the provisions of this section, the Company shall be liable for and indemnify the Executive against any loss in connection with, and all costs and expenses, including attorneys' fees, which may be incurred as a result of, contesting the claim, and shall provide to the Executive within 30 days after each written request therefor by the Executive cash advances or reimbursement for all such costs and expenses actually incurred or reasonably expected to be incurred by the Executive as a result of contesting the claim.

f. Should a Tax Authority finally determine that an additional Excise Tax is owed, then the Company shall pay an additional Make-Whole Amount to the Executive in a manner consistent with this paragraph 10 with respect to any additional Excise Tax and any assessed interest, fines, or penalties. If any Excise Tax as calculated by the Company or Tax Counsel, as the case may be, is finally determined by a Tax Authority to exceed the amount required to be paid under applicable law, then the Executive shall repay such excess to the Company within 30 days of such determination; provided that such repayment shall be reduced by the amount of any taxes paid by the Executive on such excess which is not offset by the tax benefit attributable to the repayment.

11. No Cumulation or Duplication of Benefits. The obligations of the Company to make payments or provide benefits hereunder are the joint and several obligations of the Company and the Company Units. Accordingly, if following the termination or Constructive Termination of the Executive's employment the Executive receives any form of compensation payments or benefits from the Company or any Company Unit or from a successor thereto or affiliate thereof, the amount of any such compensation or payment together with the fair market value of any such benefits shall be deducted from any obligation of the Company or applicable Company Unit to make payments or provide benefits to the Executive under or by reason of this Agreement.

12. Reduction of Payments. Notwithstanding anything contained herein to the contrary, any amounts payable hereunder shall be reduced by such amount as may be necessary to make this agreement not unlawful under federal law.

13. Amendment. This Agreement may be amended by written agreement of the parties without the consent of any other person and no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

14. Extension. The Board of Directors of GATX may, at any time prior to the expiration or termination of this Agreement, extend the term of this Agreement for a period of up to two (2) years from the date on which the extension is approved, without any further action on the part of the Executive.

15. Successors. This Agreement shall be binding upon, and inure to the benefit of, the heirs, executors and legal representatives of the Executive and the successors and assigns of the Company and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the assets and business of any Company Unit. The Company agrees that it will not effect the sale or other disposition of all or substantially all of its assets unless either (a) the person or entity acquiring the assets or a substantial portion of the assets shall expressly assume by an instrument in writing all duties and obligations of the Company under this Agreement or (b) the Company shall provide through the establishment of a separate reserve for the payment in full of all amounts that are or may be reasonably expected to become payable to the Executive under this Agreement.

16. Nonwaiver. The waiver by either party of a breach of this Agreement

shall not be construed as a waiver of any subsequent breach.

17. Resolution of Disputes. Any controversy or claim arising out of or relating to this Agreement or the alleged breach thereof, shall be settled by arbitration in the City of Chicago, Illinois in accordance with the laws of the State of Illinois by three arbitrators, one of whom shall be appointed by the Company or any successor thereto, one by the Executive and the third by the other two. If the other two arbitrators cannot agree on the appointment of

a third arbitrator, or if either party fails within thirty (30) days after receipt of written demand to appoint an arbitrator, then such arbitrator shall be appointed by the Dean of the Business School of the University of Chicago or his delegate. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators, which shall be as provided in this paragraph 17. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. In the event that it shall be necessary or desirable for the Executive to retain legal counsel and/or incur other costs and expenses in connection with the enforcement of any and all of his rights under this Agreement, the Executive shall be entitled to recover from the Company reasonable attorney's fees and costs and expenses incurred by the Executive in connection with the enforcement of said rights. Payments shall be made to the Executive by the Company at the time these attorney's fees and costs and expenses are incurred by the Executive. If, however, the arbitrators should later determine that under the circumstances it was unjust for the Company to have made any of these payments of attorney's fees and costs and expenses to the Executive, the Executive shall repay any such payments to the Company in accordance with the order of the arbitrators. Any award of the arbitrators shall include interest at a rate or rates considered just under the circumstances by the arbitrators.

18. Termination of Agreement. This agreement shall terminate on December 31, 2000, provided, however, if prior to such date, but after January 1, 1999, there shall occur either (a) a Change of Control or (b) a Disposition of a Company Unit by which the Executive is primarily employed on the day prior to such Disposition, this agreement shall remain in effect until two years following the date of the first to occur of such Change of Control or Disposition.

Termination of this Agreement shall not affect any rights that shall have accrued to the Executive under this Agreement prior to the termination date.

IN WITNESS WHEREOF, the Executive has hereunto set his hand, and GATX has caused these presents to be executed in its name and on its behalf, and its corporate seal to be hereunto affixed and attested by its Assistant Secretary.

Executive

GATX CORPORATION

By_____________________________

Its Chairman of the Board

Execution Date

ATTEST:

- --------------------------------
Its Assistant Secretary

EXHIBIT 11A

GATX CORPORATION AND SUBSIDIARIES

COMPUTATION OF NET (LOSS) INCOME PER SHARE OF COMMON STOCK
(In Millions, Except Per Share Amounts)

	Year Ended December 31				
	1997	1996	1995	1994	1993
Average number of shares of Common Stock outstanding	22.5	20.2	20.0	19.9	19.6
Net (loss) income	$ (50.9)	$ 102.7	$ 100.8	$ 91.5	$ 72.7
Deduct - Dividends paid and accrued on Preferred Stock	6.7	13.2	13.2	13.3	13.3
Net (loss) income, as adjusted	$ (57.6)	$ 89.5	$ 87.6	$ 78.2	$ 59.4
Net (loss) income per share	$ (2.55)	$ 4.43	$ 4.38	$ 3.94	$ 3.03

EXHIBIT 11B

GATX CORPORATION AND SUBSIDIARIES

COMPUTATION OF NET (LOSS) INCOME PER SHARE OF COMMON STOCK AND
COMMON STOCK EQUIVALENTS ASSUMING DILUTION
(PRINCIPALLY CONVERSION OF ALL OUTSTANDING PREFERRED STOCK)
(In Millions, Except Per Share Amounts)

	Year Ended December 31				
	1997	1996	1995	1994	1993
Average number of shares used to compute basic earnings per share	22.5	20.2	20.0	19.9	19.6
Shares issuable upon assumed exercise of stock options, reduced by the number of shares which could have been purchased with the proceeds from exercise of such options	*	.3	.4	.3	*
Common Stock issuable upon assumed conversion of Preferred Stock	*	4.0	4.0	4.0	*
Total	22.5	24.5	24.4	24.2	19.6
Net (loss) income as adjusted per basic computation	$(57.6)	$ 89.5	$ 87.6	$ 78.2	$ 59.4
Add - Dividends paid and accrued on Preferred Stock	*	13.2	13.2	13.3	*
Net (loss) income, as adjusted	$(57.6)	$ 102.7	$ 100.8	$ 91.5	$ 59.4
Net (loss) income per share, assuming dilution	$(2.55)	$ 4.20	$ 4.14	$ 3.79	$ 3.03

<FN>

* Exercise of options and conversion of Preferred Stock is excluded from computation of diluted earnings because of antidilutive effects.
</FN>

	1997	1993
Additional diluted computation (1)		
Average number of shares used to compute basic earnings per share	22.5	19.6
Common stock issuable upon assumed conversion of Preferred Stock, and stock option exercises	2.3	4.3
	24.8	23.9
Net (loss) income as adjusted per basic computation	$ (57.6)	$ 59.4
Add - Dividends paid and accrued on Preferred Stock	6.7	13.3
	$ (50.9)	$ 72.7
Net (loss) income per share, assuming dilution	$ (2.05)	$ 3.04

<FN>

(1) This calculation is submitted in accordance with Regulation S-K item 601(b)(11) although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces an antidilutive result.
</FN>

EXHIBIT 12

GATX CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS
(In Millions Except For Ratios)

	1997	1996	1995	1994	1993
Earnings available for fixed charges:					
Net (loss) income	$ (50.9)	$ 102.7	$ 100.8	$ 91.5	$ 72.7
Add:					
Income taxes (benefit) expense	(5.5)	54.4	47.6	48.8	51.4
Equity in net earnings of affiliated companies, net of distributions received	40.7	8.0	6.5	3.7	8.0
Interest on indebtedness and amortization of debt discount and expense	222.4	202.8	170.1	148.2	151.8
Amortization of capitalized interest	1.4	3.7	1.1	1.1	1.1
Portion of rents representative of interest factor (deemed to be one-third)	62.2	56.7	43.9	37.9	31.4
Total earnings available for fixed charges	$ 270.3	$ 428.3	$ 370.0	$ 331.2	$ 316.4
Preferred dividend requirements	$ 6.7	$ 13.2	$ 13.2	$ 13.3	$ 13.3
Ratio to convert preferred dividends to pretax basis (A)	107%	173%	169%	171%	197%
Preferred dividend factor on pretax basis	7.2	22.8	22.3	22.7	26.2
Fixed charges:					
Interest on indebtedness and amortization of debt discount and expense	222.4	202.8	170.1	148.2	151.8
Capitalized interest	2.5	6.8	6.2	3.0	2.7
Portion of rents representative of interest factor (deemed to be one-third)	62.2	56.7	43.9	37.9	31.4
Combined fixed charges and preferred stock dividends	$ 294.3	$ 289.1	$ 242.5	$ 211.8	$ 212.1
Ratio of earnings to combined fixed charges and preferred stock dividends (B)	.92x (C)	1.48x	1.53x	1.56x	1.49x

<FN>

(A) To adjust preferred dividends to a pretax basis, (loss) income before income taxes and equity in net earnings of affiliated companies is divided by (loss) income before equity in net earnings of affiliated companies.

(B) The ratios of earnings to combined fixed charges and preferred stock dividends represent the number of times "fixed charges and preferred stock dividends" were covered by "earnings." "Fixed charges and preferred stock dividends" consist of interest on outstanding debt and capitalized interest, one-third (the proportion deemed representative of the interest factor) of rentals, amortization of debt discount and expense, and dividends on preferred stock adjusted to a pretax basis. "Earnings" consist of consolidated net (loss) income before income taxes and fixed charges, less equity in net earnings of affiliated companies, net of distributions received.

(C) In 1997, net loss included restructuring charges of $162.8 million. Excluding the charges, the "ratio of earnings to combined fixed charges and preferred stock dividends" was 1.66x. See Note P - Restructuring Charges on page 60 of the Company's 1997 Annual Report to Shareholders.

</FN>

GATX REVIEW OF FINANCIAL OPERATIONS
GATX Corporation and Subsidiaries

Business Segments

The following summary describes GATX's current business segments:

Railcar Leasing and Management represents General American Transportation Corporation and its foreign subsidiaries and affiliates (Transportation), which lease and manage tank cars and other specialized railcars.

Financial Services represents GATX Capital Corporation and its subsidiaries and joint ventures (Capital), which arrange and service the financing of equipment and other capital assets on a worldwide basis.

Terminals and Pipelines represents GATX Terminals Corporation and its domestic and foreign subsidiaries and affiliates (Terminals), which own and operate tank storage terminals, pipelines and related facilities.

Logistics and Warehousing represents GATX Logistics, Inc. (Logistics), which provides distribution and logistics support services and warehousing facilities throughout North America.

Great Lakes Shipping represents American Steamship Company (ASC), which operates self-unloading vessels on the Great Lakes.

REPORT OF GATX MANAGEMENT

To Our Shareholders:

The management of GATX Corporation has prepared the accompanying consolidated financial statements and related information included in this 1997 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 directors who are not officers or employees of GATX, 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
Chairman, President and
Chief Executive Officer

David M. Edwards
Vice President Finance
and Chief Financial Officer

Ralph L. O'Hara
Controller and
Chief Accounting Officer

- ---

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

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, 1997 and 1996, and the related statements of consolidated operations and reinvested earnings and consolidated cash flows for each of the three years in the period ended December 31, 1997. 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 generally accepted auditing standards. 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, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Chicago, Illinois
January 27, 1998

Management Discussion and Analysis
1997 Compared to 1996
GATX Corporation and Subsidiaries

GATX reported a net loss of $51 million or $2.55 per share, on a diluted basis, for the year ended December 31, 1997 compared to net income of $103 million or $4.20 per share for 1996. The basic per share loss was $2.55 compared to per share earnings of $4.43 in the prior year.

During 1997, strategic decisions resulted in a $163 million after-tax restructuring charge related to the Terminals and Pipelines and the Logistics and Warehousing segments. The changed market environment which Terminals serves required aggressive action to revitalize operations and includes the sale or closure of the Staten Island terminal as well as seven terminals in the United Kingdom. Additionally, adjustments were made to the carrying costs of other smaller facilities. The after-tax restructuring charge attributable to Terminals was $124 million. Logistics continued to implement its strategy of providing integrated logistics solutions while reducing its role in the lower margin, public warehousing business. To better reflect the economics of this strategic direction, a $39 million after-tax charge was taken to write-down the carrying value of goodwill relating to certain past warehousing acquisitions.

Before the effects of the $163 million after-tax charge, income was $112 million, with earnings per share on a diluted and basic basis of $4.51 and $4.67 respectively. These operating earnings reached a record level with four of GATX's five subsidiaries achieving record results. On the $112 million of total earnings, GATX achieved a return on equity of 14.0%, up slightly from 13.8% in 1996.

(In Millions)	(Loss) Income 1997	(Loss) Income 1996
Income before restructuring	$111.9	$102.7
Restructuring:		
Terminals	(123.8)	--
Logistics	(39.0)	--
	(162.8)	--
Net (Loss) Income	$(50.9)	$102.7

The comparative performance for 1996 versus 1995 is discussed in the prior year's management discussion on pages 64-66 of this report.

