

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2000

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, IL 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
\$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.

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 23, 2001, 48,439,284 common shares were outstanding, and the aggregate market value of the common shares (based upon the March 23, 2001, closing price of these shares on the New York Stock Exchange) of GATX Corporation held by nonaffiliates was approximately \$1,961.8 million.

Documents Incorporated by Reference

Portions of the GATX Annual Report to Shareholders for the year ended December 31, 2000, are incorporated by reference into Parts I and II. Portions of GATX's proxy statement dated March 30, 2001, are incorporated by reference into Part III.

## PART I

## Item 1. Business

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

GATX Corporation now has two operating segments: Financial Services and GATX Rail. Through these businesses, GATX combines asset knowledge and services, structuring expertise, creative partnering and risk capital to serve customers and partners worldwide. 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, 2000 on pages 53 and 54, which is incorporated herein by reference (page references are to the Annual Report to Shareholders).

## Industry Segments

## Financial Services

Financial Services represents GATX Capital Corporation and its subsidiaries and affiliates, which arrange and service the financing of equipment and other capital assets on a worldwide basis, and American Steamship Company, which operates self-unloading vessels on the Great Lakes. Headquartered in San Francisco, California, Financial Services provides financing primarily to the aircraft, rail, technology, venture finance and marine industries. These financings, which are held within Financial Services' own portfolio and through partnerships with coinvestors, are structured as leases and secured loans, and frequently include interests in an asset's residual value and warrants of non-public start-up companies. For its transaction structuring and portfolio management services, Financial Services receives fees at the time a transaction is completed, an asset is remarketed, and/or on an ongoing basis.

Financial Services primarily competes with captive leasing companies, leasing subsidiaries of commercial banks, independent leasing companies, lease brokers, investment bankers, financing arms of equipment manufacturers, and other Great Lakes commercial fleets. No single customer accounts for more than 5% of Financial Services' revenues. In addition to its San Francisco home office, Financial Services has 8 domestic and 18 foreign offices.

## GATX Rail

GATX Rail (Rail), is headquartered in Chicago, Illinois. Rail is principally engaged in leasing specialized railcars, primarily tank cars, under full service leases. As of December 31, 2000, its North American fleet consisted of approximately 91,600 railcars, comprised of 70,000 tank cars and 21,600 specialized freight cars. In addition to 79,800 railcars in the United States, Rail has 9,100 railcars in its Canadian fleet and 2,700 railcars in its Mexican fleet. The utilization rate of Rail's North American railcar fleet at December 31, 2000 was approximately 93%. Rail's railcars have a depreciable life of 20 to 33 years and an average age of approximately 16 years.

In addition to the North American fleet, Rail's investments in affiliated companies result in ownership interests in two European fleets. Rail owns a 46% interest in KVG Kesselwagen Vermietgesellschaft mbH, a German and Austrian-based tank car and specialty railcar leasing company, and an 18.8% interest in AAE Cargo, headquartered in Switzerland. In March 2001, a subsidiary of Rail purchased Dyrekcja Eksploatacji Cystern (DEC), Poland's national tank car fleet and fuel distribution company. DEC assets include 11,500 tank cars and a maintenance network.

Rail's customers use its railcars to ship over 700 different commodities,

primarily chemicals, petroleum, and food products. For 2000, approximately 44% of railcar leasing revenue was attributable to shipments of chemical products, 31% to food and other products, and 25% to petroleum products. Rail leases railcars to over 700 customers, including major chemical, oil, food and agricultural companies. No single customer accounts for more than 3% of total railcar leasing revenue.

Rail 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. Rail purchases most of its new railcars from Trinity Industries, Inc., a Dallas-based metal products manufacturer. Under its full service leases, Rail maintains and services its railcars, pays ad valorem taxes, and provides many ancillary services. As of December 31, 2000, Rail operates a network of major service centers consisting of four domestic, four Canadian and one Mexican facility. To supplement these nine major service centers, Rail utilizes a fleet of mobile trucks and also utilizes independent third-party repair shops. Subsequent to year-end 2000, Rail closed one of its service centers, located in East Chicago, IN.

The full-service railcar leasing industry is comprised of Rail, Union Tank Car Company, General Electric Railcar Services Corporation, and various financial institutions. As of the end of 2000, Rail had 24% of the 271,100 tank cars owned and leased in the United States. Principal competitive factors include price, service and availability.

#### Discontinued Operations - Integrated Solutions Group

Integrated Solutions Group (ISG) consisted of GATX Terminals Corporation (Terminals), GATX Logistics, Inc. (Logistics) and minor business development efforts that provided logistics and supply chain services related to chemicals, petroleum, and dry goods. In May 2000, GATX divested 81% of Logistics. The remaining 19% of Logistics was sold in December 2000. In July 2000, GATX announced its intent to sell Terminals and reached an agreement in November to sell substantially all of the U.S. terminals and pipeline assets, representing the bulk of Terminals' operations. A portion of this transaction closed in March 2001 and the remainder is expected to close following regulatory approval. GATX expects to complete the divestiture of the remaining terminals and supply chain businesses in 2001.

#### 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

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

#### Customer Base

GATX as a whole is not dependent upon a single customer or a few customers.

#### Employees

GATX and its subsidiaries have approximately 3,200 employees, of whom 36% are hourly employees covered by union contracts. Employees for continuing operations were approximately 2,300, of whom 40% 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 liabilities associated with the conduct of its operations. In addition, GATX's foreign operations are subject to environmental laws in effect in each respective jurisdiction.

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

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

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

In 2000, GATX made capital expenditures of \$8.1 million for environmental and regulatory compliance, which was comparable to 1999. 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.

In November 2000, GATX entered into an agreement to sell substantially all of the U.S. terminals and pipeline assets, representing the bulk of Terminals' operations. This transaction is structured as a sale of

3

5

the capital stock of Terminals. Under the terms of the agreement various environmental liabilities associated with the terminals and pipeline assets will be assumed by the buyer. Excluding the liabilities associated with the sale of the Terminals' operations, GATX's environmental reserve at the end of 2000 was \$46.2 million.

## 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, for continuing operations, in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 2000 on page 58, GATX Locations of Operations (page reference is to the Annual Report to Shareholders).

At December 31, 2000, locations related to the discontinued operations of ISG are as follows:

HEADQUARTERS  
Chicago, Illinois

TERMINAL LOCATIONS:  
Carson, California  
Richmond, California  
San Pedro, California  
Orlando, Florida  
Tampa, Florida  
Argo, Illinois  
Carteret, New Jersey  
Portland, Oregon (2)  
Philadelphia, Pennsylvania  
Galena Park, Texas  
Pasadena, Texas  
Seattle, Washington  
Antwerpen/Lillo, Belgium  
Altamira, Mexico  
Pulau Busing, Singapore

TERMINAL AFFILIATES:  
Lanshan, China  
Kawasaki, Japan  
Kobe, Japan  
Yokohama, Japan  
Kertih, Malaysia  
Jurong Town, Singapore  
Wymondham, United Kingdom

DISTILLATE AND BLENDING  
DISTRIBUTION AFFILIATE:  
Houston, Texas

PIPELINE LOCATIONS:  
Calnev Pipeline  
Adelanto, California  
Barstow, California  
Colton, California  
Las Vegas, Nevada  
Central Florida Pipeline  
Orlando, Florida  
Tampa, Florida  
Manchester Jet Line  
Manchester, United Kingdom

LOGISTICS LOCATIONS:  
West Patterson, New Jersey  
Exton, Pennsylvania  
Pottstown, Pennsylvania

### Item 3. Legal Proceedings

GATX Capital Corporation (Capital), a subsidiary of GATX Corporation (the Company), is a party to actions arising from the issuance by the Federal Aviation Administration (the FAA) in January 1996 of Airworthiness Directive 96-01-03 (the AD). The AD had the effect of significantly reducing the amount of freight that ten 747 aircraft could carry. These aircraft (the Affected Aircraft) were modified from passenger to freighter configuration by GATX/Airlog Company (Airlog), a California general partnership. A subsidiary of Capital, GATX Aircraft Corporation, is a partner in Airlog. The modifications were carried out between 1988 and 1994 by subcontractors of Airlog under authority of Supplemental Type Certificates (STCs) issued by the FAA in 1987 pursuant to a design approved by the FAA. In the AD, the FAA stated that the STCs were issued "in error."

On July 11, 1996, Airlog 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) with respect to three Affected Aircraft seeking a declaration that neither Airlog nor Capital had any liability to Evergreen as a result of the issuance of the AD. Evergreen filed an answer and counterclaim on August 1, 1996, which asserted that Airlog and Capital were liable to it under a number of legal theories in connection with the application of the AD to its three Affected Aircraft. Evergreen alleged approximately \$160 million in compensatory damages and also sought unspecified punitive damages.

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 were liable to it under a number of legal theories in connection with the application of the AD to two Affected Aircraft owned by AIA. The Complaint sought 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 asked in the alternative for a rescission of AIA's agreements with Airlog, 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 AD. The AIA claim was assigned to Kalitta Air (Kalitta Air). Kalitta Air alleged \$480 million in compensatory damages, trebling of such damages pursuant to 18 U.S.C. 1964, prejudgment interest and unspecified punitive damages.

On June 4, 1997, Tower Air, Inc. 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. This action asserted causes of action in fraud and deceit, negligent misrepresentation, breach of contract and negligence and sought damages in excess of \$25 million together with interest, costs, attorneys' fees and unspecified punitive damages.

On February 25, 1998, The Bank of New York (BNY) filed an action, as purported beneficial owner of one Affected Aircraft, in the United States District Court for the Northern District of California (No. C98-0385) against Airlog, Capital and others. This aircraft was originally converted by Airlog for Evergreen. This action sought declaratory relief and asserted claims for breach of contract, intentional misrepresentation, nondisclosure of known facts, negligence, negligent misrepresentation and unfair competition. BNY alleged approximately \$19 million in compensatory damages, prejudgment interest and unspecified punitive damages.

On June 15, 1998, General Electric Capital and PALC II, Inc. (collectively GECC) filed a complaint in the United States District Court for the Northern District of California (C98-2387) against Airlog, Capital, and others with respect to three Affected Aircraft. These aircraft were modified in 1991 and 1992. GECC asserted that the defendants were liable to it under a number of legal theories in connection with the application of the AD to the three Affected Aircraft owned by GECC. GECC alleged approximately \$100 million in compensatory damages, trebling of such damages pursuant to 18 U.S.C. 1964, prejudgment interest and unspecified punitive damages.

Airlog, Capital, and others brought an action in the United States District Court for the Northern District of California against Pemco Aeroplex, Inc. (Pemco) (C97-2484WHO), a contractor for Airlog which actually obtained the STCs and modified certain of the Affected Aircraft, seeking damages, costs and expenses in connection with the resolution of the concerns of the FAA as expressed in the AD, repairing the Affected Aircraft, defending against the litigation involving the plaintiffs arising from the Affected Aircraft, paying any judgments against plaintiffs that may have been entered in the litigation and attorneys' fees. In February 2000, Airlog stipulated to the dismissal of several of the causes of action against Pemco. The claims for contribution and damages of Airlog, Capital and others against Pemco were barred as a result of the settlements that Pemco reached with Evergreen and Kalitta. Consequently, this action has been dismissed.

As a result of the actions discussed above, on July 24, 1998 Airlog filed an action against the United States of America (C98-1029) in United States District Court for the Western District of Washington to recover losses suffered by Airlog as a result of the alleged negligence of the FAA in the development and approval of the design to convert the Affected Aircraft from passenger to freighter configuration. The complaint sought damages in excess of \$8.3 million representing the expenses incurred by Airlog in responding to the AD and legal fees and costs incurred by Airlog in defending the litigation described

above. On August 27, 1999, the Court dismissed Airlog's action against the United States. This dismissal was based on the Court's determination that the governmental discretionary function exception to the Federal Tort Claims Act was applicable to Airlog's claim. Airlog appealed that decision to the Circuit Court of Appeals for the Ninth Circuit. On December 13, 2000, the Court of Appeals affirmed the judgment of the District Court. Airlog has filed a petition with the Court of Appeals seeking en banc review of the ruling of the court.

Elsinore Aerospace Services LP (Elsinore) was a defendant in the AIA suit against Airlog, Capital and others. Elsinore cross-claimed against Airlog and brought a third-party claim against Capital for indemnification and defense under its contract with Airlog. Under this contract, Elsinore was to develop engineering, design and analysis necessary to develop Airlog's existing 747-100 STCs into STCs for converting 747-200 aircraft from passenger to freighter configuration. One Affected Aircraft was converted for AIA under STCs obtained

pursuant to the Elsinore contract. On August 11, 2000, the United States District Court for the Northern District of California granted Elsinore's motion for summary judgment against Airlog on this cross-claim. Capital and Airlog believe the Court's ruling is in error both as a matter of law and application of the facts of this claim and intend to appeal the Court's ruling.

Trial of the claims of Evergreen and Kalitta Air with respect to the remaining five aircraft began January 8, 2001 and concluded March 1. Prior to trial, Capital settled with Tower, BNY, GECC, and during the trial with Evergreen in each case for undisclosed amounts. At the conclusion of the trial, the jury awarded Kalitta Air a total of \$30.3 million for replacement of its two Affected Aircraft as damages for breach of contract, and \$47.5 million plus interest for lost profits as damages for fraud by omission. Under instructions provided by the court to the jury, Kalitta Air is entitled to the higher of the two amounts. The net after-tax impact of the resolution of the five Airlog cases, including Evergreen, is \$97.6 million, excluding any post-judgment interest expense. This is Capital's maximum liability for all Airlog-related matters, and does not reflect the fact that Capital will aggressively pursue all means of loss recovery including appeals and insurance.

Calnev Pipe Line Company (Calnev), an indirect wholly owned subsidiary of GATX Terminals Holding Corporation, has agreed in a Compliance Order with Region 9 of the U.S. Environmental Protection Agency (EPA) to comply with and correct certain alleged violations of the Clean Air Act. In general, the Order requires Calnev to: (a) complete construction of a new vapor recovery unit in Las Vegas and limit use of another; (b) comply with certain throughput limits and VOC emission limits at the Las Vegas loading rack; (c) engage in certain record keeping; and, (d) comply with certain authority and permitting requirements of the EPA and the Clark County, Nevada, Health District. Calnev has not admitted to any violation of permit, law or regulation. The United States of America, the State of Nevada and Clark County have reserved the right to assess civil penalties.

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

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	57
Ronald J. Ciancio	Vice President, General Counsel and Secretary	2000	59
Gail L. Duddy	Vice President, Human Resources	1999	48
Brian A. Kenney	Vice President and Chief Financial Officer	1999	41
William M. Muckian	Controller and Chief Accounting Officer	2000	41
Clifford J. Porzenheim	Vice President, Corporate Strategy	1999	37
William J. Hasek	Treasurer	1999	44

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. Ciancio was Assistant General Counsel of GATX from 1984 to 2000. In 2000, Mr. Ciancio became Vice President, Corporate Counsel and then Vice President, General Counsel and Secretary. Ms. Duddy joined GATX in 1992 as Director of Compensation and in 1995 also assumed responsibility for the benefits function. In 1997, Ms. Duddy was elected Vice President, Compensation, Benefits and Corporate Human Resources. In 1999, Ms. Duddy was elected Vice President, Human Resources of GATX. Mr. Kenney was elected Vice President and Chief Financial Officer of GATX in 1999 and was Vice President, Finance from 1998 to 1999, Vice President and Treasurer from 1997 to 1998, and Treasurer from 1995 to 1996. In 2000, Mr. Muckian was elected Controller and Chief Accounting Officer. Previously, Mr. Muckian was Director of Taxes for GATX from 1996 to 2000. In 1999, Mr. Porzenheim was elected Vice President, Corporate Strategy of GATX. Mr. Porzenheim was the Director of Corporate Development for GATX from 1996 to 1998. Mr. Porzenheim was a consultant with the Boston Consulting Group from 1993 to 1996. Mr. Hasek was the Director of Financial Analysis and Budgeting from 1997 to 1999 and Manager of Corporate Finance from 1995 to 1997.

7

9

## 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, 2000, on page 56, 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, 2000, on page 57, which is incorporated herein by reference (page references are to the Annual Report to Shareholders).

### Item 7. Management's 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, 2000, the Management's Discussion and Analysis of 2000 compared to 1999 on pages 23-25, 27, and 29-31, the financial data of business segments on pages 53 and 54, and the Management's Discussion and Analysis of 1999 compared to 1998 on page 25, which is incorporated herein by reference (page references are to the Annual Report to Shareholders).

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

Information required by this item is contained in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 2000, the Management's Discussion and Analysis of 2000 compared to 1999 on page 30 which is incorporated by reference herein (page reference is 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, 2000, which is incorporated herein by reference (page references are to the Annual Report to Shareholders):

Consolidated Statements of Income - Years Ended December 31, 2000, 1999 and 1998, on page 22.  
Consolidated Balance Sheets - December 31, 2000 and 1999, on page 26.  
Consolidated Statements of Cash Flows - Years Ended December 31, 2000, 1999 and 1998, on page 28.

Consolidated Statements of Changes in Shareholders' Equity - December 31, 2000, 1999 and 1998, on page 32.  
Consolidated Statements of Comprehensive Income - Years Ended December 31, 2000, 1999 and 1998, on page 32.  
Notes to Consolidated Financial Statements on pages 34 through 55.

Consolidated quarterly financial data is contained in Exhibit 13, GATX Annual Report to Shareholders for the year ended December 31, 2000, on page 56, 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.

8

10

### 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 30, 2001, 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 30, 2001, 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 30, 2001, which sections are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

None.

9

11

### 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, 2000, are filed in response to Item 8:

Consolidated Statements of Income - Years Ended December 31, 2000, 1999 and 1998.  
Consolidated Balance Sheets - December 31, 2000 and 1999.  
Consolidated Statements of Cash Flows - Years Ended December 31, 2000, 1999 and 1998.

Consolidated Statements of Changes in Shareholders' Equity - December 31, 2000, 1999 and 1998.  
 Consolidated Statements of Comprehensive Income - Years Ended December 31, 2000, 1999 and 1998.

Notes to Consolidated Financial Statements

2.	Financial Statement Schedules:	Page -----
	Schedule I Condensed Financial Information of Registrant	17-20
	Schedule II Valuation and Qualifying Accounts	21

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.

Form 8-K filed on March 23, 2001, reporting that GATX Rail Overseas Holding Corporation, a wholly-owned subsidiary of GATX Rail Corporation and an indirect wholly-owned subsidiary of GATX Corporation, acquired Dyrekcja Eksploatacji Cystern, Poland's national tank car fleet and fuel distribution company.

Form 8-K filed on March 5, 2001, reporting that the second phase of a trial in Federal District Court for the Northern District of California against a GATX Capital partnership had concluded, awarding damages to Kalitta Air in the amount of \$47.5 million plus applicable interest. GATX also announced that it settled a related dispute with Evergreen International Airlines, Inc., which had also been a party in the litigation. Terms of such settlement were not disclosed.

Form 8-K filed on March 2, 2001, reporting the completion of GATX Corporation's sale of substantially all of the domestic operations of GATX Terminals Corporation, a wholly-owned subsidiary of GATX Rail Corporation and an indirect wholly-owned subsidiary of GATX Corporation, to Kinder Morgan Energy Partners L.P. and the sale of substantially all of the European operations.

Form 8-K filed on February 20, 2001, reporting that the Federal District Court for the Northern District of California ruled that a GATX Capital partnership breached its warranties under aircraft modification agreements and fraudulently failed to disclose information to certain customers.

12

Form 8-K filed on February 13, 2001, reporting acquisition of El Camino Resources, Ltd. by GATX Capital Corporation, an indirect wholly-owned subsidiary of GATX Corporation.

Form 8-K filed on December 4, 2000, reporting GATX Corporation's agreement to sell substantially all of the domestic operation of GATX Terminals Corporation, a wholly-owned subsidiary of GATX Rail Corporation and an indirect wholly-owned subsidiary of GATX Corporation, to Kinder Morgan Energy Partners L.P.

(c) Exhibit Index

Exhibit Number -----	Exhibit Description -----	Page -----
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- 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. Third Amendment of said Plan effective as of April 23, 1999, incorporated by reference to GATX's Proxy Statement dated March 17, 1999. Fourth Amendment of said Plan effective as of December 1, 1999, submitted to the SEC on Form S-8, file number 333-91865.
- 3B. By-Laws of GATX Corporation, as amended and restated as of July 29, 1994 on Form 10-K for the fiscal year ended December 31, 1994, file number 1-2328.
- 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, submitted to the SEC on Form 10-K for the fiscal year ended 1999, file number 1-2328; Seventh Amendment to said Plan effective June 9, 2000, and Eighth Amendment of said Plan effective January 26, 2001, submitted to the SEC with the electronic submission of this report on Form 10-K.
- 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 on Form 10-K for the fiscal year ended 1999, file number 1-2328; Third Amendment of said Plan effective as of April 24, 1998, submitted to the SEC with the electronic submission of this report on Form 10-K; Fourth Amendment of said Plan effective June 9, 2000, and Fifth Amendment of said Plan effective January 26, 2001, submitted to the SEC with the electronic submission of this report on Form 10-K.

Exhibit Number	Exhibit Description	Page
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10C.	GATX Corporation Deferred Fee Plan for Directors, as amended and restated as of July 1, 1998, incorporated by reference to GATX's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, file number 1-2328.	
10D.	1984 Executive Deferred Income Plan Participation Agreement between GATX Corporation and participating directors and executive 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.

- 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.

12

14

Exhibit Number	Exhibit Description	Page
10K.	Agreement for Continued Employment Following Change of Control or Disposition of a Subsidiary between GATX Corporation and certain Executive officers dated as of December 1, 2000, submitted to the SEC with the electronic submission of this report on Form 10-K.	
10L.	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.	
10M.	Letter Agreement dated August 14, 2000, between David B. Anderson and GATX, submitted to the SEC with the electronic submission of this report on Form 10-K.	
10N.	Stock Purchase Agreement dated February 28, 2001 between GATX Rail Corporation, a wholly-owned subsidiary of GATX Corporation, GATX Terminals Holding Corporation, a wholly-owned subsidiary of GATX Rail Corporation, and Kinder Morgan Energy Partners L.P. to sell substantially all of the domestic operations of GATX Terminals Corporation, submitted to the SEC with the electronic submission of this report on Form 10-K.	
10O.	Agreements between GATX Corporation and key personnel for issuance of phantom restricted stock, dated as of June 8, 2000, and January 25, 2001 submitted to the SEC with the electronic submission of this report on Form 10-K.	
11A.	Computation of Basic Net Income Per Share.	22
11B.	Computation of Diluted Net Income Per Share.	23
12.	Statement regarding computation of ratios of earnings to combined fixed charges and preferred stock dividends.	24
13.	Annual Report to Shareholders for the year ended December 31, 2000, pages 21 - 60 with respect to the Annual Report on Form 10-K for the fiscal year ended December 31, 2000, 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.	25

13

15

Exhibit Number	Exhibit Description	Page
24.	Powers of Attorney with respect to the Annual Report on Form 10-K for the fiscal year ended December 31, 2000, 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.	

14

16

## 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 30, 2001

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

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Ronald H. Zech  
March 30, 2001  
Chairman, President and  
Chief Executive Officer

/s/ Brian A. Kenney

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Brian A. Kenney  
March 30, 2001  
Vice President and  
Chief Financial Officer

/s/ William M. Muckian

-----  
William M. Muckian  
March 30, 2001

Controller and  
Chief Accounting Officer

Rod F. Dammeyer  
James M. Denny  
Richard Fairbanks  
William C. Foote  
Deborah M. Fretz  
Miles L. Marsh  
Michael E. Murphy  
John W. Rogers, Jr.

Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director

By

/s/ Ronald J. Ciancio

-----  
Ronald J. Ciancio  
(Attorney in Fact)  
March 30, 2001

15

17

REPORT OF INDEPENDENT AUDITORS

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 and subsidiaries for the year ended December 31, 2000. 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and related schedules 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, 2000 and 1999, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. 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

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

16

18

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

GATX CORPORATION  
(PARENT COMPANY)

## STATEMENTS OF INCOME

(IN MILLIONS)

	YEAR ENDED DECEMBER 31		
	2000	1999	1998
GROSS INCOME	\$ 6.2	\$ 1.9	\$ 3.2
COSTS AND EXPENSES			
Interest	29.1	28.2	28.3
Depreciation	1.6	1.4	1.1
Selling, general and administrative	23.3	17.6	21.4
	54.0	47.2	50.8
LOSS BEFORE INCOME TAXES AND SHARE OF NET INCOME OF SUBSIDIARIES	(47.8)	(45.3)	(47.6)
INCOME TAX BENEFIT	(14.8)	(15.4)	(16.4)
LOSS BEFORE SHARE OF NET INCOME OF SUBSIDIARIES	(33.0)	(29.9)	(31.2)
SHARE OF NET INCOME FROM CONTINUING SUBSIDIARIES	63.8	156.2	145.4
INCOME FROM CONTINUING OPERATIONS	30.8	126.3	114.2
SHARE OF NET INCOME FROM DISCONTINUED OPERATIONS			
Operating results, net of income taxes	27.4	25.0	17.7
Gain on sale of portion of segment, net of income taxes	8.4	--	--
NET INCOME	\$ 66.6	\$ 151.3	\$ 131.9

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

17

19

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

GATX CORPORATION  
(PARENT COMPANY)

BALANCE SHEETS

(IN MILLIONS)

	DECEMBER 31	
	2000	1999
ASSETS		
Cash and Cash Equivalents	\$ (.8)	\$ (1.1)

Accounts Receivable	17.0	--
Property and Equipment	13.7	12.8
Less - allowance for depreciation	(7.9)	(6.3)
	-----	-----
	5.8	6.5
Investment in Continuing Operations	676.7	626.7
Investment in Discontinued Operations	630.9	702.3
Other Assets	31.6	14.0
	-----	-----
	\$1,361.2	\$1,348.4
	=====	=====
LIABILITIES, DEFERRED ITEMS AND SHAREHOLDERS' Equity		
Accounts Payable and Accrued Expenses	\$ 34.8	\$ 17.1
Due to Subsidiaries	535.1	491.7
Other Deferred Items	1.8	3.6
	-----	-----
Total Liabilities and Deferred Items	571.7	512.4
Shareholders' Equity		
Preferred stock	--	--
Common stock	35.0	34.5
Additional capital	366.1	338.7
Reinvested earnings	552.2	543.0
Accumulated other comprehensive (loss) income	(34.4)	1.2
	-----	-----
	918.9	917.4
Less - cost of shares in treasury	(129.4)	(81.4)
	-----	-----
Total Shareholders' Equity	789.5	836.0
	-----	-----
	\$1,361.2	\$1,348.4
	=====	=====

18

20

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

GATX CORPORATION  
(PARENT COMPANY)

STATEMENTS OF CASH FLOWS

(IN MILLIONS)

	YEAR ENDED DECEMBER 31		
	2000	1999	1998
	-----	-----	-----
OPERATING ACTIVITIES			
Income from continuing operations	\$ 30.8	\$ 126.3	\$ 114.2
Adjustments to reconcile income from continuing operations to cash provided by continuing operations:			
Depreciation	1.6	1.4	1.1
Deferred income tax benefit	(9.7)	(7.4)	(8.2)
Share of net income of subsidiaries less dividends received	(19.1)	(64.6)	(84.0)

Other, including working capital	(8.2)	4.3	(.2)
Net cash (used in) provided by continuing operations	(4.6)	60.0	22.9
INVESTING ACTIVITIES			
Proceeds from the sale of GATX Logistics, Inc.	74.7	--	--
Additions to operating lease assets and facilities	(.8)	(1.1)	(.8)
Net cash provided by (used in) continuing operations	73.9	(1.1)	(.8)
FINANCING ACTIVITIES			
(Repurchase) issuance of common stock and other	(20.1)	(27.3)	9.0
Cash dividends to shareholders	(57.4)	(54.3)	(49.3)
Investment in subsidiaries	(35.0)	--	--
Advances from continuing subsidiaries	43.4	19.5	12.6
Net cash used in financing activities of continuing operations	(69.1)	(62.1)	(27.7)
ADVANCES TO DISCONTINUED OPERATIONS	(17.5)	(13.0)	(6.1)
NET DECREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	(17.3)	(16.2)	(11.7)
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	17.6	14.9	10.8
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ .3	\$ (1.3)	\$ (.9)

19

21

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

GATX CORPORATION  
(PARENT COMPANY)

STATEMENTS OF COMPREHENSIVE INCOME

(IN MILLIONS)

	YEAR ENDED DECEMBER 31		
	2000	1999	1998
NET INCOME	\$ 66.6	\$ 151.3	\$ 131.9
Other comprehensive (loss) income, net of tax			
Foreign currency (loss) gain	(28.6)	5.1	(16.3)
Unrealized (loss) gain on securities, net of reclassification adjustments (a)	(7.0)	28.3	2.0
Other comprehensive (loss) income	(35.6)	33.4	(14.3)
COMPREHENSIVE INCOME	\$ 31.0	\$ 184.7	\$ 117.6
(a) Reclassification adjustments:			
Unrealized gain on securities	\$ 24.6	\$ 37.3	\$ 2.8

Less - reclassification adjustments for Gains realized included in net income	(31.6)	(9.0)	(.8)
	-----	-----	-----
Net unrealized (loss) gain on securities	\$ (7.0)	\$ 28.3	\$ 2.0
	=====	=====	=====

20

22

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

GATX CORPORATION AND SUBSIDIARIES

(IN MILLIONS)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
DESCRIPTION	Balance at Beginning of Period	Additions		Deductions Describe	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts- Describe		
Year ended December 31, 2000:					
Allowance for possible losses -- Note A	\$ 113.5	\$ 17.7 (D)	\$ 1.0 (B)	\$ (37.0) (C)	\$ 95.2
Year ended December 31, 1999:					
Allowance for possible losses -- Note A	\$ 133.6	\$ 11.0	\$ 3.7 (B)	\$ (34.8) (C)	\$ 113.5
Year ended December 31, 1998:					
Allowance for possible losses -- Note A	\$ 126.6	\$ 11.0	\$ 4.3 (B)	\$ (8.3) (C)	\$ 133.6

Note A - Deducted from asset accounts.