Railcar Leasing and Management Transportation's gross income of $477 million increased by $49 million from 1996. The full year effect of the mid-1996 acquisition of the remaining 55% interest in CGTX accounted for $28 million of the revenue increase with the balance attributable to a larger U.S. fleet and improved rental rates. Prior to GATX acquiring the remaining interest, CGTX had been accounted for as an affiliate. Railcar additions continued to be strong in 1997 with 4,800 cars added to the North American fleet, reaching a total of 78,000 cars on lease. With a total fleet of 81,100 cars, utilization ended the year at 96%, up from 95% at the end of 1996. Fleet additions in 1998 are expected to remain strong. In addition to the North American fleet, during 1997 Transportation purchased a 40% interest in KVG Kesselwagen Vermietgesellschaft mbH ("KVG"), a German and Austrian-based tank car and specialty railcar leasing company that owns and manages approximately 9,400 railcars in Europe.

Record net income of $74 million increased by 10% over 1996 reflecting the higher revenues and the full year impact of CGTX, partially offset by higher repair costs and other operating and asset ownership expenses. Operating margins improved by 14% as the growth in revenues exceeded the increase in fleet repair costs and SG&A expenses.

Repair costs increased 7% due to the larger fleet size but decreased as a percentage of revenue from 1996 due in part to the mix of cars and the types of repairs completed. Throughput days, the time it takes a railcar to be repaired through the Transportation repair network, remained at the 1996 average of 32 days. Asset ownership costs, consisting of operating lease rents, depreciation, and interest expense, increased as a result of the growing fleet. Equity in earnings of affiliates declined from 1996 due to the aforementioned change in accounting for CGTX.

Financial Services Gross income of $584 million for 1997 increased sharply from

1996 driven by higher technology equipment sales, lease income, and gains on sale of assets. Of the $247 million or 73% overall increase from last year, $171 million was attributable to technology equipment sales. A full year of technology equipment sales was recorded in 1997 whereas 1996 included only two months; Capital acquired the remaining 50% of Centron that it did not already own in October 1996. Lease income grew by $50 million, in large part due to increased volume at Sun Financial, another Capital technology subsidiary, as well as Centron. Gains on sales of assets for 1997 were at a record level of $69 million, or $33 million more than last year. Because the timing of such sales is dependent on changing market conditions, gains on sales of assets do not occur evenly from period to period. It is presently expected that gains for 1998 will not occur at 1997's record level, with other sources of gross income continuing to grow.

Net income for 1997 was a record $54 million, a 17% improvement over last year's results, with gains on sale of assets generating much of the increase. Centron and Sun Financial revenues were substantially offset by asset ownership and human resource costs necessary to grow these technology businesses. Record investment volume of $866 million, including over $200 million for Sun Financial, led to depreciation expense increasing by $36 million and interest expense increasing by $11 million. Included in the investment volume was the $368 million Pitney Bowes transaction, the largest in GATX Capital's history. SG&A, which for the first time in 1997 included a full year of Centron's results, also increased due to higher incentive compensation, transaction costs, and administrative expenses.

The provision for possible losses of $11 million decreased $2 million from 1996. The allowance for possible losses increased to $122 million, representing 5.8% of net investments, as compared to 6.6% at the end of last year.

Equity earnings increased by $3 million to $17 million despite Centron no longer being accounted for as a joint venture for 1997. During 1997, Capital recorded equity earnings from three new joint ventures, including two aircraft partnerships and the newly-formed joint venture with Pitney Bowes. Equity earnings also increased at Locomotive Leasing Partners, a joint venture established in 1996 with the Electro-Motive Division of General Motors.

Capital continued to manage and change its portfolio mix during 1997, with aircraft now representing a proportionally smaller part of total assets while the rail and technology sectors grew. Strategic aircraft sales, the Pitney Bowes transaction (primarily rail assets), and substantial Sun Financial (technology) investment volume were the drivers of the change in asset concentrations.

Terminals and Pipelines Terminals' gross income for 1997 of $293 million was 2% less than 1996 primarily due to the continued softness in both the domestic and international petroleum markets. In general, the petroleum market was characterized by competitive pricing pressures as refineries continued to produce on a just-in-time basis thereby reducing the demand for storage. Gross income related to services provided to the chemical market remained steady with 1996 while pipeline revenues improved slightly. Terminals' pipelines serve the growing Nevada and Florida markets. While throughput of petroleum products remained strong, rates further declined from the 1996 levels. Throughput for 1997, defined as barrels delivered to customers, of 639 million barrels at wholly-owned locations remained steady with 1996. Average storage utilization for the year was 91%, an improvement from 86% last year.

Terminals' net loss for 1997 was $116 million, including the effects of a $124 million after-tax restructuring charge. On an operating basis, Terminals' 1997 income of $8 million declined from last year's $13 million. The difficult petroleum market conditions resulted in a 4% decrease in operating margin from last year. Overall operating costs and SG&A expenses decreased by 1% from 1996. Fixed asset ownership costs, which include interest and depreciation, increased to 38% of revenue from 35% last year primarily due to the full year impact of significant facility and infrastructure investments made in 1996. Equity in earnings from affiliates of $13 million increased by $1 million from 1996 reflecting improved results primarily from European chemical markets. Asian results approximated last year, with improvement in the chemical market offset by foreign exchange rate variances.

During the fourth quarter of 1997, Terminals recorded an after-tax provision of $124 million reflecting the results of a strategic review. Initial steps were taken to sell or close certain locations including the Staten Island terminal and seven storage facilities which make up GATX Terminals Limited in the United

Kingdom. Additionally, adjustments were made to the carrying cost of certain other locations where conditions indicated that asset values were impaired.

Logistics and Warehousing Logistics' gross income of $256 million decreased 4% due to the impact of lost business and slower production periods by certain customers. New customers and increased business with existing customers somewhat offset this decrease. Total warehouse capacity at year-end of 21.4 million square feet was in-line with last year.
Space utilization of 95% improved by 4% from last year.

Logistics' net loss for 1997 was $38 million, including the effects of a $39 million after-tax charge related to the write-down of goodwill relating to certain past acquisitions involved in public warehousing to better reflect the economics of that sector of the industry. On an operating basis, Logistics' 1997 income of $1.4 million grew from last year's $.9 million. Operating margins for 1997 improved to 10.0% from 9.6% in 1996 due to replacing some of the lost public warehousing business with more profitable contract logistics business, productivity improvements, and reduced empty space.

Logistics is proceeding with its strategy of providing integrated logistics solutions to an expanding customer base and steadily reducing its role in the lower margin, public warehousing business. Logistics also continues to win new contracts, implement strong cost controls, and achieve growth with existing customers.

Great Lakes Shipping Gross income in 1997 was $91 million, a 7% improvement from 1996 due to increased tonnage carried and residual sharing fees earned by partnering with GATX Capital in a third-party vessel financing and remarketing. Tonnage carried in 1997 totaled 26.4 million tons, a 7% increase from the 24.6 million tons carried in 1996 primarily derived from coal cargoes. Strong customer demand, favorable weather conditions, and high water levels all contributed to the solid performance.

Record income of $9.4 million increased by $2.6 million or 38% from 1996. The residual sharing fees contributed $1.3 million with the balance primarily due to the margin on the increased tonnage carried. Contribution margin per ton was 4% greater than the prior year due to a change in mix of commodities carried as well as operating efficiencies.

The environment on the Great Lakes remains competitive, with supply and demand for vessel capacity approximately in balance. ASC carried an estimated 22% of the total U.S. flag Great Lakes tonnage, similar to 1996. U.S. flag tonnage was 118 million tons, an increase of 8 million tons from 1996. Iron ore cargoes, which supply the steel industry, represented 41% of ASC's tonnage, 5% less than last year. Domestic raw steel production was approximately 90% in 1997, up 2% from last year. Coal cargoes represented 28% of ASC's tonnage, up from 21% last year as a result of new business.

Corporate and Other Corporate and Other net expense of $35 million increased by $4 million from 1996 primarily due to the reversal in 1996 of a legal reserve following the successful defense of litigation against GATX.

Forward-Looking Statements Certain statements in the Management's Discussion and Analysis constitute forward-looking statements 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 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, unanticipated changes in the markets served by GATX such as aircraft, petroleum, chemical, rail, technology, and steel industries.

Financial Data of Business Segments

GATX provides services to a variety of capital asset markets through five principal business segments. The financial data presented on this and the following three pages depict the profitability, financial position, and cash flow of each of GATX's business segments.

The presentation of segment profitability includes the direct costs incurred at the segment's operating level plus expenses allocated by the parent company. Allocated expenses represent costs which these operations would have incurred otherwise, but do not include general corporate expense or parent company interest expense. Interest costs associated with segment indebtedness are included in the determination of profitability of each segment, since interest expense directly influences any investment decision and the evaluation of subsequent operational performance. Interest expense by segment has been shown separately on page 37 to enable the determination of segment profitability before deducting such costs.

SEGMENT PROFITABILITY (IN MILLIONS)

Gross Income	1997	1996	1995	1994	1993
Railcar Leasing and Management	$ 476.9	$ 427.9	$ 360.9	$ 322.1	$ 302.2
Financial Services	584.4	337.3	217.9	206.8	204.0
Terminals and Pipelines	292.8	297.6	313.4	303.1	281.1
Logistics and Warehousing	256.3	267.4	272.4	244.2	224.4
Great Lakes Shipping	91.4	85.2	83.5	82.4	80.6
Subtotal	1,701.8	1,415.4	1,248.1	1,158.6	1,092.3
Corporate and Other	.1	(1.0)	(1.7)	(3.6)	(5.4)
Consolidated	$1,701.9	$1,414.4	$1,246.4	$1,155.0	$1,086.9

(Loss) Income Before Income Taxes and Equity in Net Earnings of Affiliated Companies	1997	(A)1996	1995	1994	1993
Railcar Leasing and Management	$ 116.8	$ 103.8	$ 90.7	$ 79.6	$ 74.4
Financial Services	62.3	56.1	36.7	34.4	34.5
Terminals and Pipelines	(192.7)	3.0	30.3	33.2	30.2
Logistics and Warehousing	(34.7)	3.8	3.2	1.6	2.5
Great Lakes Shipping	14.6	10.5	10.8	8.8	10.2
Subtotal	(33.7)	177.2	171.7	157.6	151.8
Corporate and Other:					
Selling, general and administrative expense	(21.2)	(16.0)	(20.4)	(18.3)	(22.9)
Interest expense	(31.7)	(30.6)	(31.8)	(17.2)	(18.4)
Other, net	(.7)	(1.9)	(2.5)	(4.3)	(6.1)
Subtotal	(53.6)	(48.5)	(54.7)	(39.8)	(47.4)
Consolidated	$ (87.3)	$ 128.7	$ 117.0	$ 117.8	$ 104.4

Equity in Net Earnings of Affiliated Companies	1997	1996	1995	1994	1993
Railcar Leasing and Management	$ .9	$ 2.9	$ 5.4	$ 4.7	$ 4.5
Financial Services	17.0	13.6	11.3	5.6	5.1
Terminals and Pipelines	13.1	11.9	14.7	12.2	10.1
Logistics and Warehousing	(.1)	--	--	--	--

Consolidated	$ 30.9	$ 28.4	$ 31.4	$ 22.5	$ 19.7

Net (Loss) Income	1997(B)	1996	1995	1994	1993(C)
Railcar Leasing and Management	$ 74.4	$ 67.7	$ 62.9	$ 55.1	$ 47.6
Financial Services	53.6	45.9	32.6	24.9	21.5
Terminals and Pipelines	(115.6)	12.6	31.0	31.9	26.5
Logistics and Warehousing	(37.6)	.9	.5	(.5)	.1
Great Lakes Shipping	9.4	6.8	7.0	5.6	6.8
Subtotal	(15.8)	133.9	134.0	117.0	102.5
Corporate and Other	(35.1)	(31.2)	(33.2)	(25.5)	(29.8)
Consolidated	$ (50.9)	$ 102.7	$ 100.8	$ 91.5	$ 72.7

<FN>

(A) Pretax income includes a $224.8 million charge for restructuring with $185.8 million related to Terminals and Pipelines and $39.0 pertaining to Logistics and Warehousing.

(B) The after-tax impact related to the restructuring provision is $162.8 million with $123.8 included in Terminals and Pipelines and $39.0 pertaining to Logistics and Warehousing.

(C) Income shown includes a $7.3 million charge for the cumulative increase in deferred income taxes as a result of the 1993 federal tax rate change.
</FN>

The financial position data below present the identifiable asset base of each of GATX's business segments and the degree to which such assets have been financed with external sources of capital. GATX utilizes additional assets, such as railcars, aircraft and warehouses, which are financed through off-balance sheet operating leases and therefore are not included in identifiable assets; similarly, the corresponding financings are not included in long-term debt.