Note B - Represents principally the recovery of amounts previously written off.

Note C - Represents principally reductions in asset values charged off and uncollectible amounts.

Note D - Excludes impairment losses on operating lease equipment.

21

Amendment No. 7  
GATX Corporation  
1985 Long Term Incentive Compensation Plan  
(as amended and restated)

Dated as of June 9, 2000

The GATX Corporation 1985 Long Term Incentive Compensation Plan (as amended and restated) (the "1985 Plan") is hereby amended, effective as of June 9, 2000, as follows:

- 1) Effective for Stock Options outstanding on June 9, 2000, by adding the following to paragraph II-3, immediately following the first sentence thereof:

"In the event a Participant's employment with the Company or a subsidiary terminates because of death or disability (as determined by the Committee), all of such Participant's Incentive Stock Options shall immediately become exercisable upon the date of death or disability in full for the shorter of the remainder of their terms or twelve (12) months."

- 2) Effective for Stock Options outstanding on June 9, 2000, by inserting the following in the second full sentence of paragraph II-4, immediately following the phrase "(as determined by the Committee)" where that phrase appears therein:

", including those Stock Options which have then vested pursuant to the second sentence of paragraph II-3,"

- 3) Effective for Stock Options outstanding on June 9, 2000, by adding the following to paragraph III-3, immediately following the first sentence thereof:

"In the event a Participant's employment with the Company or a subsidiary terminates because of death or disability (as determined by the Committee), all of such Participant's Non-Qualified Stock Options shall immediately become exercisable upon the date of death or disability in full for the shorter of the remainder of their terms or twelve (12) months."

- 4) Effective for Stock Options outstanding on June 9, 2000, by inserting the following in the second full sentence of paragraph III-4,

2

immediately following the phrase "(as determined by the Committee)" where that phrase appears therein:

", including those Stock Options which have then vested pursuant to the second sentence of paragraph III-3,"

- 5) Effective for grants made on or after June 9, 2000, by adding the following to Part III thereof:

"6. Withholding. At the request of a Participant, the Company may withhold shares subject to a Participant's Non-Qualified Stock Options in satisfaction of such Participant's tax obligations incurred upon the exercise of Stock Options hereunder; provided, however, that shares cannot be withheld, and the proceeds thereof applied to a Participant's tax withholding, in excess of that required to satisfy the minimum withholding rates for federal and state tax purposes, including payroll taxes."

- 6) Effective for Stock Options outstanding on June 9, 2000, by adding the following to Part VIII thereof:

"3. Special Acceleration upon Sale or Merger of a Subsidiary. In the

event of any merger or consolidation of a subsidiary of the Company into an entity that is not an affiliate of the Company, the sale or exchange of all or substantially all of the assets of such subsidiary to an entity that is not an affiliate of the Company immediately after the transaction, or the sale of eighty percent (80%) or more of the subsidiary's then outstanding voting stock to an entity that is not an affiliate of the Company immediately after the transaction, the Stock Options of persons employed by the subsidiary immediately before the transaction, if any, then scheduled to become exercisable during the calendar year in which such merger, consolidation, sale or exchange is effected shall immediately become exercisable in full for a period running until the end of the calendar year following the consummation of such transaction, but in any event not longer than the remainder of their term, at which time they shall expire. However, the circumstances described in this paragraph 3 shall constitute a special acceleration only with respect to Stock Options of individuals who are employed at the affected subsidiary immediately before the events creating the special acceleration under this paragraph, and then only with respect to individuals who are not employed by the Company or a subsidiary at any time during the 30-day

3

period following the events creating the special acceleration. For purposes of this paragraph 3, the term affiliate shall have the meaning ascribed to it in the Securities Exchange Act of 1934."

In all other respects, the terms and conditions of the 1985 Long Term Incentive Compensation Plan are hereby ratified and affirmed.

GATX CORPORATION

BY: /s/ GAIL L. DUDDY

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Gail L. Duddy  
Vice President,  
Human Resources

4

Amendment No. 8  
GATX Corporation  
1985 Long Term Incentive Compensation Plan  
(as amended and restated)

Dated January 26, 2001

The GATX Corporation 1985 Long Term Incentive Compensation Plan (as amended and restated) (the "1985 Plan") is hereby further amended as follows:

A) By deleting therefrom paragraph VIII-1 and substituting therefor as follows:

"1. 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 Corporation's voting stock or a change in the composition of the Corporation's Board of Directors which occurs as follows:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Corporation (the "Outstanding Corporation Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of

Control: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation which by reducing the number of shares outstanding increases the proportionate number of shares owned by any person to 20% or more, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation or (4) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this paragraph VIII-1; or

5

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 65% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of

6

such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation; or

(e) Consummation of a Business Combination involving any subsidiary of the Corporation (a "Corporation Unit") that is the primary employer of the Executive immediately prior to such Business Combination unless immediately after such Business Combination the Corporation owns at least 50% of the voting stock of such Corporation Unit."

The terms used in this Part VIII and not defined elsewhere in the Plan shall have the same meaning as such terms have in the Securities Exchange Act of 1934, as amended, and the rules and regulations adopted thereunder."

- B) By deleting from paragraph VIII-2(a) of the Plan the phrase "provided that no Stock Option may be exercised by an officer or director of the Corporation within six months of its date of grant;".
- C) By deleting from paragraph VIII-2(b) of the Plan the phrase ", provided further, that no Stock Appreciation Right may be exercised by an officer within six months of its date of grant"; and

In all other respects, the terms and conditions of the 1985 Long Term Incentive Compensation Plan are hereby ratified and affirmed.

GATX CORPORATION

BY: /s/ GAIL L. DUDDY

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Gail L. Duddy  
Vice President,  
Human Resources

Amendment No. 3  
GATX Corporation  
1995 Long Term Incentive Compensation Plan  
(as amended and restated)

Dated as of April 24, 1998

The GATX Corporation 1995 Long Term Incentive Compensation Plan (as amended and restated) (the "1995 Plan") is hereby further amended as follows:

1) By deleting paragraph VII-1 and substituting therefor the following:

"1. Grant. For each Performance Period, the Committee may, from time to time, grant Individual Performance Units to such officers and other key employees of the Company and its subsidiaries as it may select. The number of Individual Performance Units granted will be determined by dividing a specified percentage (as determined by the Committee and not exceeding one hundred percent (100%)) of the Participant's base salary (disregarding annual base salary in excess of \$1,000,000) by the fair market value of the Company's Common Stock on the date of grant. On each Common Stock dividend payment date, each Individual Performance Unit (including additional individual Performance Units previously credited to it) shall be increased by an amount equal to the dividend paid on that date on a share of the Company's Common Stock, reinvested in additional Individual Performance Units in an amount equivalent to an investment of such dividend in shares of the Company's Common Stock at its fair market value on such date."

2) By deleting paragraph VII-3 and substituting therefor the following:

"3. Performance Goals. For each Performance Period, the Committee may establish Performance Goals which shall be based upon achievement of specific levels of one or more of the following measures applicable to the Company as a whole or to any individual subsidiary: return on equity, total shareholder return, accounting and value based earnings, return on capital, sales growth or return on investment. In determining the extent to which a Performance Goal has been achieved, the calculation shall be made without regard to any changes in the Federal tax law or in accounting standards, that may be required by the Financial Accounting Standards Board after the goal is established. Performance Goals may vary among Participants."

In all other respects, the GATX Corporation Long Term Incentive Compensation Plan (as amended and restated) is ratified and confirmed.

GATX Corporation  
BY: /s/Gail L. Duddy  
Gail L. Duddy  
Vice President, Human Resources

Amendment No. 4  
GATX Corporation  
1995 Long Term Incentive Compensation Plan  
(as amended and restated)

Dated June 9, 2000

The GATX Corporation 1995 Long Term Incentive Compensation Plan (as amended and restated) ("the 1995 Plan") is hereby further amended as follows:

1) Effective for Stock Options outstanding on June 9, 2000 and for Stock Options granted on or after June 9, 2000, by adding the following to paragraph II-3, immediately following the first sentence thereof:

"In the event a Participant's employment with the Company or a subsidiary

terminates because of death or disability (as determined by the Committee), all of such Participant's Incentive Stock Options shall immediately become exercisable upon the date of death or disability in full for the shorter of the remainder of their terms or twelve (12) months."

2) Effective for Stock Options outstanding on June 9, 2000 and for Stock Options granted on or after June 9, 2000, by inserting the following in the second full sentence of paragraph II-4, immediately following the phrase "(as determined by the Committee)" where that phrase appears therein:

", including those Stock Options which have then vested pursuant to the second sentence of paragraph II-3,"

3) Effective for Stock Options outstanding on June 9, 2000 and for Stock Options granted on or after June 9, 2000, by adding the following to paragraph III-3, immediately following the first sentence thereof:

"In the event a Participant's employment with the Company or a subsidiary terminates because of death or disability (as determined by the Committee), all of such Participant's Non-Qualified Stock Options shall immediately become exercisable upon the date of death or disability in full for the shorter of the remainder of their terms or twelve (12) months."

4) Effective for Stock Options outstanding on June 9, 2000 and for Stock Options granted on or after June 9, 2000, by inserting the following in the second full sentence of paragraph III-4, immediately following the phrase "(as determined by the Committee)" where that phrase appears therein:

", including those Stock Options which have then vested pursuant to the second sentence of paragraph III-3,"

3

5) Effective for grants made on or after July 1, 2000, by adding the following to Part III thereof:

"6. Withholding. At the request of a Participant, the Company may withhold shares subject to a Participant's Non-Qualified Stock Options in satisfaction of such Participant's tax obligations incurred upon the exercise of Stock Options hereunder; provided, however, that shares cannot be withheld, and the proceeds thereof applied to a Participant's tax withholding, in excess of that required to satisfy the minimum withholding rates for federal and state tax purposes, including payroll taxes."

6) Effective for Stock Options outstanding on June 9, 2000 and for Stock Options granted on or after June 9, 2000, by adding the following to Part VIII thereof:

"3. Special Acceleration upon Sale or Merger of a subsidiary. In the event of any merger or consolidation of a subsidiary of the Company into an entity that is not an affiliate of the Company, the sale or exchange of all or substantially all of the assets of such subsidiary to an entity that is not an affiliate of the Company immediately after the transaction, or the sale of eighty percent (80%) or more of the subsidiary's then outstanding voting stock to an entity that is not an affiliate of the Company immediately after the transaction, the Stock Options of persons employed by the subsidiary immediately before the transaction, if any, then scheduled to become exercisable during the calendar year in which such merger, consolidation, sale or exchange is effected shall immediately become exercisable in full for a period running until the end of the calendar year following the consummation of such transaction, but in any event not longer than the remainder of their term, at which time they shall expire. However, the circumstances described in this paragraph 3 shall constitute a special acceleration only with respect to Stock Options of individuals who are employed at the affected subsidiary immediately before the events creating the special acceleration under this paragraph, and then only with respect to individuals who are not employed by the Company or a subsidiary at any time during the 30-day period following the events creating the special acceleration. For purposes of this paragraph 3, the term affiliate shall have the meaning ascribed to it in the Securities Exchange Act of 1934."

In all other respects, the GATX Corporation Long Term Incentive Compensation Plan (as amended and restated ) is ratified and confirmed.

GATX CORPORATION

BY: /s/ GAIL L. DUDDY

-----  
Gail L. Duddy  
Vice President,  
Human Resources

4

Amendment No. 5  
GATX Corporation  
1995 Long Term Incentive Compensation Plan  
(as amended and restated)

Dated January 26, 2001

The GATX Corporation 1995 Long Term Incentive Compensation Plan (as amended and restated) (the "1995 Plan") is hereby further amended as follows:

A) By deleting the last two sentences of Paragraph VII.4 in their entirety, and the following substituted therefor:

"1. Payment of the Redemption Amount to the Participant shall be made forty percent (40%) in cash and sixty percent (60%) in Common Stock of the Corporation; provided, however, the Committee may, in its discretion, authorize payment of the Redemption Amount all in cash or in Common Stock, or in such percentage of both as it shall deem appropriate. Such payment shall be made as soon as practicable following the expiration of the applicable Performance Period and certification by the Committee of the Redemption Amount."

B) by deleting therefrom paragraph VIII-1 and substituting therefor as follows:

"1. 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 Corporation's voting stock or a change in the composition of the Corporation's Board of Directors which occurs as follows:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Corporation (the "Outstanding Corporation Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of

5

directors (the "Outstanding Corporation Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation which by reducing the number of shares outstanding increases the proportionate number of shares owned by any person to 20% or more, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation or (4) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this paragraph VIII-1; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming

a director subsequent to the date hereof whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 65% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the

6

Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation; or

(e) Consummation of a Business Combination involving any subsidiary of the Corporation (a "Corporation Unit") that is the primary employer of the Executive immediately prior to such Business Combination unless immediately after such Business Combination the Corporation owns at least 50% of the voting stock of such Corporation Unit.

The terms used in this Part VIII and not defined elsewhere in the Plan shall have the same meaning as such terms have in the Securities Exchange Act of 1934, as amended, and the rules and regulations adopted thereunder."

- C) By deleting from paragraph VIII-2(a) of the Plan the phrase "provided that no Stock Option may be exercised by an officer or director of the Corporation within six months of its date of grant;".
- D) By deleting from paragraph VIII-2(b) of the Plan the phrase ", provided further, that no Stock Appreciation Right may be exercised by an officer within six months of its date of grant"; and

7

In all other respects, the terms and conditions of the 1995 Long Term Incentive Compensation Plan are hereby ratified and affirmed.

GATX CORPORATION

BY: /s/ GAIL L. DUDDY

-----  
Gail L. Duddy  
Vice President,  
Human Resources

In December 2000, the Board of Directors of the Company approved a resolution extending the term for Agreements for Continued Employment Following Change in Control or Disposition of a Subsidiary to December 31, 2001 and amending the Agreements as follows: (i) The definition of "Change of Control" was modified by (a) replacing in paragraph 1(b) the phrase "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" with the phrase "any of the following events" and (b) replacing in paragraph 1(b)4 the phrase "the stockholders approve" with the phrase "the consummation of" and (ii) In paragraph 5a(ii) the amount of bonus used to calculate the amount payable upon termination of employment was modified by replacing the phrase "one times the bonus that would have been payable to the Executive" with the phrase "two times the bonus that would have been payable to the Executive".

## SEPARATION AGREEMENT

This Agreement is made and entered into by and between DAVID B. ANDERSON ("Anderson") and GATX CORPORATION, its parents, divisions, subsidiaries, affiliates, employees, directors, officers, trustees, successors and assigns ("the Company").

1. Anderson's last day of work with the Company will be August 31, 2000. Anderson will be paid his normal salary pursuant to the regular pay cycle through and including March 31, 2001. Anderson will also continue to receive all health insurance coverage he is currently receiving as an active employee through and including March 31, 2001. Anderson's eligibility for insurance coverage under COBRA will commence as of April 1, 2001.

2. By September 30, 2000, Anderson will receive a check in an amount equal to his accrued unused vacation, if any, for calendar year 2000. Anderson will no longer accrue or otherwise be entitled to any vacation after calendar year 2000.

3. Anderson will continue to receive his current Company-paid financial planning services through and including December 31, 2000 and his current car allowance through and including March 31, 2001. Anderson will no longer be entitled to Company-paid financial planning services after December 31, 2000 nor will he be entitled to a car allowance after March 31, 2001.

4. Anderson will be eligible for a payment under the 2000 GATX Management Incentive Plan pursuant to that Plan's normal provisions. Anderson's eligibility for any, including a prorated, bonus award under the GATX Management Incentive Plan terminates with the year 2000 Plan year.

5. Anderson will be eligible for a payment under the Individual Performance Units Plan for the 1998-2000 Performance Period pursuant to that Plan's normal provisions. Anderson's entitlement to any, including prorated, payments under the Individual Performance Units Plan terminates with the 1998-2000 Performance Period.

2

6. Stock options granted to Anderson pursuant to the 1995 GATX Long-Term Incentive Compensation Plan will be treated in accordance with the applicable stock options agreements, except that fifty percent (50%) of the grant, i.e, 7,500 shares, dated March 10, 2000 will be allowed to vest on March 10, 2001. Anderson will have ninety (90) days following March 31, 2001 to exercise vested stock options. These provisions do not apply to the options purchased by Anderson on January 28, 2000 which vested immediately upon purchase and which are exercisable for a ten-year term regardless of Anderson's employment status. All stock options vesting in 2000 will be treated in accordance with normal vesting procedures. All other stock options not vested on or before March 31, 2001 will lapse.

7. Anderson will continue to be eligible for and accrue benefits, if applicable, under the Company-provided life insurance, disability, pension and 401(k) plans through and including March 31, 2001. As of April 1, 2001, all benefits Anderson received as of March 31, 2001 will cease and no longer accrue.

8. The Company will pay for twelve (12) months of outplacement services for Anderson at a mutually agreed-to outplacement consultant.

9. The Company will reimburse Anderson for all reasonable reimbursable business expenses incurred by Anderson on or before August 31, 2000. Anderson agrees to timely submit all required expense reports and supporting documentation.

10. The Company agrees to cover Anderson under its Officers and Directors liability insurance and to indemnify Anderson for any liability, attorneys fees and costs he incurs in the defense of any legal action arising from Anderson's employment as an officer of the Company.

11. Anderson agrees to assist the Company in prosecuting or defending

against any government investigations, legal proceedings, litigation or other matters. Should Anderson's assistance be required on or before March 31, 2001, the Company agrees to reimburse him for his reasonable expenses incurred in providing such assistance. Should Anderson's assistance be required after March 31, 2001, the Company agrees to reimburse him for his reasonably incurred expenses as well as for his time in excess of ten (10) hours at a mutually agreed upon rate.

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12. Anderson agrees not to discuss or disclose the terms of this Agreement except insofar as it is necessary for him to reveal the terms to his attorney, accountant, financial planner or tax preparers, members of his immediate family or as required by order of any duly authorized court or tribunal.

13. Anderson acknowledges that, during his tenure as General Counsel of the Company, he became aware of business information including trade secrets, developments, strategic plans and programs, cost of sales and products and the customers of the Company, which, although possibly not covered by the attorney-client privilege, are, nonetheless, confidential and proprietary to the Company and that he is obligated to keep such information confidential following his termination to the extent required by law.

14. Anderson and current and future officers of the Company, while acting as officers, agree that they will not take any action, or make any statement, whether orally or in writing, which in any manner disparages or impugns the reputation or goodwill of the Company (as defined above) or each other.

15. Anderson represents and warrants that he has returned to the Company all Company keys, credit cards and Company documents in his possession, whether in hard copy, disk or hard drive storage, including all copies of such documents.

16. In exchange for the foregoing mutual benefits and payments, Anderson, for himself, his heirs, his executors and administrators and the Company release and forever discharge each other from any and all claims, demands, sums of money, contracts, controversies, agreements, promises, damages, costs, causes of action and liabilities of any kind or character whatsoever, from the beginning of time to the date of these presents, relating to Anderson's employment at the Company, including the termination of such employment, except insofar as it may be necessary to take action with respect to the enforcement of this Agreement. This mutual release and covenant not to sue includes, but is not limited to, all claims which could have been raised under any local, state or federal statute, ordinance, regulation and/or under any express or implied contract and/or under common law.

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17. With respect to the foregoing release and waiver insofar as it relates to rights and claims under the Age Discrimination in Employment Act, Anderson acknowledges the following:

- A. That the foregoing release and waiver is entered into knowingly, voluntarily and with the opportunity for advice by his personal attorney.
- B. That the entitlements set forth in this Agreement exceed in nature and scope that to which he would otherwise be legally eligible to receive.
- C. That nothing contained in this Agreement purports to release any of Anderson's rights or claims that may arise after the date of execution of this Agreement.
- D. That this Agreement shall not give rise to any legal rights or obligations with respect to any waiver of claims until Anderson is afforded a period of at least twenty-one (21) calendar days within which to consider the terms of this Agreement.

E. That Anderson shall be afforded seven (7) calendar days following the execution of this Agreement within which he may revoke the Agreement insofar as it relates to the Age Discrimination in Employment Act, and none of the terms and provisions of this Agreement shall become effective or enforceable with respect to any waiver of claims under the Age Discrimination in Employment Act until such revocation period has expired.

18. The parties stipulate and agree that the payments and benefits Anderson is to receive under the terms of this Agreement exceed any other benefits to which Anderson may be entitled and that Anderson knowingly is waiving any entitlement to any other future non-vested benefits not specified in this Agreement in exchange for the benefits set forth above.

19. The parties hereby stipulate and agree that nothing contained in this Agreement shall be construed as an admission of liability, culpability or wrongdoing by either party.

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20. This Agreement constitutes the entire understanding between the parties. No promises or agreements not contained in this Agreement shall be binding unless set forth in writing and signed by all the parties.

21. The parties agree that this Agreement shall be construed and enforced in accordance with the laws of the State of Illinois, without regard to choice of law or conflict of law principles. The parties agree that any legal proceeding relating to this Agreement will be instituted only in a federal or state court in Cook County, Illinois, and the parties consent to the jurisdiction of such courts for such actions.

22. Should any provision of this Agreement, in whole or in part, be held invalid or unenforceable by operation of law or otherwise, all other provisions shall remain in full force and effect and the parties agree that a court may modify any provision to make it valid or enforceable in whole or in part.

23. The parties agree that all of the benefits Anderson is to receive under this Agreement will pass to his legal heirs and that such heirs shall be bound to the terms of this Agreement where applicable.

IN WITNESS WHEREOF, the parties have executed this Termination Agreement this 14th day of August, 2000.

8/14/00 /s/ DAVID B. ANDERSON  
-----  
Date David B. Anderson

8/14/00 /s/ GAIL L. DUDDY  
-----  
Date GATX Corporation  
By: Gail L. Duddy  
Its: Vice President, Human Resources

5

FIRST AMENDED STOCK PURCHASE AGREEMENT

between

GATX RAIL CORPORATION ("RAIL"),

GATX TERMINALS HOLDING CORPORATION ("HOLDINGS")

and

KINDER MORGAN ENERGY PARTNERS, L.P. ("PURCHASER")

February 28, 2001

TABLE OF CONTENTS

	PAGE
ARTICLE 1	PURCHASE AND SALE OF TERMINALS.....1
1.1	Purchase and Sale of Terminals Stock.....1
1.2	Payment at the Terminals Closing.....1
1.3	Determination of Working Capital Adjustment.....1
1.4	Purchase Price Allocation.....4
1.5	Additional Payment at Terminals Closing.....4
1.6	General and Administrative Expenses Regarding the Terminals Companies.....4
ARTICLE 1A	PURCHASE AND SALE OF GPL.....4
1A.1	Purchase and Sale of GPL Stock.....4
1A.2	Payment at Closing.....4
1A.3	Determination of Working Capital Adjustment and Debt Adjustment.....5
1A.4	Purchase Price Allocation.....7
ARTICLE 2	REPRESENTATIONS AND WARRANTIES OF SELLER WITH RESPECT TO THE TERMINALS COMPANIES.....8
2.1	Authority of Seller.....8
2.2	Capitalization; Seller's Ownership of Terminals Companies.....8
2.3	Organization.....9
2.4	Consents and Approvals.....9
2.5	Personal Property.....10

2.6	Real Property.....	10
2.7	Leased Real Property.....	10
2.8	Intellectual Property.....	10
2.9	Financial Statements.....	11
2.10	No Material Adverse Change.....	12
2.11	Tax Matters.....	12
2.12	Laws and Regulations;	
	Litigation.....	13
2.13	ERISA and Related Matters.....	14
2.14	Material Contracts.....	16
2.15	Brokers, Etc.....	18
2.16	Insurance.....	18

-i-

3

TABLE OF CONTENTS  
(Continued)

		PAGE
2.17	Employees.....	18
2.18	Environmental.....	18
2.19	Environmental Permits.....	19
2.20	Affiliate Transactions.....	20
2.21	Licenses; Permits.....	20
2.22	Hedging.....	20
2.23	Bankruptcy.....	20
2.24	Other Disclosures.....	20
ARTICLE 2A	REPRESENTATIONS AND WARRANTIES OF SELLER WITH RESPECT TO THE CALNEV COMPANIES.....	20
2A.1	Authority of Seller.....	20
2A.2	Capitalization; Seller's Ownership of the Calnev Companies.....	21
2A.3	Organization.....	21
2A.4	Consents and Approvals.....	21
2A.5	Personal Property.....	22
2A.6	Real Property.....	22
2A.7	Leased Real Property.....	22
2A.8	Intellectual Property.....	23
2A.9	Financial Statements.....	23
2A.10	No Material Adverse Change.....	23

2A.11	Tax Matters.....	24
2A.12	Laws and Regulations; Litigation.....	25
2A.13	ERISA and Related Matters .....	26
2A.14	Material Contracts.....	28
2A.15	Brokers, Etc.....	29
2A.16	Insurance.....	29
2A.17	Employees.....	29
2A.18	Environmental.....	30
2A.19	Environmental Permits.....	31
2A.20	Affiliate Transactions.....	31

-ii-

4

TABLE OF CONTENTS  
(Continued)

		PAGE
	2A.21 Licenses; Permits.....	31
	2A.22 Hedging.....	31
	2A.23 Bankruptcy.....	31
	2A.24 Other Disclosures.....	31
ARTICLE 3	REPRESENTATIONS AND WARRANTIES OF PURCHASER.....	31
	3.1 Authority of Purchaser.....	31
	3.2 Brokers, Etc.....	32
	3.3 Securities.....	32
	3.4 Financing.....	32
	3.5 Independent Investigation.....	32
ARTICLE 4	COVENANTS OF SELLER WITH RESPECT TO THE TERMINALS COMPANIES.....	33
	4.1 Corporate and Other Actions.....	33
	4.2 Full Access.....	33
	4.3 Ordinary Course of Business.....	33
	4.4 HSR Filings.....	34
	4.5 [Intentionally omitted].....	34
	4.6 Registration Statements and Periodic Reports.....	34
	4.7 Intercompany Accounts and Contracts.....	34
	4.8 Conversion into Single-Member Limited Liability Companies.....	35
	4.9 No Solicitations.....	35
	4.10 Confidentiality.....	35

4.11	Insurance.....	36
4.12	Excluded Companies.....	36
4.13	No Solicitation of Continuing Employees.....	36
4.14	Consents.....	37
4.15	Argo Lease.....	37
ARTICLE 4A	COVENANTS OF SELLER WITH RESPECT TO THE CALNEV COMPANIES.....	38
4A.1	Corporate and Other Actions.....	38
4A.2	Full Access.....	38

-iii-

5

TABLE OF CONTENTS  
(Continued)

		PAGE
4A.3	Ordinary Course of Business.....	38
4A.4	Intercompany Accounts and Contracts.....	39
4A.5	Conversion into Single-Member Limited Liability Companies....	39
4A.6	No Solicitations.....	39
4A.7	Confidentiality.....	40
4A.8	Insurance.....	40
4A.9	No Solicitation of Continuing Employees.....	40
4A.10	Consents Prior to the Calnev Closing.....	41
4A.11	HSR Filing With Respect to the Calnev Companies.....	41
ARTICLE 5	COVENANTS OF PURCHASER WITH RESPECT TO THE TERMINALS COMPANIES.....	41
5.1	Corporate and Other Actions.....	41
5.2	Confidentiality.....	41
5.3	Terminals Employees and Benefit Plans.....	42
5.4	Full Access.....	47
5.5	HSR Filings.....	47
5.6	Directors' and Officers' Indemnification.....	47
5.7	Use of GATX Name.....	48
5.8	Assumption of Obligations.....	48
5.9	Services to Terminal de Productos Especializados S.A. de C.V.; Other Services.....	48
5.10	License Agreement with KTSB.....	48
5.11	Agreement with Nippon GATX Company Limited.....	48
5.12	License to the Calnev Companies.....	49
ARTICLE 5A	COVENANTS OF PURCHASER WITH RESPECT TO THE CALNEV COMPANIES.....	49

5A.1	Corporate and Other Actions.....	49
5A.2	Confidentiality.....	49
5A.3	Calnev Employees and Benefit Plans.....	49
5A.4	Full Access.....	54
5A.5	Directors' and Officers' Indemnification.....	54

-iv-

6

TABLE OF CONTENTS  
(Continued)