FINANCIAL POSITION (IN MILLIONS)

Identifiable Assets	1997	1996	1995	1994	1993
Railcar Leasing and Management	$2,376.2	$2,387.1	$2,041.9	$1,882.8	$1,701.0
Financial Services	2,275.8	1,808.9	1,503.3	1,255.8	1,240.1
Terminals and Pipelines	936.7	1,193.5	1,101.5	1,022.5	872.5
Logistics and Warehousing	112.1	161.8	171.6	172.6	172.8
Great Lakes Shipping	178.0	179.6	187.2	189.8	194.5
Subtotal	5,878.8	5,730.9	5,005.5	4,523.5	4,180.9
Corporate and Other	22.8	30.7	21.9	20.9	25.0
Intersegment Amounts	(953.8)	(1,011.4)	(984.5)	(893.7)	(813.8)
Consolidated	$4,947.8	$4,750.2	$4,042.9	$3,650.7	$3,392.1

Long-Term Debt and Capital Lease Obligations	1997	1996	1995	1994	1993

	1997	1996	1995	1994	1993
Railcar Leasing and Management	$1,054.9	$1,169.9	$ 979.2	$ 874.9	$ 744.8
Financial Services	1,495.2	1,216.1	888.9	688.3	715.3
Terminals and Pipelines	619.8	649.1	560.7	506.8	422.8
Logistics and Warehousing	1.8	1.9	2.4	13.1	17.1
Great Lakes Shipping	101.7	108.0	113.2	117.7	122.6
Subtotal	3,273.4	3,145.0	2,544.4	2,200.8	2,022.6
Intersegment Amounts	(454.0)	(480.9)	(451.9)	(395.7)	(308.8)
Consolidated	$2,819.4	$2,664.1	$2,092.5	$1,805.1	$1,713.8

Deferred Income Taxes (Benefit)	1997	1996	1995	1994	1993
Railcar Leasing and Management	$ 274.3	$ 257.9	$ 192.8	$ 188.3	$ 181.0
Financial Services	13.2	17.8	9.7	(.1)	(7.1)
Terminals and Pipelines	48.6	96.1	90.4	85.2	87.0
Logistics and Warehousing	3.4	2.1	.5	.9	.8
Great Lakes Shipping	13.4	11.3	9.7	8.2	6.8
Subtotal	352.9	385.2	303.1	282.5	268.5
Corporate and Other	(55.3)	(46.0)	(38.3)	(25.0)	(20.3)
Consolidated	$ 297.6	$ 339.2	$ 264.8	$ 257.5	$ 248.2

Major components of GATX's cash flow are shown in the following tabular data. GATX's cash flow from operations and portfolio proceeds has grown strongly over the five-year period as a result of the long-lived asset base on which GATX has built its service-oriented businesses. Portfolio proceeds represent the proceeds from asset sales and the return of principal on Financial Services' investments. Net cash provided by operating activities includes net income (loss) as adjusted for non-cash items which principally consist of the provisions for depreciation and amortization, deferred income taxes, and possible losses.

ITEMS AFFECTING CASH FLOW (IN MILLIONS)

Cash From Operations and Portfolio Proceeds	1997	1996	1995	1994	1993
Net cash provided by operating activities	$291.4	$297.5	$205.1	$265.4	$229.6
Portfolio proceeds	458.7	354.8	282.0	212.3	243.4
Consolidated	$750.1	$652.3	$487.1	$477.7	$473.0

Net Cash Provided by Operating Activities	1997	1996	1995	1994	1993
Railcar Leasing and Management	$176.8	$177.4	$141.5	$118.0	$136.5
Financial Services	57.4	102.2	8.5	67.7	33.0
Terminals and Pipelines	69.3	54.0	70.6	83.5	71.2
Logistics and Warehousing	11.9	17.2	14.3	9.5	4.9
Great Lakes Shipping	21.5	8.9	18.1	8.2	11.4
Subtotal	336.9	359.7	253.0	286.9	257.0
Corporate and Other	(45.5)	(62.2)	(47.9)	(21.5)	(27.4)

Consolidated	$291.4	$297.5	$205.1	$265.4	$229.6

Provision for Depreciation and Amortization	1997	1996	1995	1994	1993
Railcar Leasing and Management	$ 98.0	$ 86.8	$ 76.1	$ 68.3	$ 63.9
Financial Services	81.7	45.3	32.0	35.1	29.5
Terminals and Pipelines	54.7	51.9	45.3	43.5	41.0
Logistics and Warehousing	10.5	11.1	11.1	11.5	10.2
Great Lakes Shipping	6.4	6.3	6.2	6.0	5.6
Subtotal	251.3	201.4	170.7	164.4	150.2
Corporate and Other	1.0	1.0	.9	.7	.5
Consolidated	$252.3	$202.4	$171.6	$165.1	$150.7

Capital Additions and Portfolio Investments	1997	1996	1995	1994	1993
Railcar Leasing and Management	$ 336.9	$ 386.8	$392.6	$285.4	$195.3
Financial Services	866.3	659.3	388.5	279.2	302.1
Terminals and Pipelines	68.0	129.5	148.6	154.4	77.8
Logistics and Warehousing	4.2	6.6	6.4	8.1	14.1
Great Lakes Shipping	.2	.8	.7	.7	.1
Subtotal	1,275.6	1,183.0	936.8	727.8	589.4
Corporate and Other	--	1.8	.9	.5	7.0
Consolidated	$1,275.6	$1,184.8	$937.7	$728.3	$596.4

Interest Expense	1997	1996	1995	1994	1993
Railcar Leasing and Management	$ 103.7	$ 99.4	$ 86.1	$ 68.2	$ 67.4
Financial Services	96.8	86.1	68.4	62.7	65.4
Terminals and Pipelines	57.2	53.5	46.4	39.7	39.0
Logistics and Warehousing	.2	.3	.8	1.0	.7
Great Lakes Shipping	7.1	7.5	7.8	8.1	9.2
Subtotal	265.0	246.8	209.5	179.7	181.7
Corporate and Other	31.7	30.6	31.8	17.2	18.4
Intersegment Amounts	(74.3)	(74.6)	(71.2)	(48.7)	(48.3)
Consolidated	$ 222.4	$ 202.8	$170.1	$148.2	$151.8

Long-Term Debt and Capital Lease Obligation Maturities	1998	1999	2000	2001	2002
Railcar Leasing and Management	$ 81.4	$ 86.0	$105.3	$ 99.0	$166.5
Financial Services	216.1	188.3	372.7	122.7	95.3
Terminals and Pipelines	9.3	12.3	7.3	7.3	7.3

Logistics and Warehousing	.3	.2	.2	.1	.1
Great Lakes Shipping	5.2	5.7	5.7	5.6	6.2
Consolidated	$ 312.3	$ 292.5	$491.2	$234.7	$275.4

STATEMENTS OF CONSOLIDATED OPERATIONS AND REINVESTED EARNINGS

In Millions Except Per Share Data/Year Ended December 31	1997	1996	1995
Gross Income	$1,701.9	$1,414.4	$1,246.4
Costs and Expenses			
Operating expenses	840.3	689.2	625.8
Interest	222.4	202.8	170.1
Provision for depreciation and amortization	252.3	202.4	171.6
Provision for possible losses	11.1	12.5	18.4
Selling, general and administrative	238.3	178.8	143.5
Provision for restructuring	224.8	-	-
	1,789.2	1,285.7	1,129.4
(Loss) Income Before Income Taxes and Equity in Net Earnings of Affiliated Companies	(87.3)	128.7	117.0
Income Taxes (Benefit)	(5.5)	54.4	47.6
(Loss) Income Before Equity in Net Earnings of Affiliated Companies	(81.8)	74.3	69.4
Equity in Net Earnings of Affiliated Companies	30.9	28.4	31.4
Net (Loss) Income	(50.9)	102.7	100.8
Reinvested earnings at beginning of year	463.7	409.0	353.5
Dividends paid on Common and Preferred Stock	(49.4)	(48.0)	(45.3)
Reinvested Earnings at End of Year	$ 363.4	$ 463.7	$ 409.0
Per Share Data			
Basic:			
Net (loss) income	$ (2.55)	$ 4.43	$ 4.38
Average number of common shares (in thousands)	22,542	20,189	20,002
Diluted:			
Net (loss) income	(2.55)	4.20	4.14
Average number of common shares and common share equivalents (in thousands)	22,542	24,462	24,365
Dividends paid:			
Common	1.84	1.72	1.60
$3.875 Cumulative Preferred	1.9375	3.875	3.875

<FN>

See Notes to Consolidated Financial Statements.

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MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATIONS
1997 COMPARED TO 1996

Overview The comparison of 1997 versus 1996 gross income and expenses is heavily influenced by the effects of two acquisitions made in 1996: Centron and CGTX. In late 1996, GATX Capital acquired the remaining 50% of Centron (a technology equipment and service company) that it did not already own. In mid-1996, General American Transportation acquired the remaining 55% of CGTX (a Canadian railcar company). Because GATX previously held non-controlling interests in Centron and CGTX, their results were accounted for as equity in earnings of affiliates; they are now fully consolidated.

Gross Income of $1.7 billion in 1997 increased $288 million or 20% over last year. Capital recorded a full year of Centron's technology equipment sales, accounting for a $171 million increase over 1996. Lease income and asset remarketing income also increased significantly for Capital, by $50 million and $26 million, respectively. Transportation's revenues increased as the result of recording a full year of CGTX revenues and growing the active U.S. fleet. Logistics' and Terminals' revenues were somewhat lower, with both facing highly price competitive markets.

Operating Expenses of $840 million were $151 million higher than last year, with Centron's cost of equipment sales accounting for $137 million of the increase. Most of the remaining increase is attributable to additional sale-leaseback financing at Transportation. To the extent that such financing is used instead of traditional debt financing, operating lease expense, a component of operating expenses, will increase instead of depreciation and interest expense. Logistics' and Terminals' operating expenses contracted in response to their reduced revenues.

Interest Expense of $222 million increased $20 million, with over half of the increase at GATX Capital. A record level of portfolio investments led to increased debt balances at Capital, though there was a small benefit from lower average interest rates than last year. Transportation financed its expanding fleet in 1997 with both sale-leasebacks and debt; the debt-financed portion was the primary cause for a $6 million increase in interest expense. Terminals' interest expense was higher due to the full year impact of facility and infrastructure investments made in 1996.

Depreciation and Amortization Expense grew by $50 million over 1996. The larger asset bases at GATX Capital, Transportation and Terminals resulted in increases of $36 million, $11 million, and $3 million, respectively.

The Provision for Possible Losses of $11 million, which is largely attributable to GATX Capital, was slightly less than the prior year based on the current assessment of reserve needs.

Selling, General and Administrative Expenses were $60 million higher than last year, with Centron and CGTX being consolidated for a full year in 1997. In addition, GATX Capital incurred higher human resource, transaction, and information systems expenses. In 1996, Corporate's SG&A was reduced by $4 million for a reserve reversal following a successful litigation defense.

Provision for Restructuring In the fourth quarter of 1997, GATX recorded a $225 million pretax restructuring charge with $186 million related to GATX Terminals and $39 million associated with GATX Logistics. On an after-tax basis, the charge was $163 million.

An Income Tax Benefit of $5 million was reported as a result of a $62 million tax benefit related to Terminals' restructuring charge. Excluding the impact of the restructuring charge, the income tax expense would be $57 million representing an effective tax rate of 41%, somewhat lower than last year's 42%. The effective tax rate exceeded the 35% federal statutory rate because of state taxes, foreign income, and non-deductible items.

Equity in Net Earnings of Affiliated Companies of $31 million increased $3 million over 1996 despite the absence of Centron and CGTX. GATX Capital's rail partnerships yielded higher earnings. In addition, Capital recorded equity income in 1997 from three new joint ventures.

Consolidated Earnings of $112 million before restructuring charges increased $9 million from last year, achieved on the strength of record earnings at GATX Capital, Transportation, ASC, and GATX Logistics, offset in part by a decline of $4 million at Terminals. Including after-tax restructuring charges of $163 million, the consolidated net loss was $51 million.

CONSOLIDATED BALANCE SHEET

In Millions/December 31	1997	1996
Assets		
Cash and Cash Equivalents	$ 77.8	$ 46.2

Receivables		
Trade accounts	161.9	167.4
Finance leases	877.0	761.3
Secured loans	180.3	222.6
Less-Allowance for possible losses	(128.5)	(121.1)
	1,090.7	1,030.2
Operating Lease Assets and Facilities		
Railcars and support facilities	2,501.7	2,436.5
Tank storage terminals and pipelines	1,128.9	1,377.8
Great Lakes vessels	199.4	199.3
Operating lease investments and other	704.4	605.6
	4,534.4	4,619.2
Less-Allowance for depreciation	(1,823.9)	(1,772.8)
	2,710.5	2,846.4
Investments in Affiliated Companies	707.4	464.2
Other Assets	361.4	363.2
	$4,947.8	$ 4,750.2
Liabilities, Deferred Items and Shareholders' Equity		
Accounts Payable	$ 354.7	$ 312.6
Accrued Expenses	58.0	51.7
Debt		
Short-term debt	392.5	243.8
Long-term debt	2,607.3	2,436.9
Capital lease obligations	212.1	227.2
	3,211.9	2,907.9
Deferred Income Taxes	297.6	339.2
Other Deferred Items	370.2	363.9
Total Liabilities and Deferred Items	4,292.4	3,975.3
Shareholders' Equity		
Preferred Stock	--	3.4
Common Stock	17.0	14.4
Additional capital	339.7	329.0
Reinvested earnings	363.4	463.7
Cumulative unrealized equity adjustments	(17.9)	11.4
	702.2	821.9
Less-Cost of common shares in treasury	(46.8)	(47.0)
Total Shareholders' Equity	655.4	774.9
	$ 4,947.8	$ 4,750.2

<FN>

See Notes to Consolidated Financial Statements.

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MANAGEMENT DISCUSSION AND ANALYSIS OF BALANCE SHEETS
1997 COMPARED TO 1996

Overview Total assets of almost $5.0 billion increased about $200 million. Growth from a record level of portfolio investments and capital additions was partially offset by $252 million of depreciation and amortization, asset revaluations at Terminals and Logistics, the $167 million sale-leaseback of railcars at Transportation, and portfolio asset sales at GATX Capital.