		PAGE
	5A.6	Use of GATX Name.....54
	5A.7	HSR Filing With Respect to the Calnev Companies.....55
	5A.8	Assumption of Obligations.....55
ARTICLE 6	CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER WITH RESPECT TO TERMINALS SALE.....55	
	6.1	Warranties True as of Both Present Date and Closing Date.....55
	6.2	Compliance with Agreements and Covenants.....56
	6.3	Competition Law Approvals.....56
	6.4	Injunctions; Consents.....56
	6.5	Deliveries by Seller.....56
ARTICLE 6A	CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER WITH RESPECT TO CALNEV SALE.....56	
	6A.1	Warranties True as of Both Present Date and Closing Date.....56
	6A.2	Compliance with Agreements and Covenants.....57
	6A.3	Competition Law Approvals.....57
	6A.4	Injunctions; Consents.....57
	6A.5	Deliveries by Seller.....58
ARTICLE 7	CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER WITH RESPECT TO TERMINALS COMPANIES SALE .....58	
	7.1	Warranties True as of Both Present Date and Closing Date.....58
	7.2	Compliance with Agreements and Covenants.....58
	7.3	Competition Law Approvals.....58
	7.4	Injunctions; Consents.....58
	7.5	Deliveries by Purchaser.....58
ARTICLE 7A	CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER WITH RESPECT TO CALNEV SALE.....58	
	7A.1	Warranties True as of Both Present Date and Closing Date.....59
	7A.2	Compliance with Agreements and Covenants.....59
	7A.3	Competition Law Approvals.....59
	7A.4	Injunctions; Consents.....59

	7A.5	Deliveries by Purchaser.....	59
ARTICLE 8		TERMINALS CLOSING.....	59

-v-

7

TABLE OF CONTENTS  
(Continued)

		PAGE	
	8.1	Terminals Closing.....	59
	8.2	Seller's Deliveries.....	59
	8.3	Purchaser's Deliveries.....	60
	8.4	Termination.....	60
ARTICLE 8A		CALNEV CLOSING; ASSET DIVISION.....	61
	8A.1	Calnev Closing.....	61
	8A.2	Seller's Deliveries.....	61
	8A.3	Purchaser's Deliveries.....	61
	8A.4	Termination.....	62
	8A.5	Asset Division.....	62
	8A.6	Actions Taken Contemporaneously with Asset Division.....	64
	8A.7	Special Severance Payment.....	67
ARTICLE 9		SURVIVAL AND INDEMNIFICATION RELATING TO TERMINALS SALE.....	67
	9.1	Survival.....	67
	9.2	Indemnification by Seller.....	67
	9.3	Indemnification by Purchaser.....	69
	9.4	Schedule 9.2(a) Matters.....	70
ARTICLE 9A		SURVIVAL AND INDEMNIFICATION RELATING TO CALNEV SALE.....	71
	9A.1	Survival.....	71
	9A.2	Indemnification by Seller.....	71
	9A.3	Indemnification by Purchaser.....	73
ARTICLE 9B		SURVIVAL AND INDEMNIFICATION GENERALLY.....	74
	9B.1	Claims.....	74
	9B.2	Notice of Third Party Claims; Assumption of Defense.....	74
	9B.3	Settlement or Compromise.....	75
	9B.4	Time Limits.....	75
	9B.5	Net Losses and Subrogation.....	75
	9B.6	Purchase Price Adjustments.....	76
	9B.7	Limitations on Liability of Seller.....	76

TABLE OF CONTENTS  
(Continued)

	PAGE
9B.8	Limitations on Liability of Purchaser.....78
ARTICLE 10	TAX MATTERS WITH RESPECT TO THE TERMINALS COMPANIES.....79
10.1	Liability for Taxes.....79
10.2	Tax Returns.....80
10.3	Cooperation on Tax Matters.....82
10.4	Carrybacks and Refunds.....83
10.5	Survival.....83
10.6	Conflict.....83
10.7	Transfer Taxes.....83
ARTICLE 10A	TAX MATTERS WITH RESPECT TO THE CALNEV.....84
10A.1	Liability for Taxes.....84
10A.2	Tax Returns.....85
10A.3	Cooperation on Tax Matters.....87
10A.4	Carrybacks and Refunds.....88
10A.5	Survival.....88
10A.6	Conflict.....88
ARTICLE 11	MISCELLANEOUS.....88
11.1	Expenses.....88
11.2	Amendment.....88
11.3	Notices.....88
11.4	Waivers.....89
11.5	Counterparts.....89
11.6	Headings.....89
11.7	Applicable Law.....89
11.8	Assignment.....89
11.9	No Third Party Beneficiaries.....89
11.10	Forum; Waiver of Jury Trial.....90
11.11	Schedules.....90
11.12	Incorporation.....90
11.13	Complete Agreement.....90

TABLE OF CONTENTS  
(Continued)

	PAGE
11.14 Disclaimer.....	90
11.15 Knowledge Defined.....	91
11.16 Public Announcements.....	91
11.17 Defined Terms.....	91
11.18 Currency.....	91
11.19 References.....	91
11.20 Employer Identification Numbers.....	91

EXHIBITS

- Exhibit A - Confidentiality Agreement
- Exhibit B -Services Agreement
- Exhibit C - Terminals Closing Balance Sheet

SCHEDULES

- 1.4 Terminals Asset Allocation
- 1A.4 Calnev Asset Allocation
- 2.2 Capitalization; Ownership
- 2.3 Organization
- 2.4 Consents and Approvals
- 2.6 Real Property
- 2.7 Real Property Leases
- 2.8 Intellectual Property
- 2.9(a) Combined Financial Statements
- 2.9(b) Audited September 30th Balance Sheet
- 2.9(c) Terminals September 30th Balance Sheet
- 2.9(d) Terminals Companies December 31, 2000 Financial Statements

2.9(e)	Bonds, Deposits, Financial Assurance and Insurance Coverage
2.10	No Material Adverse Change
2.11	Tax Matters
2.12(a)	No Violations of Law
2.12(b)	Litigation
2.13	ERISA Matters
2.13(a)	GATX Corporation Summary of Benefit Plans with Acceleration Provisions
2.14	Material Contracts
2.16	Insurance Policies
2.17	Employee Matters
2.18	Environmental Matters
2.19	Environmental Permits
2.20	Affiliate Transactions
2.21	Licenses, Permits and Authorizations

-ix-

11

2.24	Banks
2A.9(b)	Calnev September 30th Balance Sheet
2A.12(c)	Tariffs and Rates
3.4	Purchaser's Financial Resources
4.3	Ordinary Course
4.7	Intercompany Payables and Agreements
5.3(a)	Terminals Employees
5.8	Parental Guarantees
6.4(b)	Additional Consents Required for Closing
9.2(a)	Special Indemnification Matters
11.15(a)	Knowledge of Seller
11.15(b)	Knowledge of Purchaser

-x-

12

FIRST AMENDED STOCK PURCHASE AGREEMENT

THIS FIRST AMENDED STOCK PURCHASE AGREEMENT is entered into on the 28th day of February, 2001, between GATX RAIL CORPORATION, a corporation organized under the laws of New York ("Rail"), GATX TERMINALS HOLDING CORPORATION, a

Delaware corporation and a wholly-owned subsidiary of Rail ("Holdings" and, together with Rail, "Seller") and KINDER MORGAN ENERGY PARTNERS, L.P., a Delaware limited partnership ("Purchaser").

WHEREAS, subject to the terms and conditions set forth herein, Seller desires to sell, assign and transfer to Purchaser, and Purchaser desires to purchase and take assignment and delivery from Seller of, all of the issued and outstanding shares of capital stock of GATX Terminals Corporation, a Delaware corporation, which shall be converted into a single-member limited liability company prior to the Terminals Closing Date ("Terminals"); and

WHEREAS, subject to the terms and conditions set forth herein, Seller desires to sell, assign and transfer to Purchaser, and Purchaser desires to purchase and take assignment and delivery from Seller of, all of the issued and outstanding shares of capital stock of GATX Pipe Line Company, a Delaware corporation, which shall be converted into a single-member limited liability company prior to the Calnev Closing Date ("GPL").

NOW, THEREFORE, in consideration of the premises and the mutual promises herein contained, Purchaser and Seller agree as follows:

ARTICLE 1  
PURCHASE AND SALE OF TERMINALS

1.1 Purchase and Sale of Terminals Stock. Subject to the terms and conditions hereof, at the Terminals Closing (as defined below), Seller shall sell, assign and deliver to Purchaser, and Purchaser shall purchase and take assignment and delivery of, all of the issued and outstanding shares of capital stock, such capital stock having been converted into a limited liability company membership interest prior to the Terminals Closing Date, of Terminals (the "Terminals Stock").

1.2 Payment at the Terminals Closing. Subject to the terms and conditions hereof, at the closing of the transactions contemplated by Section 1.1 hereof (the "Terminals Closing"), Purchaser shall pay, by wire transfer of same-day funds, the amount of \$784,000,000 less \$168,970,000 (which is the Terminals Aggregate Non-Current Balance Sheet Liability reflected on the Terminals Closing Balance Sheet) (the "Terminals Purchase Price"). The Terminals Purchase Price shall be payable to Seller to such accounts as Seller may direct in advance of the Terminals Closing. The Terminals Purchase Price is subject to adjustment pursuant to Section 1.3 below.

1.3 Determination of Working Capital Adjustment.

(a) Closing Balance Sheet. In order to determine the Terminals Working Capital Adjustment, Seller has prepared and delivered to Purchaser the Terminals Closing Balance Sheet. The Terminals Closing Balance Sheet was prepared using accounting

13

principles and significant estimates in accordance with GAAP and consistent with those used in the preparation of the Terminals September 30th Balance Sheet and shall take into account the Terminals Adjustments. Seller shall permit Purchaser's accountants reasonable access (i) to Seller's accountants and (ii) to review all work papers and other pertinent information requested from time to time and used in connection with the preparation of the Terminals Closing Balance Sheet.

(b) Working Capital Adjustment. If Terminals Working Capital as shown on the Terminals Closing Balance Sheet is less than the Terminals Working Capital as shown on the Terminals September 30th Balance Sheet, then Seller shall remit to Purchaser the Terminals Working Capital Adjustment. Seller shall remit the undisputed portion of such amount, together with interest thereon at the prime interest rate as reported in The Wall Street Journal on the Terminals Closing Date (the "Prime Interest Rate") plus 2%, calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the Terminals Closing Date to the date of payment), by wire transfer of same-day funds, not later than the fifteenth (15th) business day after the Terminals Closing Date, to an account that Purchaser shall designate to Seller. Seller shall retain the disputed portion of such amount until

the dispute is resolved pursuant to the procedures set forth in Section 1.3(c) below. If Terminals Working Capital as shown on the Terminals Closing Balance Sheet is greater than the Terminals Working Capital as shown on the Terminals September 30th Balance Sheet, then Purchaser shall remit to Seller the Terminals Working Capital Adjustment. Purchaser shall remit the undisputed portion of such amount, together with interest thereon at the Prime Interest Rate plus 2% calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the Terminals Closing Date to the date of payment), by wire transfer of same-day funds, not later than the fifteenth (15th) business day after the Terminals Closing Date, to an account that Seller shall designate to Purchaser. Purchaser shall retain the disputed portion of such amount until the dispute is resolved pursuant to Section 1.3(c) below.

(c) Disputes. If Purchaser notifies Seller in writing within fifteen (15) business days after the Terminals Closing Date that Purchaser disagrees with the determination of Terminals Working Capital as shown on the Terminals Closing Balance Sheet, for the reason that the determination does not meet the criteria set forth in Section 2.9(c) ("Terminals Dispute Notice") and such Terminals Dispute Notice (i) states with reasonable specificity the basis for such disagreement and quantifies such dispute and (ii) seeks an adjustment to the Terminals Working Capital reflected on the Terminals Closing Balance Sheet of at least \$340,000, Seller and Purchaser shall attempt in good faith to resolve such dispute as soon as possible. If the parties are unable to resolve such dispute within fifteen (15) days after Seller's receipt of such Terminals Dispute Notice, Seller and Purchaser shall, as soon as reasonably practicable thereafter, jointly submit such dispute for arbitration to an independent certified public accounting firm mutually acceptable to Seller and Purchaser (or, if the parties cannot agree within one week on such an arbitrating accounting firm, to the Chicago office of Arthur Andersen LLP (the "Terminals Arbitrating Accounting Firm")) for the purpose of resolving the dispute set forth in such Terminals Dispute Notice. The review performed by the Terminals

Arbitrating Accounting Firm shall be limited to the unresolved issues identified in the Terminals Dispute Notice, which issues shall relate only to the accounting determinations specified in the first sentence of this Section 1.3(c). The Terminals Arbitrating Accounting Firm shall review and decide the issue or issues that are the subject of such dispute as specified in such Terminals Dispute Notice within thirty (30) days after such submission. The decision of the Terminals Arbitrating Accounting Firm shall be set forth in writing and delivered to Seller and Purchaser. The decision of the Terminals Arbitrating Accounting Firm shall be final and binding on Seller and Purchaser, and the Terminals Working Capital reflected on the Terminals Closing Balance Sheet, as adjusted to reflect the determination of the Terminals Arbitrating Accounting Firm, shall constitute the final and binding "Terminals Working Capital" for purposes of Section 1.3(b); provided, that the Terminals Working Capital reflected on the Terminals Closing Balance Sheet shall not be adjusted unless and until the decision of the Terminals Arbitrating Accounting Firm would result in an adjustment to the Terminals Working Capital shown on the Terminals Closing Balance Sheet submitted by Seller of at least \$340,000. If the final and binding Terminals Working Capital as determined by the Terminals Arbitrating Accounting Firm would result in a refund of certain of the amounts paid by Purchaser to Seller with respect to the delivery of the Terminals Closing Balance Sheet (the "Terminals Initial Payment"), then, not later than the third (3rd) business day after delivery of the decision of the Terminals Arbitrating Accounting Firm, Seller shall remit such refund, together with interest thereon at the Prime Interest Rate plus 2% calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the date of Terminals Initial Payment to the date of payment), by wire transfer of same-day funds to an account that Purchaser shall designate to Seller. If the final and binding Terminals Working Capital as determined by the Terminals Arbitrating Accounting Firm would result in an additional

payment from Purchaser to Seller, then, not later than the third (3rd) business day after delivery of the decision of the Terminals Arbitrating Accounting Firm, Purchaser shall remit such additional amount, together with interest thereon at the Prime Interest Rate plus 2%, calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the Terminals Closing Date to the date of payment), by wire transfer of same-day funds to an account that Seller shall designate to Purchaser. The fees and costs of the Terminals Arbitrating Accounting Firm shall be shared equally by Purchaser and Seller.

(d) Adjustments Not Subject to Limitation. Any amounts paid to Purchaser as a result of adjustments under this Section 1.3 shall not be subject to, or impact in any way, any limitations, including without limitation any basket or cap, contained in this Agreement. The Terminals Purchase Price shall be deemed adjusted downwards or upwards, as the case may be, by the amounts, if any, remitted by Seller or Purchaser under this Section 1.3. Notwithstanding anything to the contrary contained in this Agreement, if and to the extent Seller pays a Terminals Working Capital Adjustment to Purchaser, then Seller shall have no additional liability to Purchaser whatsoever (pursuant to Section 2.9 or Section 9.2 hereof or otherwise) with respect to the Terminals Working Capital shortfall that resulted in a reduction in the Terminals Purchase Price pursuant to this Section 1.3.

3

15

1.4 Purchase Price Allocation. Seller and Purchaser agree to allocate the Terminals Purchase Price for the Terminals Companies' assets as set forth on Schedule 1.4 (the "Terminals Asset Allocation"). The Terminals Asset Allocation shall be revised after all adjustments, if any, have been made to the Terminals Purchase Price in accordance with Section 1.3. The Terminals Asset Allocation shall be completed in the manner required by Section 1060 of the Code. Seller and Purchaser further agree to comply with all filing, notice and reporting requirements described in Section 1060 of the Code and the Treasury Regulations promulgated thereunder, including the timely preparation and filing of Form 8594 based on the Terminals Asset Allocation. Seller and Purchaser hereby agree that they will report the federal, state, foreign and other tax consequences of the transactions contemplated by this Agreement in a manner consistent with the Terminals Asset Allocation.

1.5 Additional Payment at Terminals Closing. Subject to the terms and conditions hereof, at the Terminals Closing, Purchaser shall pay to Seller, by wire transfer of same-day funds to such accounts as Seller may direct in advance of the Terminals Closing, in addition to any amounts payable pursuant to Section 1.2 or Section 1.3, an amount equal to the sum of \$11,000,000. The parties hereby agree that such amount represents an interest payment with respect to indebtedness of the Terminals Companies.

1.6 General and Administrative Expenses Regarding the Terminals Companies. Seller shall either pay directly or reimburse Purchaser for all of the general and administrative expenses of the Terminals Companies in connection with the Chicago office of Seller that are billed or invoiced subsequent to February 28, 2001, whether incurred directly by Seller and its Affiliates or allocated indirectly by Seller or an Affiliate to any of the Terminals Companies (it being understood that the obligation of reimbursement pursuant to this sentence is in no way subject to or limited by the provisions of Section 9B.7).

ARTICLE 1A  
PURCHASE AND SALE OF GPL

1A.1 Purchase and Sale of GPL Stock. Subject to the terms and conditions hereof, at the Calnev Closing (as defined below), Seller shall sell, assign and deliver to Purchaser, and Purchaser shall purchase and take assignment and delivery of, all of the issued and outstanding shares of capital stock, such capital stock having been converted into a limited liability company membership interest prior to the Calnev Closing Date, of GPL (the "GPL Stock").

1A.2 Payment at Closing. Subject to the terms and conditions hereof, at the closing of the transactions contemplated by Section 1A.1 hereof (the "Calnev Closing"), Purchaser shall pay, by wire transfer of same-day funds, the amount of \$375,000,000 less the Calnev Aggregate Non-Current Balance Sheet Liability reflected on the Calnev September 30th Balance Sheet (the "Calnev Purchase Price"). The Calnev Purchase Price shall be payable to Seller to such accounts as Seller may direct in advance of the Calnev Closing. The Calnev Purchase Price is subject to adjustment pursuant to Section 1A.3 below.

4

16

1A.3 Determination of Working Capital Adjustment and Debt Adjustment.

(a) Closing Balance Sheet. In order to determine the Calnev Working Capital Adjustment and the Calnev Debt Adjustment, Seller shall prepare and deliver to Purchaser, within sixty (60) days following the Calnev Closing Date, the Calnev Closing Balance Sheet. The Calnev Closing Balance Sheet shall be prepared by Seller at its own expense with the assistance of personnel of Calnev as may be reasonably requested by Seller. The Calnev Closing Balance Sheet shall be prepared using accounting principles and significant estimates in accordance with GAAP and consistent with those used in the preparation of the Calnev September 30th Balance Sheet and shall take into account the Calnev Adjustments. During and after preparation of such Calnev Closing Balance Sheet, Seller shall permit Purchaser's accountants reasonable access (i) to Seller's accountants and (ii) to review all work papers and other pertinent information requested from time to time and used in connection with the preparation of the Calnev Closing Balance Sheet.

(b) Working Capital Adjustment. If Calnev Working Capital as shown on the Calnev Closing Balance Sheet is less than Calnev Working Capital as shown on the Calnev September 30th Balance Sheet, then Seller shall remit to Purchaser the Calnev Working Capital Adjustment. Seller shall remit the undisputed portion of such amount, together with interest thereon at the Prime Interest Rate plus 2%, calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the Calnev Closing Date to the date of payment), by wire transfer of same-day funds, not later than the fifteenth (15th) business day after delivery to Purchaser of the Calnev Closing Balance Sheet, to an account that Purchaser shall designate to Seller. Seller shall retain the disputed portion of such amount until the dispute is resolved pursuant to the procedures set forth in Section 1A.3(d) below. If Calnev Working Capital as shown on the Calnev Closing Balance Sheet is greater than the Calnev Working Capital as shown on the Calnev September 30th Balance Sheet, then Purchaser shall remit to Seller the Calnev Working Capital Adjustment. Purchaser shall remit the undisputed portion of such amount, together with interest thereon at the Prime Interest Rate plus 2% calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the Calnev Closing Date to the date of payment), by wire transfer of same-day funds, not later than the fifteenth (15th) business day after delivery to Purchaser of the Calnev Closing Balance Sheet, to an account that Seller shall designate to Purchaser. Purchaser shall retain the disputed portion of such amount until the dispute is resolved pursuant to Section 1A.3(d) below.

(c) Debt Adjustment. If the Calnev Aggregate Non-Current Balance Sheet Liability as shown on the Calnev Closing Balance Sheet is greater than the Calnev Aggregate Non-Current Balance Sheet Liability as shown on the Calnev September 30th Balance Sheet, then Seller shall remit to Purchaser the Calnev Debt Adjustment. Seller shall remit the undisputed portion of such amount, together with interest thereon at the Prime Interest Rate plus 2%, calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the Calnev Closing Date to the date of payment), by wire transfer of same-day

funds, not later than the fifteenth (15th) business day after delivery to Purchaser of the Calnev Closing Balance Sheet, to an account that Purchaser shall designate to Seller. Seller shall retain the disputed portion of such amount until the dispute is resolved pursuant to the procedures set forth in Section 1A.3(d) below. If the Calnev Aggregate Non-Current Balance Sheet Liability as shown on the Calnev Closing Balance Sheet is less than the Calnev Aggregate Non-Current Balance Sheet Liability as shown on the Calnev September 30th Balance Sheet, then Purchaser shall remit to Seller the Calnev Debt Adjustment. Purchaser shall remit the undisputed portion of such amount, together with interest thereon at the Prime Interest Rate plus 2% calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the Calnev Closing Date to the date of payment), by wire transfer of same-day funds, not later than fifteenth (15th) business day after delivery to Purchaser of the Calnev Closing Balance Sheet, to an account that Seller shall designate to Purchaser. Purchaser shall retain the disputed portion of such amount until the dispute is resolved pursuant to the procedures set forth in Section 1A.3(d).

(d) Disputes. If Purchaser notifies Seller in writing within fifteen (15) business days after receipt of the Calnev Closing Balance Sheet that Purchaser disagrees with the determination of Calnev Working Capital or Calnev Aggregate Non-Current Balance Sheet Liability, in each case as shown on the Calnev Closing Balance Sheet, for the reason that the determination does not meet the criteria set forth in Section 2A.9(b) ("Calnev Dispute Notice"), and such Calnev Dispute Notice (i) states with reasonable specificity the basis for such disagreement and quantifies such dispute and (ii) with respect to Calnev Working Capital, seeks an adjustment to the Calnev Working Capital reflected on the Calnev Closing Balance Sheet of at least \$160,000, Seller and Purchaser shall attempt in good faith to resolve such dispute as soon as possible. If the parties are unable to resolve such dispute within fifteen (15) days after Seller's receipt of such Calnev Dispute Notice, Seller and Purchaser shall as soon as reasonably practicable thereafter jointly submit such dispute for arbitration to an independent certified public accounting firm mutually acceptable to Seller and Purchaser (or, if the parties cannot agree within one week on such an arbitrating accounting firm, to the Chicago office of Arthur Andersen LLP (the "Calnev Arbitrating Accounting Firm")) for the purpose of resolving the dispute set forth in such Calnev Dispute Notice. The review performed by the Calnev Arbitrating Accounting Firm shall be limited to the unresolved issues identified in the Calnev Dispute Notice, which issues shall relate only to the accounting determinations specified in the first sentence of this Section 1A.3(d). The Calnev Arbitrating Accounting Firm shall review and decide the issue or issues that are the subject of such dispute as specified in such Calnev Dispute Notice within thirty (30) days after such submission. Seller and Purchaser hereby agree, and the Calnev Arbitrating Accounting Firm shall be directed, that the Calnev Closing Balance Sheet estimates for reserves included in the Calnev Aggregate Non-Current Balance Sheet Liability shall be conclusive unless it is established that, based solely on information available at the Calnev Closing, there was no reasonable basis for the change (if any) in such estimates from September 30, 2000 to the date of the Calnev Closing. The decision of the Calnev Arbitrating Accounting Firm shall be set forth in writing and delivered to Seller and Purchaser. The decision of the Calnev Arbitrating Accounting Firm shall be final and binding on Seller and Purchaser, and the Calnev Working Capital and/or the Calnev

Aggregate Non-Current Balance Sheet Liability reflected on the Calnev Closing Balance Sheet, as adjusted to reflect the determination of the

Calnev Arbitrating Accounting Firm, shall constitute the final and binding "Calnev Working Capital" for purposes of Section 1A.3(b) and/or "Calnev Aggregate Non-Current Balance Sheet Liability" for purposes of Section 1A.3(c) (as applicable); provided, that the Calnev Working Capital reflected on the Calnev Closing Balance Sheet shall not be adjusted unless and until the decision of the Calnev Arbitrating Accounting Firm would result in an adjustment to the Calnev Working Capital shown on the Calnev Closing Balance Sheet submitted by Seller of at least \$160,000. If the final and binding Calnev Working Capital and/or Calnev Aggregate Non-Current Balance Sheet Liability as determined by the Calnev Arbitrating Accounting Firm would result in a refund of certain of the amounts paid by Purchaser to Seller with respect to the delivery of the Calnev Closing Balance Sheet (the "Calnev Initial Payment"), then, not later than the third (3rd) business day after delivery of the decision of the Calnev Arbitrating Accounting Firm, Seller shall remit such refund, together with interest thereon at the Prime Interest Rate plus 2% calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the date of Calnev Initial Payment to the date of payment), by wire transfer of same-day funds to an account that Purchaser shall designate to Seller. If the final and binding Calnev Working Capital and/or Calnev Aggregate Non-Current Balance Sheet Liability as determined by the Calnev Arbitrating Accounting Firm would result in an additional payment from Purchaser to Seller, then, not later than the third (3rd) business day after delivery of the decision of the Calnev Arbitrating Accounting Firm, Purchaser shall remit such additional amount, together with interest thereon at the Prime Interest Rate plus 2%, calculated on an annual basis (based on a 365-day year) but prorated for the actual number of days for which interest is to be paid (i.e., the number of days from the Calnev Closing Date to the date of payment), by wire transfer of same-day funds to an account that Seller shall designate to Purchaser. The fees and costs of the Calnev Arbitrating Accounting Firm shall be shared equally by Purchaser and Seller.

(e) Adjustments Not Subject to Limitation. Any amounts paid to Purchaser as a result of adjustments under this Section 1A.3 shall not be subject to, or impact in any way, any limitations, including without limitation any basket or cap, contained in this Agreement. The Calnev Purchase Price shall be deemed adjusted downwards or upwards, as the case may be, by the amounts, if any, remitted by Seller or Purchaser under this Section 1A.3. Notwithstanding anything to the contrary contained in this Agreement, if and to the extent Seller pays a Calnev Working Capital Adjustment or a Calnev Debt Adjustment to Purchaser, then Seller shall have no additional liability to Purchaser whatsoever (pursuant to Section 2A.9 or Section 9A.2 hereof or otherwise) with respect to the Calnev Working Capital shortfall or the incremental Calnev Aggregate Non-Current Balance Sheet Liability that resulted in a reduction in the Calnev Purchase Price pursuant to this Section 1A.3.

1A.4 Purchase Price Allocation. Seller and Purchaser agree to allocate the Calnev Purchase Price for the assets of the Calnev Companies as set forth on Schedule 1A.4 (the "Calnev Asset Allocation"). The Calnev Asset Allocation shall be revised after all adjustments, if any, have been made to the Calnev Purchase Price in accordance with Section 1A.3. The

Calnev Asset Allocation shall be completed in the manner required by Section 1060 of the Code. Seller and Purchaser further agree to comply with all filing, notice and reporting requirements described in Section 1060 of the Code and the Treasury Regulations promulgated thereunder, including the timely preparation and filing of Form 8594 based on the Calnev Asset Allocation. Seller and Purchaser hereby agree that they will report the federal, state, foreign and other tax consequences of the transactions contemplated by this Agreement in a manner consistent with the Calnev Asset Allocation.

ARTICLE 2  
REPRESENTATIONS AND WARRANTIES OF SELLER WITH RESPECT TO THE TERMINALS COMPANIES

Holdings and Rail jointly and severally represent and warrant to Purchaser as follows (it being understood that, notwithstanding anything to the

contrary contained herein, Holdings and Rail are not making any representations or warranties as to whether the conversion (whether by state law conversion or merger) of the Terminals Companies into limited liability companies pursuant to Section 4.8 hereof would result in a violation or breach of any of the matters set forth in (i) the third sentence of Section 2.3, (ii) the first sentence of Section 2.4, (iii) clause (b) of the second sentence of Section 2.7, (iv) Section 2.9(c), (v) Section 2.10, (vi) Section 2.12(a) (solely as it relates to foreign qualifications), (vii) Section 2.12(b), (viii) Section 2.13, (ix) Section 2.14(c), (x) Section 2.16, (xi) Section 2.18(b), (xii) Section 2.19 or (xiii) Section 2.21):

2.1 Authority of Seller. Each of Rail and Holdings is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New York and Delaware (as applicable) and has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated herein. Terminals is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and, upon conversion into a single-member limited liability company, shall be a duly organized and validly existing limited liability company in good standing under the laws of the State of Delaware. The execution, delivery and performance of this Agreement by Rail and Holdings has been duly authorized by all necessary corporate action. This Agreement has been duly and validly executed and delivered by Rail and Holdings and constitutes the legal, valid and binding obligation of Rail and Holdings, enforceable against Rail and Holdings in accordance with its terms, except as may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditors' rights generally or (b) legal and equitable limitations on the availability of specific remedies.

## 2.2 Capitalization; Seller's Ownership of Terminals Companies.

(a) Schedule 2.2 sets forth each Person, other than certain Excluded Companies, of which Terminals, directly or indirectly, (i) owns all of the capital stock and (ii) upon conversion of such Persons into single-member limited liability companies prior to the Terminals Closing, will own all of the membership interests (all such Persons, both prior to and after having been converted into single-member limited liability companies, together with Terminals, being referred to as the "Terminals Companies" and each individually as a "Terminals Company"). The authorized, issued and outstanding capital stock of each of the Terminals Companies is as set forth on Schedule 2.2 (which

8

20

Schedule for the purposes of this Section 2.2 shall be deemed to exclude the Calnev Companies) and the issued and outstanding capital stock of each of the Terminals Companies is duly authorized, fully paid and nonassessable. Upon conversion into single-member limited liability companies and at the Terminals Closing, the membership interests of each of the Terminals Companies will be fully paid and nonassessable, owned beneficially and of record by Holdings, with respect to Terminals, and, directly or indirectly, by Terminals, with respect to the Terminals Companies other than Terminals.