In addition to the $5 billion of assets recorded on the balance sheet, GATX utilizes over $1 billion of assets, such as railcars, aircraft, and warehouses, that are financed with operating leases and therefore not included on the balance sheet.

Total Receivables including finance leases and secured loans, increased $68 million primarily due to activity at GATX Capital. Finance leases increased due to the Pitney Bowes portfolio acquisition, offset in part by significant asset sales. During 1997, substantial payments and prepayments were received on Capital's secured loans, whereas little new investment volume was structured as secured loans.

Operating Lease Assets and Facilities of $2.7 billion decreased by $136 million, despite the $1.3 billion of portfolio investments and capital additions made in 1997. More than offsetting the additions were depreciation, Terminals' asset revaluation, Transportation's sale-leaseback, and asset sales.

Investments in Affiliated Companies increased $243 million, as partnerships continued to be an important part of GATX's growth strategy. Activity in 1997 included GATX Capital contributing $175 million to a joint venture with Pitney Bowes and Transportation acquiring a 40% interest in KVG, a European railcar company.

Other Assets of $361 million approximated the level at the end of last year, with Logistics' $39 million goodwill write-down offset by certain terminal assets being reclassified to assets held for disposition.

Total Debt of $3.2 billion increased approximately $300 million from the end of 1996. Though capital additions and portfolio investments were at record levels, the majority were financed with internally-generated cash flow from operations, portfolio proceeds, and sale-leasebacks.

Consolidated Equity decreased $120 million. Reductions included the $51 million net loss, $49 million of dividends paid, and a $28 million decrease in the cumulative foreign currency translation adjustment. The unrealized translation adjustment resulted from the U.S. dollar strengthening against foreign currencies. All other changes, including stock option proceeds, added $8 million to equity.

On January 30, 1998, the GATX Board of Directors approved a two-for-one stock split effected in the form of a stock dividend for shareholders of record on May 11, 1998. Shareholders of record will receive one additional share in the form of a stock dividend on June 1, 1998 for each share held. The stock split is contingent upon a vote by shareholders at the 1998 Annual Meeting to amend the Company's certificate of incorporation to increase the authorized shares of Common Stock.

STATEMENTS OF CONSOLIDATED CASH FLOWS

In Millions/Year Ended December 31	1997	1996	1995
Operating Activities			
Net (loss) income	$ (50.9)	$ 102.7	$ 100.8
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Realized gain on disposition of leased equipment	(74.1)	(40.9)	(33.3)
Provision for restructuring, net of tax	162.8	-	-
Provision for depreciation and amortization	252.3	202.4	171.6
Provision for possible losses	11.1	12.5	18.4
Deferred income taxes	18.0	25.2	16.2
Net change in trade receivables, inventories, accounts payable and accrued expenses	34.9	30.2	(68.9)
Other	(62.7)	(34.6)	.3
Net cash provided by operating activities	291.4	297.5	205.1
Investing Activities			
Additions to operating lease assets and facilities	(362.0)	(436.2)	(521.5)
Additions to equipment on lease, net of nonrecourse financing	(536.4)	(376.3)	(256.1)
Secured loans extended	(35.1)	(117.1)	(84.1)
Investments in affiliated companies	(306.1)	(92.8)	(49.7)
Other investments and progress payments	(36.0)	(162.4)	(26.3)
Capital additions and portfolio investments	(1,275.6)	(1,184.8)	(937.7)
Portfolio proceeds:			
From disposition of leased equipment	218.5	100.7	139.4
From return of investment	240.2	254.1	142.6
Total portfolio proceeds	458.7	354.8	282.0
Proceeds from other asset dispositions	226.9	250.3	318.5
Net cash used in investing activities	(590.0)	(579.7)	(337.2)

Financing Activities			
Proceeds from issuance of long-term debt	569.9	757.3	399.5
Repayment of long-term debt	(395.2)	(283.3)	(219.6)
Net increase (decrease) in short-term debt	207.8	(121.1)	13.3
Repayment of capital lease obligations	(15.3)	(14.4)	(13.8)
Issuance of common stock under employee benefit programs and other	12.4	3.1	5.5
Cash dividends	(49.4)	(48.0)	(45.3)
Net cash provided by financing activities	330.2	293.6	139.6
Net Increase in Cash and Cash Equivalents	$ 31.6	$ 11.4	$ 7.5

<FN>

See Notes to Consolidated Financial Statements.

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MANAGEMENT DISCUSSION AND ANALYSIS OF CASH FLOWS
1997 COMPARED TO 1996

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

Cash Provided by Operating Activities generated $291 million of cash flow in 1997, a small decrease from 1996. The $163 million after tax restructuring charge was largely a non-cash provision. To the extent GATX Capital reports increased gains on asset dispositions or equity in earnings of affiliates, cash flow from operations will decrease, as all of Capital's disposition proceeds and cash distributions from affiliates are included in portfolio proceeds.

Capital Additions and Portfolio Investments totaled a record $1.3 billion, an increase of $91 million from 1996. Capital additions such as railcars, terminal facilities, and pipelines are typically held over a very long time period, whereas portfolio investments may have a significantly shorter holding period.

Transportation's capital additions in 1997 were $337 million, including $275 million to add 4,800 railcars throughout North America. Transportation also acquired a 40% interest in KVG, a German railcar company that leases 9,400 railcars in Europe. In 1996, Transportation purchased the remaining interest in CGTX for $84 million and added 4,300 cars to the U.S. fleet. Terminals' capital additions decreased in response to changing market conditions, with investments in 1997 only about half of last year's $130 million. Last year, Terminals' expenditures included the completion of the Central Florida Pipeline expansion.

GATX Capital's portfolio investments were over 30% higher than last year, representing strong market opportunities, particularly in the rail, technology, and aircraft sectors. Included in the record $866 million of investments was the largest single transaction Capital has ever completed, a $368 million acquisition of a portfolio of leases from Pitney Bowes. The Pitney transaction was structured with some assets, mostly rail, held in Capital's own portfolio and other assets held in partnership with Pitney. Sun Financial, one of Capital's technology financing operations, funded $225 million of leases, more than doubling 1996's volume. Most of Capital's investment in aircraft in 1997 was made through joint ventures.

Total Portfolio Proceeds of $459 million exceeded last year by over $100 million. Proceeds from the disposition of leased equipment, primarily rail and aircraft assets, were more than double last year's $101 million and included both the return of principal and the gains on the transactions. Proceeds from the return of investment of $240 million decreased $14 million from 1996. In 1996, loan principal received, a component of proceeds from the return of investment, included the repayment of an $81 million loan made earlier in the year.

Proceeds from Other Asset Dispositions of $227 million in 1997 included Transportation's receipt of $167 million from the sale-leaseback of railcars.

Asset disposition activity also included Terminals' sale of its Norco, Louisiana, facility and Transportation's sale and scrapping of over 1,000 railcars. In 1996, Transportation sold and leased back $150 million of railcars and GATX Capital sold and leased back $64 million of assets.

Cash Provided by Financing Activities was $330 million for 1997, as the majority of capital additions and portfolio investments were funded with cash flow from operations, portfolio proceeds, and sale-leaseback financing. Total net debt financing in 1997 was $367 million, or $29 million greater than last year. A significant portion of debt financing is nonrecourse to the company.

Cash dividends of $49 million in 1997 included $42 million of common dividends and $7 million of preferred dividends. The preferred dividends are half of last year's due to converting the $3.875 preferred shares to common in mid-1997. The conversion resulted in about 3.9 million additional common shares. Common dividends per share were $1.84 in 1997 compared to $1.72 in 1996. In January 1998, the Board of Directors approved a 9% increase in the quarterly dividend to $.50 per common share, or $2.00 on an annual basis. This was the thirteenth consecutive year GATX increased its dividend.

Liquidity and Capital Resources General American Transportation Corporation (GATC), GATX Capital and GATX Terminals have revolving credit facilities. GATC and GATX Capital also have commercial paper programs and uncommitted money market lines which are used to fund operating needs. The GATC credit facility expires in 2001 while GATX Capital's revolver expires in 1999. Under the covenants of the commercial paper programs and rating agency guidelines, GATC and GATX Capital individually must keep unused revolver capacity at least equal to the amount of commercial paper outstanding. At December 31, 1997, GATX and its subsidiaries had available unused committed lines of credit amounting to $447 million.

GATC has a $650 million shelf registration for pass through trust certificates and debt securities of which $100 million of notes and $236 million of pass through certificates have been issued at year end. GATX Capital has a shelf registration for $532 million of which $350 million has been issued. At year end, GATX had $376 million of commitments to provide financing to customers or to acquire assets, $279 million of which is scheduled to fund in 1998.

At December 31, 1997, approximately $523 million of subsidiary net assets were restricted, limiting the ability of the subsidiaries to transfer assets to GATX parent in the form of loans, advances or dividends. The majority of net asset restrictions relate to the revolving credit agreement of GATC and the various loan agreements of GATX Capital. Such restrictions are not expected to have an adverse impact on the ability of GATX to meet its cash obligations.

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 potentially the 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 clean-up costs at 12 sites under the requirements of the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and the National Resource Damage Assessment. Under these Statutes 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. 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 and participation in clean-up efforts by others, GATX's total clean-up 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 environmental costs 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 1997 was $75 million and reflects GATX's best estimate of the cost to remediate known environmental conditions. Additions to the reserve were $11 million in 1997 and $12 million in 1996. Expenditures charged to the reserve amounted to $14 million and $18 million in 1997 and 1996, respectively.

In 1997, GATX made capital expenditures of $13 million for environmental and regulatory compliance compared to $17 million in 1996. These projects included marine vapor recovery systems, discharge prevention compliance, waste water systems, impervious dikes, tank modifications for emissions control, and tank car cleaning systems. Environmental projects authorized or planned would require capital expenditures of approximately $14 million in 1998. GATX anticipates it will make annual expenditures at approximately the same level over each of the next three years.

Impact of Year 2000 GATX utilizes in-house developed software as well as vendor-produced software. Certain of the computer software GATX uses was written using two digits rather than four to define the applicable year. This software is time-sensitive, which could cause a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

GATX has completed an assessment and has begun modifying and replacing its in-house developed software as well as upgrading its vendor-supported software so that its computer systems will function properly with respect to dates in the year 2000 and thereafter. If these steps were not taken, or are not completed timely, the Year 2000 Issue could have a significant impact on the operations of the Company.

The project is estimated to be completed during 1999, which is prior to any anticipated impact on its operating systems. The Company believes that with modifications to existing software, upgrading vendor-supported software, and conversions to new software, the Year 2000 Issue should not pose significant operational problems. The total Year 2000 project cost is estimated to be immaterial to GATX's results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financial data of business segments for 1997, 1996, and 1995 on pages 34 through 37 are an integral part of the consolidated financial statements of GATX Corporation and subsidiaries.

NOTE A-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. Less than 20 percent-owned affiliated companies are recorded using the cost method.

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	20-33 years
Buildings, leasehold improvements, storage tanks, and pipelines	5-40 years
Great Lakes vessels	30-40 years
Machinery and related equipment	3-25 years
Operating lease investments	3-38 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, and in that regard adjusted certain carrying amounts in 1997, as is explained in Note P. Goodwill, net of accumulated amortization of $28.5 million and $30.4 million, was $118.7 million and $167.4 million as of December 31, 1997 and 1996, respectively. Amortization expense was $6.7 million in 1997, $5.3 million in 1996, and $4.2 million in 1995.

Income Taxes United States income taxes have not been provided on the undistributed earnings of foreign subsidiaries and affiliates which GATX intends to permanently reinvest in these foreign operations. The cumulative amount of such earnings was $169.7 million at December 31, 1997.

GATX participates in a Capital Construction Fund agreement with the United States Maritime Administration. Contributions to the Fund reduce taxable income and the tax basis of the related vessels. Deferred taxes are not required to be provided for such contributions and, consequently, income taxes in future years will increase if not offset by additional deposits. Based on current statutory rates, such income tax liability would be $2.1 million at December 31, 1997.

Other Deferred Items Other deferred items include the accrual for postretirement benefits other than pensions; environmental, general liability and workers' compensation reserves; and other deferred credits.

Off-Balance Sheet Financial Instruments GATX uses interest rate and currency swaps, forwards and similar contracts to set interest and exchange rates on existing or anticipated transactions. These instruments qualify for hedge accounting. 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 clean-up is both probable and reasonably estimable; adjustments to initial estimates are recorded as further information develops or circumstances change. Revenue Recognition The majority of GATX's gross income is derived from the rentals of railcars, commercial aircraft, Great Lakes vessels, and technology equipment as well as terminaling, warehousing and logistics services. In addition, income is derived from technology equipment sales, finance leases, asset remarketing, secured loans and other services.

Foreign Currency Translation The assets and liabilities of GATX 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. Gains or losses resulting from the translation of foreign currency financial statements are deferred and recorded as a separate component of consolidated shareholders' equity. The cumulative foreign currency translation adjustment recorded in the cumulative unrealized equity adjustments account was $(22.5) million and $5.8 million at the end of 1997 and 1996, respectively. Incremental unrealized translation losses were $28.3 million, $7.6 million, and $6.9 million, during 1997, 1996 and 1995, respectively.

Investments in Equity Securities Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," was adopted in 1996 to account for the fair value of stock warrants and stock held in Financial Services' venture leasing portfolio. The unrealized gains recorded in the cumulative unrealized equity adjustments account were $4.6 million at the end of 1997 and $5.6 million at the end of 1996.

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.

Earnings Per Share In 1997, GATX adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share," which requires the disclosure of "basic" and "diluted" EPS, superseding prior periods' "primary" and "fully diluted" EPS, respectively. Basic EPS is calculated as net income (loss) available to common shareholders, adjusted for preferred dividends, divided by the weighted average number of common shares outstanding. Diluted EPS is calculated as net income (loss) divided by the sum of the weighted average number of common shares outstanding and common stock equivalents. Common stock equivalents include shares issuable upon exercise of employee stock options (reduced by the number of shares assumed to be repurchased by the option proceeds) and also assumes all preferred stock has been converted into common shares if the effect of such conversion is not antidilutive.

All prior periods have been restated to conform to Statement No. 128. The restatement of 1996 and 1995 primary EPS to basic EPS resulted in increases of $.06 and $.08 per share, respectively. The restatement of 1996 and 1995 fully diluted EPS to diluted EPS resulted in an increase of $.01 per share for each year.

Reclassifications Certain amounts in the 1996 and 1995 financial statements have been reclassified to conform to the 1997 presentation.

NOTE B-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. Financing leases which are financed principally with nonrecourse borrowings at lease inception and which meet certain criteria are accounted for as leveraged leases. Leveraged lease contracts receivable are stated net of the related nonrecourse debt. The components of the investment in finance leases were (in millions):

December 31	1997	1996
Net minimum future lease receivables	$ 773.6	$ 679.4
Estimated residual values	415.9	359.0
	1,189.5	1,038.4
Less-Unearned income	(312.5)	(277.1)
Investment in finance leases	$ 877.0	$ 761.3

Operating Leases The majority of railcar and tank storage assets and certain other equipment leases included in operating lease assets are accounted for as operating leases.

Minimum Future Receipts Minimum future lease receipts from finance leases and minimum future rental receipts from noncancelable operating leases by year at December 31, 1997 were (in millions):

	Finance Leases	Operating Leases	Total
1998	$184.9	$ 678.3	$ 863.2
1999	145.0	511.2	656.2
2000	120.4	357.4	477.8
2001	86.9	223.0	309.9
2002	61.2	129.5	190.7
Years thereafter	175.2	329.8	505.0
	$773.6	$2,229.2	$3,002.8

The following information pertains to GATX as a lessee:

Capital Leases Assets classified as operating lease assets and finance leases which have been financed under capital leases were (in millions):

December 31	1997	1996
Railcars	$ 152.0	$ 152.2
Great Lakes vessels	159.5	159.5
	311.5	311.7
Less-Allowance for depreciation	(173.5)	(162.6)
	138.0	149.1
Finance leases	9.9	12.4
	$ 147.9	$ 161.5

Operating Leases GATX has financed railcars, aircraft, warehouses, and other assets through sale-leasebacks which are accounted for as operating leases. In addition, GATX leases certain other assets and office facilities. Total rental expense, net of sublease income, for the years ended December 31, 1997, 1996 and 1995 was $186.5 million, $170.2 million, and $139.7 million, respectively. Sublease income was $5.1 million, $6.9 million, and $8.2 million in 1997, 1996, and 1995, respectively.

Future Minimum Rental Payments Future minimum rental payments due under noncancelable leases at December 31, 1997 were (in millions):

	Capital Leases	Operating Leases	Nonrecourse Operating Leases
1998	$ 32.1	$ 160.9	$ 8.6
1999	32.0	143.6	10.5
2000	31.5	128.3	14.2
2001	30.7	114.8	14.2
2002	30.3	116.6	11.9
Years thereafter	184.9	1,378.6	207.3
	$341.5	$2,042.8	$266.7
Less--Amounts representing interest	(129.4)		
Present value of future			

minimum capital lease payments	$212.1

The above capital lease amounts and certain operating leases do not include the costs of licenses, taxes, insurance, and maintenance which GATX is required to pay. Future minimum operating lease payments have not been reduced by aggregate future noncancelable sublease rentals of $6.6 million. Subsequent to the initial lease term, the majority of railcar operating leases allow GATC to renew the lease at a fixed rate or purchase the railcar at fair market value. Interest expense on the above capital leases was $17.6 million in 1997, $19.1 million in 1996, and $20.1 million in 1995.

The amounts shown as nonrecourse operating leases reflect rental payments of a bankruptcy remote special purpose corporation which is wholly owned by GATC. These rentals are consolidated for accounting purposes but are not guaranteed by nor are legal obligations of GATC.

NOTE C-SECURED LOANS

Investments in secured loans are stated at the principal amount outstanding plus accrued interest. The loans are collateralized by equipment, golf courses or real estate. As of December 31, 1997, secured loan principal due by year was as follows (in millions):

	Loan Principal
1998	$ 22.4
1999	19.7
2000	18.4
2001	12.7
2002	18.0
Years thereafter	89.1
	$180.3

NOTE D-INVESTMENTS IN AFFILIATED COMPANIES

GATX has investments in 25 to 50 percent-owned companies and joint ventures which are accounted for using the equity method. These domestic and foreign investments are in businesses similar to those of GATX's principal subsidiaries. Cash distributions received from affiliates were $71.6 million, $36.4 million, and $37.9 million, in 1997, 1996, and 1995, 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):

For The Year	1997	1996	1995
Revenues	$505.7	$360.9	$526.8
Net income	74.4	57.2	78.8

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	1997	1996
Total assets	$3,199.1	$2,229.3
Long-term liabilities	910.3	891.7
Other liabilities	607.3	179.9
Shareholders' equity	$1,681.5	$1,157.7

NOTE E-FOREIGN OPERATIONS

GATX has a number of investments in subsidiary and affiliated companies which are located in or derive income from foreign countries. Foreign entities contribute significantly to equity in net earnings of affiliated companies. The foreign identifiable assets represent investments in affiliated companies as well as fully consolidated assets for a Canadian railcar subsidiary, a Mexican railcar operation, and foreign lease and loan investments.

Gross Income (In Millions)	1997	1996	1995
Foreign	$ 188.8	$ 112.5	$ 71.5
United States	1,513.1	1,301.9	1,174.9
	$1,701.9	$1,414.4	$1,246.4

(Loss) Income Before Income Taxes And Equity In Net Earnings Of Affiliated Companies (In Millions)	1997	1996	1995
Foreign	$ (55.3)	$ 4.1	$ 3.3
United States	(32.0)	124.6	113.7
	$ (87.3)	$ 128.7	$117.0

Equity In Net Earnings Of Affiliated Companies (In Millions)	1997	1996	1995
Foreign	$ 21.6	$ 20.3	$26.6
United States	9.3	8.1	4.8
	$ 30.9	$ 28.4	$31.4

Identifiable Assets (In Millions)	1997	1996	1995
Foreign	$ 848.2	$ 872.4	$ 516.8
United States	4,099.6	3,877.8	3,526.1
	$4,947.8	$4,750.2	$4,042.9

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 the cumulative unrealized equity adjustments account.

NOTE F-SHORT-TERM DEBT AND LINES OF CREDIT

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

December 31	- - - -1997- - - - -	- - - -1996- - - - -

	Amount	Rate	Amount	Rate
Commercial paper	$153.8	6.34%	$ 21.0	5.82%
Other short-term borrowings	238.7	6.45%	222.8	6.11%
	$392.5		$243.8	

Under a revolving credit agreement with a group of banks, GATC may borrow up to $300.0 million. The revolving credit agreement contains various restrictive covenants which include, among other things, minimum net worth, restrictions on additional indebtedness, and requirements to maintain certain financial ratios for GATC. Under the agreement, GATC met these requirements at December 31, 1997. While at year end no borrowings were outstanding under the agreement, the available line of credit was reduced by $26.6 million of commercial paper outstanding. GATC had borrowings of $125.3 million under un-secured money market lines at December 31, 1997. CGTX, GATC's Canadian subsidiary, had bankers acceptances and other short-term borrowings of $55.2 million Canadian dollars at December 31, 1997.

GATX Capital and its wholly owned subsidiaries, Sun Financial and Centron, have commitments under credit agreements with a group of banks for revolving credit loans totaling $373.0 million of which $173.4 million was available at December 31, 1997; the commitment has $199.6 million of outstanding commercial paper and bankers acceptances. GATX Capital's primary credit agreement contains various covenants which include, among other things, minimum net worth, restrictions on dividends, and requirements to maintain certain financial ratios. At December 31, 1997, such covenants limited GATX Capital's ability to transfer net assets to GATX to no more than $58.8 million.

Interest expense on short-term debt was $24.0 million in 1997, $26.2 million in 1996, and $19.4 million in 1995.

NOTE G-LONG-TERM DEBT

Long-term debt (in millions) and the range of interest rates as of the end of 1997 were:

	Interest Rates	Final Maturity	December 31 1997	December 31 1996
Variable rate:				
Term notes	5.931%-8.625%	1998-2002	$ 67.5	$ 72.1
Nonrecourse obligations	6.6875%-7.5%	2000-2002	44.6	50.2
			112.1	122.3
Fixed rate:				
Term notes	5.4%-10.875%	1998-2012	2,043.7	1,952.3
Nonrecourse obligations	5.76%-9.25%	1998-2013	363.6	272.8
Industrial revenue bonds	6.625%-7.3%	2019-2024	87.9	87.9
Title XI bonds	--	--	--	1.6
			2,495.2	2,314.6
			$2,607.3	$2,436.9

Maturities of GATX's long-term debt as of December 31, 1997 for each of the years 1998 through 2002 were (in millions):

	Long-Term Debt
1998	$297.0
1999	276.0
2000	473.7
2001	216.8
2002	256.2

At December 31, 1997, certain technology assets, facilities, aircraft, vessels and warehouse equipment with a net carrying value of $449.4 million were pledged as collateral for $354.5 million of notes and bonds. Interest cost incurred on long-term debt, net of capitalized interest, was $180.8 million in 1997, $157.5 million in 1996, and $130.6 million in 1995. Interest cost capitalized as part of the cost of construction of major assets was $2.5 million in 1997, $6.8 million in 1996, and $6.2 million in 1995.

NOTE H-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, 1997 GATX had the following off-balance sheet financial instruments (in millions):

Interest Rate Swaps	Notional Amount	Pay Rate/ Index	Receive Rate/ Index	Maturity
GATX pays fixed, receives floating	$752.6	5.097-7.585%	LIBOR	1998-2001
GATX pays floating, receives fixed	690.0	LIBOR	5.27-7.646%	1998-2006

Currency Swaps	Receive	Deliver	Maturity
Canadian dollar swaps	$146.2	C$198.5	2001-2011
Deutschemark swap	$ 40.5	72.5DM	2002

GATX had the following interest rate hedge activity (in millions):

Interest Rate Swaps	Pay Fixed	Pay Floating
Balance at January 1, 1996	$ 805.5	$1,045.0
Additions	442.4	137.0
Maturities	(340.0)	(45.0)
Balance at December 31, 1996	$ 907.9	$1,137.0
Additions	44.7	--
Maturities	(200.0)	(447.0)
Balance at December 31, 1997	$ 752.6	$ 690.0

GATX uses interest rate swaps and forwards to manage its assets and liabilities, to convert floating rate debt to fixed rate debt (or fixed to floating) and to manage interest rate risk associated with the anticipated issuance of debt. At GATC, interest rate swaps are utilized to better match the cash flow characteristics of its debt portfolio and its railcar leases. Railcar assets are financed with long-term fixed rate debt or through sale-leasebacks. However, the railcar assets are placed on lease with average new lease terms of five years; the average renewal term is three years. Rents are fixed over these lease terms. Interest rate swaps effectively convert GATC's long-term fixed rate debt to fixed rate debt with maturities of three months to three years. Through the swap program, changes in GATC's interest expense are expected to better reflect changes in railcar lease rates. Also, GATX Capital 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.

In its swaps, GATX agrees to exchange, at specific intervals, the difference between fixed and floating rate interest amounts calculated on an agreed upon notional principal amount. The swaps have in effect converted $752.6 million of long-term fixed rate debt into 1-3 year fixed rate debt.

The net amount payable or receivable from the interest rate swap agreements is accrued as an adjustment to interest expense. The fair value of its interest rate swap agreements is an estimate of the amount the company would receive or pay to terminate those agreements. At December 31, 1997, GATX would have received $14.6 million if the swaps were terminated; GATX would have paid $12.8 million if the swaps were terminated at December 31, 1996.

GATX has entered into currency swaps to hedge $146.2 million in debt obligations at its Canadian subsidiaries and $40.5 million in debt obligations at its German subsidiary. The fair market value of its currency swap agreements is an estimate of the amount the company would receive or pay to terminate those agreements. At December 31, 1997, GATX would have received $10.9 million if the swaps were terminated; GATX would have paid $5.9 million if the swaps were terminated at December 31, 1996.

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 nonperformance to be remote.

NOTE I-FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of GATX's financial instruments that are recorded on the balance sheet. SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

December 31	1997		1996	
(In Millions):	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$ 77.8	$ 77.8	$ 46.2	$ 46.2
Trade accounts receivables	161.9	161.9	167.4	167.4
Secured loans	180.3	183.6	222.6	219.4
Liabilities:				
Accounts payable	354.7	354.7	312.6	312.6
Short-term debt	392.5	392.5	243.8	243.8
Long-term debt-variable	112.1	112.1	122.3	122.3
Long-term debt-fixed	2,495.2	2,592.3	2,314.6	2,405.7

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

For cash and cash equivalents, trade receivables, accounts payable, and short-term debt, the carrying amount approximates fair value because of the short maturity of those instruments.