(b) There are no outstanding options, rights, warrants, Contracts or commitments for the issuance or sale by Seller or any of the Terminals Companies of, or any securities of any of the Terminals Companies convertible into or exchangeable for, any shares of capital stock of any of the Terminals Companies (whether treasury or issued and outstanding), and there is no agreement or arrangement not yet fully performed which would result in the creation of any of the foregoing.

(c) Holdings owns and has, and at the Terminals Closing shall transfer to Purchaser, good and valid title to the Terminals Stock, free and clear of all Liens. The Terminals Stock constitutes all the issued and outstanding capital stock of Terminals.

2.3 Organization. Each of the Terminals Companies is a corporation or other business entity validly existing under the laws of the jurisdiction of its organization. Schedule 2.3 sets forth the jurisdictions in which each of the Terminals Companies is incorporated and is duly licensed or qualified to do

business as a foreign corporation. Each of the Terminals Companies has all requisite corporate power to own, lease and operate its properties and to carry on its business as now being conducted, is duly qualified to do business and is in good standing in each jurisdiction where the conduct of its business or ownership of its properties requires such qualification, except where the failure to qualify would not reasonably be expected to have a Terminals Material Adverse Effect.

2.4 Consents and Approvals. The execution and delivery of this Agreement by Rail and Holdings does not, and the consummation of the transactions contemplated by Section 1.1 hereof and performance by Rail and Holdings of their obligations hereunder, assuming the receipt of the consents, approvals and waivers listed on Schedule 2.4, will not: (a) violate or constitute a default under any term, condition or provision of (i) the charter, bylaws or analogous organizational documents of Rail, Holdings or any of the Terminals Companies; or (ii) any Contract, lease, collective bargaining agreement (or agreements relating thereto), instrument, mortgage, permit, Governmental authorization, license or franchise to which Rail, Holdings or any of the Terminals Companies is a party or by which any of their respective properties are bound; (b) result in the creation of any Lien upon any of the Terminals Companies' respective stock, securities, membership interests or properties or give to others any interest or right in any of the Terminals Companies' respective stock, securities, membership interests or properties, including, but not limited to, a right to purchase any of such stock, securities, membership interests or properties; (c) require any consent, Governmental authorization or approval under any Law or any judicial, administrative or arbitration order, award, judgment, writ, injunction or decree applicable to Rail, Holdings or any of the Terminals Companies; or (d) result in the suspension, modification, revocation or nonrenewal of any license, permit or Governmental authorization issued or granted to any of the Terminals Companies by Governmental Authorities

9

21

that are necessary for the conduct of the business of the Terminals Companies, except, with respect to each of clauses (a) (ii)-(d), for matters that are not reasonably expected to have a Terminals Material Adverse Effect. Except as set forth on Schedule 2.4, the failure of any Person not a party hereto to authorize or approve this Agreement will not give any Person the right to enjoin, rescind or otherwise prevent or impede the sale of the Terminals Stock to Purchaser in accordance with the terms of this Agreement or to reach in any fashion the Terminals Stock in the hands of the Purchaser following the Terminals Closing or to obtain damages from, or any other judicial relief against, Purchaser as a result of the transactions carried out in accordance with the provisions of this Agreement.

2.5 Personal Property. The Terminals Companies have good and valid title to their material respective personal properties reflected in the Terminals Companies December 31, 2000 Financial Statements or acquired after the date thereof (except for properties sold or otherwise disposed of since the date thereof in the ordinary course of business) free and clear of all Liens, except for Terminals Permitted Liens.

2.6 Real Property. Schedule 2.6 contains a true and correct list of all Terminals Real Property that is owned by the Terminals Companies. Except as set forth on Schedule 2.6, to Seller's knowledge, the Terminals Real Property is owned by a Terminals Company free and clear of all Liens, except for: (a) Liens reflected in the Terminals Companies December 31, 2000 Financial Statements, (b) Liens arising by operation of Law for taxes not yet due and payable, (c) imperfections or irregularities of title and other Liens that would not reasonably be expected to have a Terminals Material Adverse Effect and (d) zoning, planning and other restrictions of record.

2.7 Leased Real Property. Schedule 2.7 contains a true and correct list of all Terminals Leased Real Property that is held by the Terminals Companies under valid and subsisting leases. Except as set forth on Schedule 2.7, (a) during the twelve (12) months prior to the date hereof, none of the Terminals Companies has received any notice of default under any lease pertaining to any Terminals Leased Real Property and (b) to Seller's knowledge, there are no uncured defaults under any lease without regard to when notice may have been

given that would give the lessor the right to terminate the lease, in each case that would reasonably be expected to result in a Terminals Material Adverse Effect.

2.8 Intellectual Property. Set forth on Schedule 2.8 is a list of all Terminals Intellectual Property owned by any of the Terminals Companies. The Terminals Companies own all right, title and interest in and to, or have a valid right to use, all of the Terminals Intellectual Property. Except as set forth on Schedule 2.8, and other than those matters that would not reasonably be expected to have a Terminals Material Adverse Effect, (a) no claim adverse to the interests of the Terminals Companies in the Terminals Intellectual Property is pending or, to Seller's knowledge, has been threatened; (b) none of the Terminals Companies has received notice of any infringement or other violation of such party's right in any of the Terminals Intellectual Property; and (c) no litigation is pending or, to Seller's knowledge, threatened, wherein the Terminals Intellectual Property is alleged to infringe or violate the right of any third party.

10

22

2.9 Financial Statements.

(a) The Combined Financial Statements, as set forth in Schedule 2.9(a), fairly present, in accordance with GAAP consistently applied (except as noted therein), the combined financial condition of the Terminals Companies and the Calnev Companies as and at the date thereof and the results of their operations and cash flows for the periods covered thereby.

(b) The Audited September 30th Balance Sheet, as set forth in Schedule 2.9(b), fairly presents in accordance with GAAP consistently applied (except as noted therein) the combined financial condition of the Terminals Companies and the Calnev Companies as and at the date thereof.

(c) The Terminals September 30th Balance Sheet, as set forth in Schedule 2.9(c), (i) was derived from the books and records of the Terminals Companies and the Audited September 30th Balance Sheet, (ii) fairly presents in all material respects, in accordance with GAAP consistently applied (except for the absence of footnotes and other normal presentation items and subject to the Terminals Adjustments), the consolidated financial condition of the Terminals Companies as and at the date thereof, (iii) is unaudited, (iv) includes all adjustments consistent with GAAP consistently applied (which such adjustments shall consist only of normal recurring items which management reasonably considers necessary for a fair statement of the consolidated financial position for the applicable period) and (v) reflects the Terminals Adjustments.

(d) The Terminals Companies December 31, 2000 Financial Statements, as set forth in Schedule 2.9(d), (i) were derived from the books and records of Terminals and from the Combined Financial Statements, (ii) fairly present in all material respects, in accordance with GAAP consistently applied (except for the absence of footnotes and other normal presentation items and subject to the Terminals Adjustments), the consolidated financial condition of the Terminals Companies as and at the date thereof and the results of its operations for the period covered thereby, (iii) are unaudited, (iv) include all adjustments consistent with GAAP consistently applied (which such adjustments shall consist only of normal recurring items which management reasonably considers necessary for a fair statement of the consolidated financial position for the applicable period) and (v) reflect the Terminals Adjustments.

(e) To Seller's knowledge, no event has occurred which either entitles, or would, upon notice or lapse of time or both, entitle the holder of any indebtedness for borrowed money affecting the Terminals Companies to accelerate, or which does accelerate, the maturity of any indebtedness affecting the Terminals Companies.

(f) Schedule 2.9(f) contains a true and complete list and

description of all bonds, deposits, financial assurance requirements and insurance coverage required to be submitted to regulatory authorities for the continued ownership and operation of the assets and properties of the Terminals Companies and for their continued business operations.

11

23

(g) Since January 1, 2001, no Terminals Company has incurred any indebtedness for borrowed money from any Person other than an Affiliate.

2.10 No Material Adverse Change. Except (i) as set forth on Schedule 2.10 and (ii) for the transfer of the Excluded Companies, since December 31, 2000 (and giving effect to the matters described in Section 1.1) there has not occurred: (a) any change in the consolidated financial condition or results of operations of the Terminals Companies that constitutes a Terminals Material Adverse Effect; (b) any loss of or damage to any of the properties of the Terminals Companies which is reasonably anticipated to cost more than \$1,000,000 to repair or replace; (c) any Lien placed on any of the properties of the Terminals Companies, except as would be permitted by Section 2.5 or Section 2.6; (d) any amendment to or change in the charter, bylaws or analogous organizational documents of any of the Terminals Companies (other than pursuant to the terms of this Agreement); (e) any change in the accounting methods or practices used by any of the Terminals Companies; (f) any material strike or work stoppage or material slowdown, or any known threat of the foregoing, by employees of any of the Terminals Companies; or (g) any change in the assets or liabilities of the Terminals Companies that constitutes a Terminals Material Adverse Effect.

2.11 Tax Matters. Except as set forth in Schedule 2.11:

(a) all Tax Returns required to be filed by or with respect to each of the Terminals Companies and any affiliated, consolidated, combined, unitary or similar group of which any of the Terminals Companies is or was a member have been duly filed on a timely basis (taking into account all extensions of due dates) and such Tax Returns are true, complete and correct except for such matters that would not have a Terminals Material Adverse Effect;

(b) all Taxes owed by any of the Terminals Companies and any affiliated, consolidated, combined, unitary or similar group of which any of the Terminals Companies is or was a member which are or have become due have been timely paid in full (whether or not shown on or reportable on such Tax Returns), except where the failure to pay such Taxes would not have a Terminals Material Adverse Effect, and except for the portion of such Taxes being contested in good faith;

(c) the amount of the Terminals Companies' liability for unpaid Taxes for all periods ending on or before the date of the Terminals Companies December 31, 2000 Financial Statements does not exceed the amount of the current liability accruals for Taxes (excluding reserves for deferred Taxes) reflected on the Terminals Companies December 31, 2000 Financial Statements and the amount of the Terminals Companies' liability for unpaid Taxes for all periods ending on or before the Terminals Closing Date will not exceed the amount of the current liability accruals for Taxes (excluding reserves for deferred Taxes) as such accruals are reflected on the Terminals Closing Balance Sheet;

(d) there have been no waivers or extensions of any statute of limitations filed with any Governmental Authority responsible for assessing or collecting Taxes in respect to any Tax Return of, or which includes, the Terminals Companies;

12

(e) all material Taxes which the Terminals Companies have been required to collect or withhold have been duly collected or withheld and, to the extent required when due, have been or will be duly paid to the proper Governmental Authority;

(f) there is no material action, suit, proceeding, investigation, audit, claim or assessment pending, or to Seller's knowledge proposed, with respect to any liability for Tax or with respect to any Tax Return for which the Terminals Companies could be liable;

(g) all Tax sharing agreements to which any of the Terminals Companies are subject will terminate as of the Terminals Closing Date; no payments under any such agreements will become due by any of the Terminals Companies upon such termination at the Terminals Closing or thereafter; and the Terminals Companies are not party to any similar arrangement with any other party and have no current contractual obligation to indemnify any other person or entity with respect to Tax;

(h) no Governmental Authority in a jurisdiction where any of the Terminals Companies or any affiliated, consolidated, combined, unitary or similar group of which any of the Terminals Companies is or was a member have not filed Tax Returns has made any material claim, assertion or threat that the Terminals Companies are or may be subject to taxation by such jurisdiction, except for such claims, assertions or threats that would not reasonably be expected to have a Terminals Material Adverse Effect;

(i) no Terminals Company has been a member of an affiliated group filing consolidated Tax Returns other than a group the common parent of which is GATX Corporation;

(j) none of the property of the Terminals Companies is subject to a safe-harbor lease (pursuant to section 168(f)(8) of the Internal Revenue Code of 1954 as in effect after the Economic Recovery Tax Act of 1981 and before the Tax Reform Act of 1986) or is "tax-exempt use property" (within the meaning of section 168(h) of the Code) or "tax-exempt bond financed property" (within the meaning of section 168(g)(5)) of the Code; and

(k) no Terminals Company is required to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise.

## 2.12 Laws and Regulations; Litigation.

(a) Except as set forth on Schedule 2.12(a), to Seller's knowledge, none of the Terminals Companies is in violation of or in default under any Law (other than any Environmental Law as matters related to Environmental Laws are addressed by Sections 2.18 and 2.19 hereof) or any order of any court or federal, state, municipal or Governmental Authority applicable to them that would reasonably be expected to have a Terminals Material Adverse Effect.

(b) Except as set forth on Schedule 2.12(b), there is no demand, claim, suit, fine, investigation, charge, complaint, grievance, action, arbitration or legal,

administrative or other proceeding pending or, to Seller's knowledge, threatened against or affecting the Terminals Companies or any of their respective officers, directors, employees, assets, properties or businesses and relating to the businesses or properties of the Terminals Companies (other than matters related to Environmental Laws as matters related to Environmental Laws are addressed by Sections 2.18 and 2.19 hereof) that would reasonably be expected to have a Terminals Material Adverse Effect.

(c) With respect to the Terminals Companies that own or operate regulated common carriers, (i) such Terminals Companies have obtained from Governmental Authorities requisite approval of all tariffs and rates (which such tariffs and rates are currently in effect) and (ii) to Seller's knowledge, there is no complaint, protest or investigation pending or threatened with respect to such Terminals Companies' tariffs or rates.

2.13 ERISA and Related Matters.

(a) Set forth on Schedule 2.13 is a list of all Benefit Plans that are maintained, contributed to or participated in by any of the Terminals Companies or with respect to which any of the Terminals Companies is a party (the "Terminals Companies Plans") on the date hereof. Any Terminals Companies Plan which covers only employees or former employees of the Terminals Companies (or any of them) is indicated on Schedule 2.13 and is referred to herein as a "Terminals Subsidiary Plan."

(b) With respect to all Terminals Companies Plans (other than a multiemployer plan as defined in Section 3(37) of ERISA), Seller has supplied to Purchaser a true and correct copy of each such plan and, to the extent applicable, all applicable related trusts and amendments thereto, the most recent summary plan descriptions and favorable determination letters and the annual reports most recently filed for the Terminals Subsidiary Plans.

(c) All the Terminals Companies Plans comply in form and operation in all material respects with their terms and all applicable requirements of Law; provided, however, that as to multiemployer plans, this representation is made as to Seller's knowledge.