The carrying amount of secured loan investments is stated at the principal amount outstanding plus accrued interest. The fair value of variable rate loans is assumed to be equal to their recorded amounts. The fair value of fixed rate loans is estimated using discounted cash flow analysis, at interest rates currently offered for loans with similar terms to borrowers of similar credit quality.

The carrying amount of variable rate long-term debt reported in the balance sheet approximates fair value. The fair value of fixed rate long-term debt was estimated by performing a discounted cash flow calculation using the note term and market interest rate for each note based on GATX's current incremental borrowing rates for similar borrowing arrangements.

NOTE J-PENSION BENEFITS

GATX and its subsidiaries, exclusive of GATX Logistics, Sun Financial and Centron, maintain several noncontributory defined benefit pension plans (the "pension plans") covering substantially all 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.

Significant assumptions used in accounting for the Corporation's defined benefit plans were:

	1997	1996-1995
Discount rate	7.75%	7.75%
Expected long-term rate of return on assets	8.75%	8.75%
Rate of increase in compensation levels	5.0%	5.5%

Pension expense was determined based on the funds' status at the beginning of the year. Termination expense was recognized in 1997 as the result of a facility sale. The components of net pension expense were (in millions):

For The Year	1997	1996	1995
Service cost of benefits earned during the period	$ 6.6	$ 6.5	$ 6.0
Interest cost on projected benefit obligation	21.5	20.3	19.9
Actual gain on plan assets	(46.8)	(33.3)	(49.7)
Net amortization and deferral	24.1	11.2	28.6
Net termination expense	2.5	--	--
Net periodic pension cost	$ 7.9	$ 4.7	$ 4.8

The projected benefit obligation was determined based on the funded status at year end. The funded status of the defined benefit plans and the amounts recognized in GATX's consolidated balance sheet were (in millions):

December 31	1997	1996
Actuarial present value of benefit obligation:		
Accumulated benefit obligation--vested	$232.4	$230.2
--nonvested	4.8	7.2
	237.2	237.4
Effects of projected future compensation increases	38.9	37.3
Projected benefit obligation	276.1	274.7
Plan assets at fair market value, primarily listed stocks and bonds	299.1	290.7
Plan assets in excess of projected benefit obligation	$ 23.0	$ 16.0
Unrecognized net gain from past experience different from that assumed	(25.7)	(15.1)
Unrecognized net asset from transition to new pension accounting standard	(.3)	(.4)
Unrecognized prior service cost	3.1	4.1
Net prepaid pension cost included in balance sheet	$ .1	$ 4.6

In addition to contributions to its defined benefit pension plans, GATX makes contributions to the multiemployer pension plans of various unions. Further, GATX and its subsidiaries maintain several 401(k) retirement plans which are available to substantially all salaried and certain other employee groups. GATX may contribute to the plans as defined by their respective terms. The contributions to such plans were (in millions):

For The Year	1997	1996	1995
Contributions to GATX's pension plans	$ 4.4	$ 6.2	$ 4.4
Contributions to multiemployer pension plans	1.8	2.0	1.9
Contributions to 401(k) plans	4.0	3.6	3.2

NOTE K-POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

GATX provides 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 pension plan. The plans are either contributory or non-contributory, depending on various factors. A discount rate of 7.75% was used to determine the expense (net periodic postretirement benefit cost) and liability (accrued postretirement benefit liability) for all years presented below.

Net periodic postretirement benefit cost, which for 1997 reflects termination expense for a facility sale, included the following components (in millions):

For The Year	1997	1996	1995
Current service cost	$ .5	$ .6	$ .5
Interest cost on accumulated postretirement benefit obligation	5.1	5.3	5.4
Net amortization and deferral	(.5)	(.5)	(.4)
Net termination expense	1.1	--	--
Net periodic postretirement benefit cost	$ 6.2	$ 5.4	$ 5.5

The accrued postretirement benefit liability, part of Other Deferred Items on GATX's balance sheet, included the following components (in millions):

December 31	1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$ 59.5	$ 60.4
Fully eligible active plan participants	3.1	3.1
Other active plan participants	6.2	6.8
Total accumulated postretirement benefits obligation	68.8	70.3
Unrecognized gain	13.2	13.7
Accrued postretirement benefit liability	$ 82.0	$ 84.0

The health care cost trend rate assumption has a significant effect on the amount of the periodic cost and obligation reported. The trend rate currently assumed for participants under age 65 is 6.0% in 1997 and thereafter. For participants age 65 and older, the assumed trend rate is 5.0% in 1997 and after. An increase in the assumed health care cost trend rates by 1% would increase the net periodic postretirement benefit cost by $.6 million per year, and the accumulated postretirement benefit obligation by $4.0 million.

NOTE L-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	1997	1996
Deferred tax liabilities:		
Book/tax basis differences due to depreciation	$343.2	$378.4
Leveraged leases	52.4	67.7
Lease accounting (other than leveraged)	44.6	45.0
Other	52.3	48.2
Total deferred tax liabilities	492.5	539.3
Deferred tax assets:		
Alternative minimum tax credit	54.0	58.7
Accruals not currently deductible for tax purposes	52.5	54.2
Allowance for possible losses	47.7	44.8
Postretirement benefits other than pensions	28.2	28.8
Other	12.5	13.6
Total deferred tax assets	194.9	200.1
Net deferred tax liabilities	$297.6	$339.2

At December 31, 1997, GATX had an alternative minimum tax credit of $54.0 million that 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. Included in 1997's total deferred tax credit is a $56.5 million deferred tax benefit resulting from Terminals' $185.8 million pretax restructuring charge.

Income taxes consisted of (in millions):

For The Year	1997	1996	1995
Current-			
Domestic:			
Federal	$ 28.0	$ 24.4	$ 27.9
State and local	1.1	2.4	4.6
	29.1	26.8	32.5
Foreign	3.9	2.4	(1.1)
	33.0	29.2	31.4
Deferred-			
Domestic:			
Federal	(45.6)	18.9	10.3
State and local	.4	4.9	3.0
	(45.2)	23.8	13.3
Foreign	6.7	1.4	2.9
	(38.5)	25.2	16.2
Income tax (benefit) expense	$ (5.5)	$ 54.4	$ 47.6
Income taxes paid	$ 35.5	$ 33.6	$ 33.9

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

For The Year	1997	1997(A)	1996	1995
Federal statutory income tax rate	35.0%	35.0%	35.0%	35.0%
Add (deduct) effect of:				

Corporate owned life insurance	2.6	(1.7)	(2.0)	(4.5)
State income taxes	(5.6)	3.6	3.6	4.1
1997 restructuring charges	(19.0)	--	--	--
Foreign income	(2.4)	1.5	1.7	1.3
Goodwill amortization	(2.0)	1.3	1.1	1.1
Minority interest	(.4)	.3	.3	2.1
Other	(1.9)	1.1	2.6	1.6
Effective income tax rate	6.3%	41.1%	42.3%	40.7%

(A)Before restructuring charges

NOTE M-SHAREHOLDERS' EQUITY

GATX's Certificate of Incorporation has authorized 60,000,000 shares of common stock at a par value of $.625 per share and 5,000,000 shares of preferred stock at $1.00 per share. Shares of preferred stock issued and outstanding consist of Series A and B $2.50 Cumulative Convertible Preferred Stock.

Holders of both series of $2.50 Cumulative Convertible Preferred Stock are entitled to receive 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 2.5 shares of common stock.

A total of 2,463,674 shares of common stock were reserved at December 31, 1997, for the following:

	Shares
Conversion of outstanding preferred stock	65,913
Incentive compensation programs	2,379,261
Employee service awards	18,500
	2,463,674

Holders 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.

During 1997, GATX called for redemption all the outstanding shares of its $3.875 cumulative convertible preferred stock, each share of which was convertible into 1.1494 shares of common stock. As a result of the redemption, 3.4 million preferred shares were converted to 3.9 million shares of common.

Transactions in preferred, common, and treasury stock are shown in the following table:

Capital Transactions (in Thousands, Except Number of Shares)	Preferred Stock			Common Stock			Treasury Stock	
	Shares Issued	Par Value	Additional Capital	Shares Issued	Par Value	Additional Capital	Shares	Cost
Balance at January 1, 1995	3,437,835	$ 3,438	$ 162,840	22,685,590	$14,178	$155,222	(2,790,954)	$(47,082)
Add (deduct):								
Conversion of preferred stock into common stock	(6,815)	(7)	(267)	11,467	7	266		
Common stock issued under option, incentive and service award plans				199,350	125	6,769		
Balance at December 31, 1995	3,431,020	$ 3,431	$ 162,573	22,896,407	$14,310	$162,257	(2,790,954	$(47,082)
Add (deduct):								
Conversion of preferred stock into common stock	(12,315)	(12)	(322)	30,790	19	315		
Common stock issued under option, incentive and service award plans				137,577	86	4,181	915	16
Balance at December 31, 1996	3,418,705	$ 3,419	$ 162,251	23,064,774	$14,415	$166,753	(2,790,039)	$(47,066)

Add (deduct):								
Conversion of preferred stock into common stock	(3,392,340)	(3,392)	(161,563)	3,901,127	2,438	159,183		
Common stock issued under option, incentive and service award plans				274,377	171	13,197	20,319	343
Balance at December 31, 1997	26,365	$ 27	$ 688	27,240,278	$17,024	$339,133	(2,769,720)	$(46,723)

NOTE N-INCENTIVE COMPENSATION PLANS

The 1995 Plan The GATX Corporation 1995 Long Term Incentive Compensation Plan (the 1995 Plan) contains provisions for the granting of non-qualified stock options, incentive stock options, stock appreciation rights (SARs), cash and common stock individual performance units (IPUs), restricted stock rights, restricted common stock and performance awards. An aggregate of 1,500,000 shares of common stock may be issued under the 1995 Plan. As of December 31, 1997, 692,312 shares are available for issuance under the 1995 Plan.

Non-qualified 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 be not 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.

SARs can be issued in conjunction with non-qualified or incentive stock options and entitle the holder to receive the difference between the option price and fair market value of the common stock at time of exercise, either in shares of common stock, cash, or a combination of the two at GATX's discretion. Exercise of SARs results in cancellation of the underlying options. During 1997, no SARs were issued and none were outstanding.

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 pre-established performance goals have been achieved. A total of 8,382 IPUs were granted during 1997 and 30,235 IPUs in total were outstanding at the end of the year. In 1997, 13,903 shares of common stock and $452,364 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 1997, one grant of 4,000 shares of restricted stock was made.

The 1985 Plan 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. At December 31, 1997, 176,142 shares of common stock were reserved for grants previously made under the 1985 Plan.

Data with respect to both plans, including the range of exercise prices per share for 1997 and 1996, are set forth below:

	Number of Shares Under Stock Option Plans 1997	1996	Price Per Share
Outstanding at January 1	1,667,150	1,425,475	$16.3450-50.5625
Granted	305,500	374,200	49.8125-66.9375
Exercised	(282,475)	(117,775)	16.3450-47.8750
Canceled	(29,525)	(14,750)	41.8125-66.9375
Outstanding at December 31	1,660,650	1,667,150	$19.47-66.9375
Outstanding at December 31,			

by year granted:			
1987	--	22,000	$19.47
1988	20,000	45,000	25.655
1989	51,100	79,800	29.9375
1990	45,500	71,250	19.94
1991	106,650	149,900	26.13-28.1875
1992	101,150	142,500	25.50
1993	164,150	210,600	37.6875
1994	238,200	268,650	41.8125
1995	282,650	306,500	47.5625-50.5625
1996	353,150	370,950	46.3125-49.8125
1997	298,100	--	54.875-66.9375
Total	1,660,650	1,667,150	$19.47-66.9375
Options exercisable at December 31	1,145,433	1,207,950	
Options available for future grant at December 31	692,312	986,190	

Accounting for Stock Options GATX has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) 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 date of grant.

Pro forma information regarding net income and earnings per share is required by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), 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 1996 and 1997: dividend yield of 3.6% for 1996 and 2.8% for 1997; volatility factor of the expected market price of GATX's common stock of .15 for 1996 and .156 for 1997; expected life of the option of five years for 1996 and four years for 1997; and weighted average risk-free interest rate of 6.1% for 1996 and 5.9% for 1997.

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

	1997	1996
Pro forma net (loss) income	$(52.2)	$101.6
Pro forma (loss) earnings per share:		
Basic	$(2.61)	$ 4.38
Diluted	$(2.61)	$ 4.15

Because SFAS 123's provisions are prospective (retroactive application is prohibited), awards granted prior to 1995 are not considered in the above pro forma amounts. Additionally, because options granted in 1996 and 1997 generally are granted late in the year and vest over a three year period, neither the 1996 nor 1997 pro forma amounts reflect a full annualized effect.

NOTE O-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 or storage of products for the chemical industry; for similar services, 18% of revenues are derived from the petroleum industry. The sale and leasing of technology equipment represents about 17% of total revenues. GATX also provides services and products to the chemical, petroleum, and technology markets through its joint ventures, which are accounted for under the equity method. In addition, approximately 10% 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 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 which could arise should customers become unable to discharge their obligations to GATX and to provide for permanent declines in investment value.

At December 31, 1997, GATX had commitments of $167 million for orders and options by aircraft joint ventures for interests in 26 new aircraft to be delivered between 1998-2001. In addition, GATX has issued $182 million of residual and rental guarantees. GATX also has firm commitments to acquire railcars and to upgrade terminal and repair facilities totaling $209 million.

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. Two of GATX's subsidiaries are involved in litigation arising out of a chemical leak and resulting tank car fire in New Orleans, Louisiana. In another matter, an affiliate of a subsidiary of the company is the subject of both litigation and unasserted claims related to the conversion of certain aircraft from passenger to freighter configuration. 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 damages, if any, required to be paid by GATX and its subsidiaries in the discharge of such liability are not likely to be material to GATX's consolidated financial position or results of operations.

NOTE P-RESTRUCTURING CHARGES

During 1997 strategic decisions resulted in a $225 million ($163 million after-tax) restructuring charge related to GATX Terminals and GATX Logistics. Terminals' portion of the restructuring charge is based on the decision to close, sell or revalue certain domestic and foreign terminal locations to reflect permanent changes in market conditions. The charge primarily represents the write-down of asset values with minor costs related to closure activities. The charge at GATX Logistics represents the write-down of goodwill to reflect the impairment of certain acquired facilities. The carrying values of certain assets at GATX Terminals and GATX Logistics were written down to fair value as described in Note A.

(In Millions)	Pre-tax	After-tax
GATX Terminals	$185.8	$123.8
GATX Logistics	39.0	39.0
Total	$224.8	$162.8

QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Net (Loss)

In Millions, Except Per Share Data	Gross Income	Operating Expenses and Depreciation	Net (Loss) Income	Net (Loss) Income Per Share (A)	Income Per Share, Assuming Dilution (A)
1997					
First Quarter	$ 394.6	$ 241.8	$ 31.2	$ 1.37	$ 1.27
Second Quarter	434.7	279.0	30.2	1.26	1.22
Third Quarter	430.9	273.2	28.0	1.15	1.12
Fourth Quarter	441.7	291.9	(140.3)	(5.74)	(5.74)(B)
Total	$1,701.9	$1,085.9	$ (50.9)	$(2.55)	$(2.55)(B)
1996					
First Quarter	$ 303.6	$ 193.3	$ 24.7	$ 1.06	$ 1.01
Second Quarter	337.8	212.6	25.7	1.11	1.05
Third Quarter	367.8	222.8	33.4	1.49	1.37
Fourth Quarter	405.2	263.5	18.9	.77	.77
Total	$1,414.4	$ 892.2	$102.7	$ 4.43	$ 4.20

<FN>

(A)Quarterly results may not be additive, as per share amounts are computed independently for each quarter and the full year based on the respective weighted average common shares and common stock equivalents outstanding.
(B)Conversion of preferred stock is excluded from computation of diluted (loss) earnings because of antidilutive effect.

</FN>

Common and Preferred Stock Information GATX common shares are listed on the New York, Chicago and London Stock Exchanges under ticker symbol GMT. Shares of both series of $2.50 Cumulative Convertible Preferred Stock are listed on the New York and Chicago Stock Exchanges. During 1997, all outstanding shares of the $3.875 cumulative convertible preferred stock were called for redemption. The approximate number of holders of record of Common Stock and $2.50 Cumulative Convertible Preferred Stock as of February 27, 1998 was 3,248 and 125, respectively. The following table shows the reported high and low sales price of GATX common and preferred shares on the New York Stock Exchange, the principal market for GATX shares, and the dividends declared per share:

	Common Stock		$2.50 Cumulative Convertible Preferred Stock		$3.875 Cumulative Convertible Preferred Stock	
	High	Low	High	Low	High	Low
1997						
First Quarter	$50.25	$47.625	$125.50	$125.50	$59.75	$56.50
Second Quarter	58.625	48.50	125.50	123.50	68.00	57.06
Third Quarter	67.5625	57.75	167.00	123.50	n/a	n/a
Fourth Quarter	72.5625	60.50	180.00	167.00	n/a	n/a
Annual Dividends Declared	$1.84		$2.50		$1.9375	
1996						
First Quarter	$51.25	$44.00	$124.25	$124.25	$59.50	$54.25
Second Quarter	48.375	43.00	116.50	116.25	58.50	53.88
Third Quarter	49.125	43.00	116.50	116.25	59.38	55.25
Fourth Quarter	51.25	46.125	125.50	119.00	59.50	56.25
Annual Dividends Declared	$1.72		$2.50		$3.875	

SELECTED FINANCIAL DATA

In Millions, Except Per Share Data	1997(A)	1996	1995	1994	1993
Results of Operations					
Gross income	$1,701.9	$1,414.4	$1,246.4	$1,155.0	$1,086.9
Costs and expenses	1,789.2	1,285.7	1,129.4	1,037.2	982.5
(Loss) income before income taxes and equity in net earnings of affiliated companies	(87.3)	128.7	117.0	117.8	104.4
Income taxes (benefit)	(5.5)	54.4	47.6	48.8	51.4
Income before equity in net earnings of affiliated companies	(81.8)	74.3	69.4	69.0	53.0
Equity in net earnings of affiliated companies	30.9	28.4	31.4	22.5	19.7
Net (loss) income	$ (50.9)	$ 102.7	$ 100.8	$ 91.5	$ 72.7
Per Share Data					
Net income (loss) applicable to common stock, as adjusted	$ (57.6)	$ 89.5	$ 87.6	$ 78.2	$ 59.4
Per share of common stock and common stock equivalents:					
Net (loss) income	$ (2.55)	$ 4.43	$ 4.38	$ 3.94	$ 3.03
Shares used in computation (in thousands)	22,542	20,189	20,002	19,843	19,594
Per share assuming conversion, except in 1997 and 1993, of all outstanding preferred stock:					
Net (loss) income, diluted	$ (2.55)	$ 4.20	$ 4.14	$ 3.79	$ 3.03
Shares used in computation (in thousands)	22,542	24,462	24,365	24,166	19,594
Dividends declared per share of common stock	$ 1.84	$ 1.72	$ 1.60	$ 1.50	$ 1.40
Financial Condition					
Total assets	$ 4,947.8	$4,750.2	$4,042.9	$3,650.7	$3,392.1
Total long-term debt and capital lease obligations	2,819.4	2,664.1	2,092.5	1,805.1	1,713.8
Shareholders' equity	655.4	774.9	717.8	662.4	589.9
Common shareholders' equity	654.7	609.2	551.8	496.1	423.6
Common shareholders' equity per share	26.72	29.58	26.88	24.30	20.78

<FN>

(A)1997's restructuring charge was $224.8 million on a pre-tax basis, $162.8 million on an after-tax basis.

</FN>

MANAGEMENT DISCUSSION AND ANALYSIS
1996 COMPARED TO 1995

The following discussion analyzes GATX's comparative performance for the years ended December 31, 1996 and 1995. This information should be read in conjunction with the consolidated financial statements on pages 38, 40, and 42. The discussion of comparative results of GATX's operations for the years ended December 31, 1997 and 1996 is presented in the management discussion and analysis on pages 31, 32, 33, 39, 41, 43, 44 and 45 and the financial data of business segments on pages 34 through 37.

GATX reported record net income of $103 million or $4.20 per share, on a diluted basis, for the year ended December 31, 1996 compared to $101 million or $4.14 per share for 1995. On a basic basis, earnings per share were $4.43 compared to $4.38 in the prior year. This improvement was principally due to record earnings at Transportation and Capital. Terminals' net income decreased substantially from the prior year. However, ASC and Logistics' earnings were relatively flat with 1995. GATX's return on total equity for 1996 was 13.8% compared to 14.6% in 1995.

Railcar Leasing and Management Transportation's gross income of $428 million increased $67 million from 1995. The mid-1996 acquisition of the remaining 55% interest in CGTX, Transportation's Canadian railcar affiliate, accounted for $27 million of the increase; previously the 45% interest had been accounted for as an equity investment. The remainder of the revenue increase is due to the full year effect of a record number of railcar additions in 1995, another strong year of fleet additions in 1996, and an increase in average rental rates. In addition to the 8,700 cars at CGTX, over 4,400 cars were added in 1996. At the end of 1996, Transportation had 73,200 railcars on lease in North America. With a total fleet of 77,500 cars, utilization ended the year at 95%, up from 94% utilization at the end of 1995.

Net income of $68 million increased 8% over 1995, reflecting the higher revenues and the impact of CGTX partially offset by higher repair costs and other operating and ownership expenses. Operating margins improved slightly as growth in revenues exceeded the increase in fleet repair costs and SG&A expenses.

Repair costs increased 10% due to the expanded fleet size, but decreased as a percentage of revenue from 1995, in part due to the efficiencies from the major service center upgrade program completed last year. The percentage of cars repaired at Transportation's service centers increased to 71% from 65% last year, indicating a decreased dependence on outside contract repair shops. Throughput days, the time it takes a railcar to be repaired through the Transportation service center network, declined from an average of 38 days in 1995 to 32 days in 1996. Asset ownership costs, consisting of operating lease rents, depreciation, and interest expense, increased as a result of the growing fleet. Equity in earnings of affiliates declined from 1995 due to the aforementioned change in accounting for CGTX.

Financial Services Capital's gross income of $337 million was $119 million or 55% higher than 1995. All major revenue categories, including lease and interest income, gains on sales of assets, and fees were higher. In addition, equipment sales added $36 million to gross income. Equipment sales represents a new revenue category arising from the October 1996 acquisition of Centron, a technology equipment supplier. Lease income grew to $196 million in 1996 compared to $140 million in 1995 due to the full year effect of the October 1995 acquisition of Sun Financial and new volume. Gains on sales of assets were $36 million, a small increase from the prior year. Fee income was a record $32 million, $13 million higher than the prior period due to a high level of residual sharing on managed asset sales. Fee income includes residual sharing, portfolio management, and transaction arrangement income. Gains on sales of assets and transaction based fees do not occur evenly from period to period.

Net income was a record $46 million, a 39% increase from last year, due to the higher revenue, improved earnings from affiliates, and a lower loss provision, offset in part by increased interest, operating and SG&A costs. Equity earnings of $14 million increased $2 million primarily from the earnings of Locomotive Leasing Partners, a joint venture established in 1996 with EMD/General Motors. The provision for possible losses of $13 million decreased $5 million from last year. Capital's allowance for possible losses of $114 million represents 6.6% of net investments, compared to 6.5% last year. Interest expense was higher as debt balances increased to fund the net growth in the portfolio, although average interest rates were modestly lower than last year. Increased operating costs include the cost of equipment sales, the counterpart to the new revenue category, as well as increased depreciation and operating lease expense to support the larger investment base. Selling, general, and administrative expenses increased due to the full year effect of the late 1995 Sun Financial acquisition, the Centron acquisition, and higher human resource costs.

While significant commercial aircraft investments were completed in 1996, Capital also has managed its portfolio to diversify its asset mix further, resulting in a relatively lower concentration of aircraft as a percent of total portfolio investments. Aircraft decreased to 33% of the portfolio from 39% in 1995, while technology, rail, and marine assets all increased.

Terminals and Pipelines Terminals' gross income for 1996 of $298 million was 5% less than 1995 resulting from general softness in both the domestic and international petroleum markets. The petroleum business environment since the second half of 1995 has been characterized by backwardated markets, historically low petroleum inventory levels, and lower pricing due to increased competition. Backwardation indicates that the economics in the petroleum futures market as characterized by the spread between spot and future prices, are not providing an incentive to store product.

While throughput of petroleum products remained strong, rates declined. Throughput for 1996 of 634 million barrels at wholly-owned locations increased 5% from 602 million barrels last year. Average utilization for the year was 86%, down from 1995's average of 88%, with 1996 year-end utilization at 89%. Balanced against the difficult petroleum terminaling markets were continued strong chemical demand as well as very good pipeline results. Terminals' pipelines serve the growing Nevada and Florida markets, and those pipelines continue to be enhanced and expanded.

Terminals' net income of $13 million declined from last year's $31 million. The difficult petroleum terminaling markets resulted in decreased operating margins at a number of key locations, including New York Harbor, United Kingdom, Houston, and Los Angeles. Although Terminals has been able to reduce its overall cost base, results have been impacted by rationalization costs and transformation initiatives; these initiatives continue to address on-going cost reduction and productivity enhancements. Overall, total operating costs and SG&A expense decreased $2 million from 1995. Fixed asset ownership costs, which include depreciation and interest, increased to 34% of revenue from 29% in 1995 due to significant facility and infrastructure investments. Equity in earnings of affiliates of $12 million decreased $3 million from last year primarily from the effects of lower petroleum storage, particularly in Singapore, partially offset by higher earnings from a Japanese affiliate which completed its rebuilding from the 1995 Kobe earthquake.

Logistics and Warehousing Logistics' gross income of $267 million decreased 2% from 1995 due to the impact of lost business partially offset by increased business with existing contract customers. Total warehousing capacity at year-end 1996 of 21.5 million square feet decreased 12% from last year's 24.4 million square feet in part due to the planned effort to eliminate low margin public business. Space utilization was 91% at year end compared to 97% last year. Empty space was particularly troublesome in certain East Coast markets.

Net income of $.9 million was $.4 million higher than last year despite the lower revenues due to an improved margin percentage and lower reserve needs. Margin for 1996 was 9.6% compared with 9.1% in 1995, though significant empty space costs compressed the improvement. In addition, information systems costs continued to increase to better meet customer needs.

Logistics continued to implement its plan of pursuing contract business and reducing low margin public business. By emphasizing key customer relationships, Logistics successfully expanded volume with several important existing customers. However, this strategy is evolutionary and may take several years to improve earnings significantly.

Great Lakes Shipping ASC's gross income in 1996 was $85 million, a 1% increase from the prior year. Revenue increased despite lower tonnage carried, as freight rates per ton increased, both for normal increases as well as the pass-through of a portion of the increase in sharply higher fuel costs. Tonnage carried in 1996 totaled 24.6 million tons, a 4% decrease from the 25.5 million tons carried last year; adverse weather conditions in early 1996 hampered the start of the navigation season, but all customer needs and requirements were satisfied. Customer demand remained strong throughout the 1996 season. Iron ore and limestone tonnage increased while coal tonnage decreased.

Net income of $6.8 million decreased slightly from 1995 primarily due to the lower tonnage carried, lower interest income on invested funds, and higher fuel costs, offset in part by favorable operating and claims experience. Contribution margin per ton was 2% greater than the prior year, reflecting a change in mix of commodities carried.

The environment on the Great Lakes remains competitive, with supply and demand for vessel capacity approximately in balance. ASC carried an estimated 22% of the total U.S. flag Great Lakes tonnage in 1996, down slightly from last year. U.S. flag tonnage was 110 million tons, an increase of 5 million tons from 1995. Iron ore cargoes represented 46% of ASC's tonnage, an increase from 40% last year. Raw steel production was approximately 88% of capacity in late 1996, consistent with 1995 utilization.

Corporate and Other Corporate and Other net expense of $31 million decreased $2 million from 1995 primarily due to the reversal of a reserve following the successful defense of previously reported litigation against GATX.

GATX LOCATION OF OPERATIONS
GATX Corporation and Subsidiaries

GENERAL AMERICAN TRANSPORTATION CORPORATION	Headquarters Chicago, Illinois Business Offices Valencia, California	Major Service Centers Colton, California Waycross, Georgia East Chicago, Indiana Hearne, Texas	Mobile Service Units Mobile, Alabama Colton, California Macon, Georgia East Chicago, Indiana

	Atlanta, Georgia	Tierra Blanca, Mexico	Good Hope, Louisiana
	Chicago, Illinois	Red Deer, Alberta	Carteret, New Jersey
	Hackensack, New Jersey	Montreal, Quebec	Las Cruces, New Mexico
	Philadelphia, Pennsylvania	Moose Jaw, Saskatchewan	Albany, New York
	Pittsburgh, Pennsylvania		Galena Park, Texas
	Houston, Texas		Olympia, Washington
	Mexico City, Mexico	Mini Service Centers	Tierra Blanca, Mexico
	Calgary, Alberta	Muscle Shoals, Alabama	Red Deer, Alberta
	Toronto, Ontario	White Springs, Florida	Montreal, Quebec
	Montreal, Quebec	Terre Haute, Indiana	Moose Jaw, Saskatchewan
		Plaquemine, Louisiana	
		Midland, Michigan	Joint Ventures
		Ivorydale, Ohio	Hamburg, Germany
		Masury, Ohio	Zug, Switzerland
		Catoosa, Oklahoma	
		Copper Hill, Tennessee	
		Freeport, Texas (2)	

GATX	Headquarters	Joint Ventures
CAPITAL	San Francisco, California	Sydney, Australia
CORPORATION		San Francisco, California
	Offices	LaGrange, Illinois
	Burbank, California	Toronto, Ontario
	Tampa, Florida	Zug, Switzerland
	Chicago, Illinois	Elstree, United Kingdom
	Eden Prairie, Minnesota	Woking, United Kingdom
	Sydney, Australia	
	Toronto, Canada	
	Blagnac, France	
	Frankfurt, Germany	
	Singapore, Republic of Singapore	
	Tokyo, Japan	

GATX	Headquarters	International Terminals	Pipelines
TERMINALS	Chicago, Illinois	Avonmouth, United Kingdom	Calnev Pipe Line
CORPORATION		Belfast, United Kingdom	Adelanto, California
	Domestic Terminals	Eastham, United Kingdom	Barstow, California
	Carson, California	Glasgow, United Kingdom	Colton, California
	Los Angeles, California	Grays, United Kingdom	Las Vegas, Nevada
	Richmond, California	Leith, United Kingdom	
	San Pedro, California	Runcorn, United Kingdom	Central Florida Pipeline
	Orlando, Florida		Orlando, Florida
	Port Everglades, Florida	Terminal Joint Ventures	Tampa, Florida
	Tampa, Florida	Antwerpen/Lillo, Belgium	
	Argo, Illinois	Lanshan, China	Pipeline Joint Ventures
	Carteret, New Jersey	Kawasaki, Japan	Olympic Pipeline
	Paulsboro, New Jersey	Kobe, Japan	Renton, Washington
	Staten Island, New York	Yokohama, Japan	
	Portland, Oregon (2)	Altamira, Mexico	Manchester Jet Line
	Philadelphia, Pennsylvania	Jurong Town, Singapore	Manchester, United Kingdom
	Galena Park, Texas	Pulau Busing, Singapore	
	Pasadena, Texas	Barcelona, Spain	
	Seattle, Washington	Bilbao, Spain Tarragona, Spain	
	Vancouver, Washington	Valencia, Spain	
		Seal Sands, United Kingdom	
		Wymondham, United Kingdom	

GATX	Headquarters	New York, New York
LOGISTICS,	Jacksonville, Florida	Syracuse, New York
INC.		Akron, Ohio
	Locations	Cleveland, Ohio
	Little Rock, Arkansas	Columbus, Ohio
	Los Angeles, California	Oklahoma City, Oklahoma
	Stockton, California	Philadelphia, Pennsylvania
	Walnut, California	Dallas, Texas
	Denver, Colorado	El Paso, Texas
	Danbury, Connecticut	Fort Worth, Texas
	Jacksonville, Florida	Clearfield, Utah
	Atlanta, Georgia	Chesapeake, Virginia
	Chicago, Illinois	Seattle, Washington
	Normal, Illinois	Racine, Wisconsin
	Richmond, Indiana	Toronto, Canada
	Indianapolis, Indiana	Mexico City, Mexico
	Lexington, Kentucky	
	Shreveport, Louisiana	Joint Venture
	Baltimore, Maryland	Santiago, Chile
	Grand Rapids, Michigan	
	Kalamazoo, Michigan	
	Gulfport, Mississippi	
	St. Louis, Missouri	
	Greensboro, North Carolina	
	Winston-Salem, North Carolina	

AMERICAN STEAMSHIP	Headquarters
COMPANY	Williamsville, New York
	Regional Office
	Toledo, Ohio
	Vessels
	M/V Indiana Harbor
	M/V Walter J. McCarthy,Jr.
	M/V St. Clair
	M/V American Mariner
	M/V H. Lee White
	M/V Charles E. Wilson
	M/V Adam E. Cornelius
	M/V American Republic
	M/V Buffalo
	M/V Sam Laud

Str. John J. Boland

GATX OFFICERS AND DIRECTORS
GATX Corporation and Subsidiaries

GATX OFFICERS

Ronald H. Zech
Chairman, President and
Chief Executive Officer

David B. Anderson
Vice President,
Corporate Development,
General Counsel and
Secretary

William L. Chambers
Vice President,
Human Resources

Gail L. Duddy
Vice President, Compensation
and Benefits

David M. Edwards
Vice President Finance,
Chief Financial Officer

Brian A. Kenney
Vice President and Treasurer

Ralph L. O'Hara
Controller

GATX BOARD OF DIRECTORS

James M. Denny[1,2]
Managing Director, William Blair
Capital Partners, LLC

Richard M. Fairbanks[1,4]
Managing Director of Domestic &
International Issues, Center for
Strategic & International Studies

William C. Foote[3,4]
Chairman, President and Chief
Executive Officer, USG Corporation

Deborah M. Fretz[3,4]
Senior Vice President,
Lubricants and Logistics,
Sun Company, Inc.

Richard A. Giesen[2,3]
Chairman and Chief
Executive Officer,
Continental Glass & Plastic, Inc.

Miles L. Marsh[1,4]
Chairman, President and Chief
Executive Officer,
Fort James Corporation

Charles Marshall[2,3]
Retired: Former Vice Chairman of
the Board, American Telephone and
Telegraph Company

Michael E. Murphy[1,2]
Retired: Former Vice Chairman and
Chief Administrative Officer,
Sara Lee Corporation

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 SUBSIDIARIES

General American
Transportation Corporation
D. Ward Fuller, President

GATX Capital Corporation
Joseph C. Lane, President

GATX Terminals Corporation
Anthony J. Andrukaitis, President

GATX Logistics, Inc.
Joseph A. Nicosia, President

American Steamship Company
Ned A. Smith, President

GATX CORPORATE INFORMATION
GATX Corporation and Subsidiaries

ANNUAL MEETING
Friday, April 24, 1998, 9:00 a.m.
GATX Corporation
500 West Monroe Street
Chicago, Illinois 60661-3676

FINANCIAL INFORMATION
AND PRESS RELEASES:
A copy of the company's annual report on Form 10-K for 1997 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 financial information, historical financial information, press releases and photographs are available at this site.

GATX press releases may be obtained by automated PR Newswire Company News On-Call's 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:

ChaseMellon Shareholder Services, L.L.C.
Overpeck Centre
8 Challenger Road
Ridgefield Park, NY 07660
Telephone: (800) 851-9677
Internet: http://www.chasemellon.com

Information relating to shareholder ownership, dividend payments, or share transfers:

Janet M. Dongarra, Assistant Corporate Secretary
Telephone: (312) 621-6603
Fax: (312) 621-6647
Email: jmdongarra@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 telephone, fax and/or writing.

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

Automated request line for materials: (312) 621-6300

Janet Bower, Communications Coordinator
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Analysts, institutional shareholders and financial community professionals:

George S. Lowman, Director of Communications
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Robert C. Lyons, Manager Investor and Public Relations
Telephone: (312) 621-6493
Email: rclyons@gatx.com
Fax: (312) 621-6698

Questions regarding sales, service or lease information:

General American Transportation Corporation
(312) 621-6564

GATX Capital Corporation-(415) 955-3200

GATX Terminals Corporation-(312) 621-8032

GATX Logistics, Inc.-(904) 396-2517

American Steamship Company-(716) 635-0222

INDEPENDENT AUDITORS
Ernst & Young LLP

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

The following is a list of subsidiaries included in GATX's consolidated financial statements (excluding a number of subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary), and the state of incorporation of each:

General American Transportation Corporation (New York)--includes 4 domestic subsidiaries, 4 foreign subsidiaries and interests in 2 foreign affiliates, Business Segment--Railcar Leasing and Management

GATX Financial Services, Inc. (Delaware) -- 64 domestic subsidiaries (which includes GATX Capital Corporation), 13 foreign subsidiaries, interests in 6 domestic affiliates and 5 foreign affiliates, Business Segment--Financial Services

GATX Terminals Corporation (Delaware)--3 domestic subsidiaries, 3 foreign subsidiaries, an interest in 1 domestic affiliate and 13 foreign affiliates, Business Segment--Terminals and Pipelines

GATX Logistics, Inc. (Florida) --7 domestic subsidiaries and 2 foreign subsidiaries and an interest in 1 foreign affiliate, Business Segment--Logistics and Warehousing

American Steamship Company (New York)--12 domestic subsidiaries, Business Segment--Great Lakes Shipping

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following: (i) Registration Statement No. 2-92404 on Form S-8, filed July 26, 1984; (ii) Registration Statement No. 2-96593 on Form S-8, filed March 22, 1985; (iii) Registration Statement No. 33-38790 on Form S-8 filed February 1, 1991; (iv) Registration Statement No. 33-41007 on Form S-8 filed June 7, 1991; (v) Registration Statement No. 33-61183 on Form S-8 filed July 20, 1995; (vi) Registration Statement No. 33-06315 on Form S-8 filed June 19, 1996; and (vii) Registration Statement No. 33-43113 on Form S-8 filed December 23, 1997 of GATX Corporation, of our report dated January 27, 1998 with respect to the consolidated financial statements and schedules of GATX Corporation included and/or incorporated by reference in the Annual Report on Form 10-K for the year ended December 31, 1997.

ERNST & YOUNG LLP

Chicago, Illinois
March 16, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ Ronald H. Zech

Director

Date: February 27, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ James M. Denny

Director

Date: March 6, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ Richard Fairbanks

Director

Date: March 2, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ William C. Foote

Director

Date: March 5, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ Deborah M. Fretz

Director

Date: March 2, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ Richard A. Giesen

Director

Date: March 6, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ Miles L. Marsh

Director

Date: March 2, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ Charles Marshall

Director

Date: February 28, 1998

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Ronald H. Zech, David B. Anderson and David M. Edwards, or any of them, attorneys and agents of the undersigned, with full power and authority to sign in such director's name, and on behalf of GATX Corporation, the 1997 Annual Report on Form 10-K under the Securities Exchange Act of 1934, together with any amendments thereto, hereby ratifying and confirming all that said attorneys and agents and each of them may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal.

/s/ Michael E. Murphy

Director

Date: February 28, 1998

<ARTICLE> 5

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This schedule contains summary finacial information extracted from the Consolidated Balance Sheet and Consolidated Income Statement of GATX Corporation and is qualified in its entirety by reference to such financial statements.

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<F1> Receivable consists of three components: Trade accounts of 162 million, Finance Leases of 877 million and secured loans of 180 million.

<F2> Not applicable because GATX has an unclassified balance sheet.

<F3> This value consists of two components: long-term debt of 2,607 million and capital lease obligations of 212 million. Short-term debt not included.

<F4> This value represents operating expenses on the consolidated income statement.

<F5> This value consists of the provision for depreciation and amortization on the consolidated income statement.

<F6> This value represents income before income taxes and equity in net earnings of affiliated companies.

</FN>