(d) All Terminals Companies Plans which are employee pension benefit plans as defined in Section 3(2) of ERISA and which are intended to comply with Section 401(a) of the Code are the subject of a favorable determination letter from the IRS, and nothing has occurred since the date of the last such determination letter which resulted or is likely to result in the revocation of such determination; provided, however, that as to any such plans that are multiemployer plans, this representation is made as to Seller's knowledge.

(e) To Seller's knowledge, there have been no "prohibited transactions" (as described in Section 406 of ERISA or Section 4975 of the Code) with respect to any of the Terminals Companies Plans.

14

26

(f) Except as set forth on Schedule 2.13, all accrued obligations of the Terminals Companies, whether arising by operation of Law, by contract or by past custom, for compensation, including bonuses, to its officers, directors, employees, consultants or agents, for Taxes and other obligations to any Governmental Authority payable by any of the Terminals Companies in connection with such compensation, and for payments with respect to any Terminals Companies Plan, have been paid, or adequate accruals for such obligations have been and are being made by the Terminals Companies, and will be reflected on the Terminals Closing Balance Sheet.

(g) There are no actions, suits or claims pending or, to Seller's knowledge, threatened, other than routine claims for benefits and qualified domestic relations, medical or child support orders involving any Terminals Companies Plans; provided, however, that with respect to any multiemployer plan, this representation is made to Seller's knowledge.

(h) Except as set forth on Schedule 2.13, none of the Terminals Companies Plans are multiemployer plans (as defined in Section 3(37) of ERISA). To Seller's knowledge, based on the

information described in Schedule 2.13, the withdrawal liability with respect to the multiemployer plans listed on Schedule 2.13 is as set forth in that schedule.

(i) No Terminals Company has received any claim or demand for withdrawal liability (within the meaning of Section 4201 of ERISA) from any multiemployer plan, the liability for which has not been satisfied.

(j) No termination or partial termination of any existing Terminals Companies Plan which is an employee pension benefit plan as defined in Section 3(2) of ERISA has occurred, nor has a notice of intent to terminate any such existing Terminals Companies Plan been issued by Seller or any of the Terminals Companies. The Pension Benefit Guaranty Corporation has not instituted, and is not expected to institute, any proceedings to terminate any Terminals Companies Plan.

(k) No Terminals Companies Plan that is a pension plan (with the meaning of Section 3(2) of ERISA) and that is not a multiemployer plan has suffered any "accumulated funding deficiency," within the meaning of Section 302 of ERISA and Section 412 of the Code, whether or not waived, and if any such Terminals Companies Plan were terminated on the Closing Date, none of the Terminals Companies would have any liability to any participants or beneficiaries as a result of the termination except to the extent of funds set aside for such purpose or reflected as reserved for such purpose on the Terminals Closing Balance Sheet.

(l) No termination liability to the Pension Benefit Guaranty has been or is expected to be incurred if any Terminals Companies Plan were terminated on the Terminals Closing Date. There has been no "reportable event," as defined in Section 4043 of ERISA, with respect to any Terminals Companies Plan that is not a multiemployer plan, for which notice has not been waived.

15

27

(m) None of the Terminals Companies has received notice that it is liable for any funding taxes under Sections 413(b)(6) or 4971 of the Code on account of an accumulated funding deficiency of any multiemployer plan to which any Terminals Company or ERISA Affiliate has contributed or is required to contribute.

(n) Except as specifically described on Schedule 2.13 (including Schedule 2.13(a) or as required by Section 411(d)(3) of the Code, the consummation of the transactions contemplated hereby will not accelerate or increase any liability under any Terminals Companies Plan because of an acceleration or increase of any of the rights or benefits to which employees may be entitled thereunder.

(o) No breach or violation of or default under any Terminals Companies Plan which is not sponsored or maintained by any of the Terminals Companies (other than a multiemployer plan) will subject Purchaser or any of the Terminals Companies to any Taxes, Liens, encumbrances, penalties or any other liabilities.

(p) Except as specifically described on Schedule 2.13 (including Schedule 2.13(a) or as required by law, no Terminals Companies Plan provides health or welfare benefits for any retired or former employee, and no Terminals Company is obligated to provide health or welfare benefits to any active employee following such employee's retirement or other termination of service. To the extent that such obligations exist, such obligations (except with respect to (i) health and life insurance applicable to employees who terminate employment other than on account of retirement and (ii) severance benefits) are fully funded or adequately reserved for with respect to the Terminals Companies. Other than pursuant to a collective bargaining agreement, no Terminals Company has adopted or distributed a formal plan, policy or program representing, promising or affirming to any employees or former employees the duration of retiree health or welfare benefits.

2.14 Material Contracts.

(a) Schedule 2.14 contains a complete and accurate list of all Contracts of the following categories to which any of the Terminals Companies is a party or by which any of them is bound as of the date of this Agreement (the "Terminals Material Contracts"):

(i) (1) continuing contracts for the purchase of materials, supplies, or equipment (other than purchase contracts and orders for inventory in the ordinary course of business consistent with past practice), (2) management, service, consulting, or other similar types of contracts or (3) advertising agreements or arrangements, in any such case that have an aggregate committed future liability to any Person in excess of \$1,000,000 and that is not terminable by the applicable Terminals Company by notice of not more than 60 days for a cost of less than \$1,000,000;

(ii) material Terminals Intellectual Property licenses (including any license or other agreement under which the applicable Terminals Company is licensee or licensor of any such Terminals Intellectual Property);

16

28

(iii) agreements under which any of the Terminals Companies has directly or indirectly guaranteed indebtedness of any Person in the principal amount individually in excess of \$1,000,000;

(iv) agreements under which any of the Terminals Companies is obligated to advance, loan, extend credit, or make a capital contribution to, or other investment in, any Person (other than any of the Terminals Companies), in any such case that, individually, is in excess of \$1,000,000;

(v) all Contracts, leases or easements involving annual rental payments or receipts in excess of \$1,000,000;

(vi) all promissory notes, loans, agreements, indentures, evidences of indebtedness or other instruments providing for the lending of money, whether as borrower or lender, in excess of \$1,000,000 and all related security agreements or similar agreements associated therewith;

(vii) Contracts which limit the freedom of any of the Terminals Companies to compete with any Person or operate at any location, including, without limitation, any preferential rights granted to third parties to purchase or lease such location;

(viii) any Contract for a pending or completed acquisition or disposition (by merger or otherwise) of all or substantially all of the assets (other than inventory) or capital stock of any Person (including, without limitation, the Terminals Companies) under which any of the Terminals Companies currently has (or in the case of a pending acquisition or disposition may have) any liability;

(ix) Contracts between the Terminals Companies, on one hand, and Seller or any Affiliate of Seller (or any current or former officer, director or employee of Seller or any Affiliate of Seller) on the other hand;

(x) all Contracts pertaining to the operation or maintenance of any and all facilities of any Terminals Company under which such Terminals Company has a committed aggregate liability of at least \$1,000,000; and

(xi) to the extent not otherwise listed on Schedule 2.14, any Contract under which any of the Terminals Companies

is obligated to indemnify or otherwise make whole any Person for any obligation or liability in liquidated amount in excess of \$1,000,000.

(b) True copies of the Terminals Material Contracts, and accurate written summaries of the oral Terminals Material Contracts, identified on Schedule 2.14 have been made available to Purchaser.

(c) Except as set forth on Schedule 2.14, to Seller's knowledge, no party to a Terminals Material Contract identified in Schedule 2.14 is in default under, or in breach or violation of (and no event has occurred which, with notice or the lapse of time or both,

17

29

would constitute a default under, or a breach or violation or lapse of) any term, condition or provision of such Terminals Material Contract except for defaults, breaches, violations or events which, individually or in the aggregate, would not have a Terminals Material Adverse Effect.

2.15 Brokers, Etc. Except for Salomon Smith Barney Inc. and J.P. Morgan & Co. Incorporated, the fees and expenses of which shall be the responsibility of Seller, no broker or investment banker acting on behalf of Seller or any of the Terminals Companies or under the authority of any of them is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly from Seller or any of the Terminals Companies in connection with any of the transactions contemplated herein.

2.16 Insurance. To Seller's knowledge, the Terminals Insurance Policies related to the Terminals Companies are valid and binding in accordance with their terms, are in full force and effect and insure against risks and liabilities to an extent and in a manner customary in the industry in which the Terminals Companies operate. To Seller's knowledge, no Terminals Company is in default with respect to any provision contained in any Terminals Insurance Policy or has failed to give any notice of or present any claim reasonably anticipated to exceed such Terminals Company's self-insurance retention under any Terminals Insurance Policy in due and timely fashion.

2.17 Employees. Except as set forth on Schedule 2.17, (a) no Terminals Company is a party to a collective bargaining agreement, currently negotiating any such agreement, or, to Seller's knowledge, the subject of any proceeding or organizing activity seeking to compel it to bargain with any labor unions or the subject of any pending or threatened arbitration, strike, labor dispute, work slowdown or work stoppage; and (b) no charge of discrimination, grievance, unfair labor practice, consent decree, conciliation agreement, settlement agreement or other complaint against any Terminals Company is currently pending or, to Seller's knowledge, threatened before the National Labor Relations Board, the Equal Employment Opportunity Commission or any other Governmental Authority. Seller has provided Purchaser with access to true and correct copies of (i) any written material relating to the material personnel policies of any of the Terminals Companies and (ii) any agreement of any employee of the Terminals Companies who is paid or entitled to payment by any Terminals Company in an amount exceeding, in the aggregate, \$100,000 for fiscal year 2000, or expected to exceed, in the aggregate, \$100,000 for fiscal year 2001.

2.18 Environmental.

(a) To Seller's knowledge, except as set forth on Schedule 2.18, there is no uncured violation of any Environmental Law that (i) has given rise to a current obligation of any of the Terminals Companies to undertake a "Response Action" or a "Removal Action" (as such terms are defined pursuant to CERCLA) and (ii) would reasonably be expected to have a Terminals Material Adverse Effect at any site or facility currently owned or operated by any of the Terminals Companies. Except as set forth on Schedule 2.18 and other than those matters that would not reasonably be expected to have a Terminals Material Adverse Effect, during the last five years, to Seller's knowledge, there have been no notices or complaints received by any of the Terminals Companies

alleging a violation of an Environmental Law at any current or former site or facility that was at any time owned or operated by the Terminals Companies.

(b) To Seller's knowledge, the Terminals Companies have timely filed all reports and notifications, and have generated and maintained all records and data concerning their operations as are required under applicable Environmental Laws, except where the failure to so file, generate or maintain would not reasonably be expected to have a Terminals Material Adverse Effect.

(c) Except as set forth on Schedule 2.18, there is no civil, criminal or administrative action, suit, demand, claim, notice of violation, investigation or proceeding pending or, to Seller's knowledge, threatened against the Terminals Companies in connection with the conduct of their business relating to or arising under any Environmental Laws.

(d) Except as disclosed on Schedule 2.18, since January 1, 1990, the Terminals Companies have not owned, leased or operated a site that (i) pursuant to CERCLA or any similar state or foreign law, has been placed or is proposed to be placed by any Governmental Authority on the "National Priorities List" or similar state or foreign list, as in effect as of the Terminals Closing Date, or (ii) is involved with any voluntary cleanup program sponsored by a Governmental Authority.

(e) Except as disclosed on Schedule 2.18 and except as would not reasonably be expected to have a Terminals Material Adverse Effect, since January 1, 1990 none of the Terminals Companies has been identified by any Governmental Authority as a potentially responsible party under CERCLA or any similar state or foreign law with respect to any site, and no Hazardous Substances generated, transported or disposed of by or on behalf of the Terminals Companies have been found at any site where a Person has made written demand on any Terminals Company to conduct or pay for a remedial investigation, removal or other response action pursuant to any Environmental Law.

(f) Except as set forth on Schedule 2.18 and except as would not reasonably be expected to have a Terminals Material Adverse Effect, there is no provision of any lease, purchase agreement, sale agreement, joint venture or any similar agreement by or under which any of the Terminals Companies is currently bound to conduct or pay for a remedial investigation, removal or other response action pursuant to any Environmental Law.

2.19 Environmental Permits. To Seller's knowledge, except as set forth on Schedule 2.19, the Terminals Companies are in possession of all permits, licenses, registrations and government authorizations ("Terminals Environmental Permits") required under Environmental Laws for the current operation of their business and are in compliance with the requirements and limitations included in such Terminals Environmental Permits, except where the failure to so possess or comply would not reasonably be expected to have a Terminals Material Adverse Effect.

2.20 Affiliate Transactions. Set forth on Schedule 2.20 is a list of each written agreement pursuant to which (a) Rail, Holdings or any of their Affiliates provides services to any of the Terminals Companies or (b) any of the Terminals Companies provides services to Rail, Holdings or any of their Affiliates.

2.21 Licenses; Permits. Set forth on Schedule 2.21 is a true and complete list of all material licenses, permits and authorizations issued or granted to any of the Terminals Companies by Governmental Authorities that are necessary for the conduct of the business of the Terminals Companies.

2.22 Hedging. No Terminals Company engages in any futures or options trading or is a party to any price swaps, hedges, futures or similar instruments.

2.23 Bankruptcy. There are no bankruptcy, reorganization or arrangement proceedings pending against, being contemplated by, or to Seller's knowledge, threatened against Rail, Holdings or the Terminals Companies.

2.24 Other Disclosures. Set forth on Schedule 2.24 is a list of each bank in which any of the Terminals Companies has an account, and the identity of each such account, and each bank in which any of the Terminals Companies has a safe deposit box, together with the names of all persons authorized to draw thereon and have access thereto.

ARTICLE 2A  
REPRESENTATIONS AND WARRANTIES OF SELLER WITH RESPECT TO THE  
CALNEV COMPANIES

Holdings and Rail jointly and severally represent and warrant to Purchaser as follows (it being understood that, notwithstanding anything to the contrary contained herein, Holdings and Rail are not making any representations or warranties as to whether the conversion of the Calnev Companies into limited liability companies pursuant to Section 4A.5 hereof would result in a violation or breach of any of the matters set forth in (i) the third sentence of Section 2A.3, (ii) the first sentence of Section 2A.4, (iii) clause (b) of the second sentence of Section 2A.7, (iv) Section 2A.9(c), (v) Section 2A.10, (vi) Section 2A.12(a) (solely as it relates to foreign qualifications), (vii) Section 2A.12(b), (viii) Section 2A.13, (ix) Section 2A.14(c), (x) Section 2A.16, (xi) Section 2A.18(b), (xii) Section 2A.19 or (xiii) Section 2A.21):

2A.1 Authority of Seller. Each of Rail and Holdings is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New York and Delaware (as applicable) and has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated herein. GPL is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and, upon conversion into a single-member limited liability company, shall be a duly organized and validly existing limited liability company in good standing under the laws of the State of Delaware. The execution, delivery and performance of this Agreement by Rail and Holdings has been duly authorized by all necessary corporate action. This Agreement has been duly and validly executed and delivered by Rail and Holdings and constitutes the legal, valid and binding obligation of Rail and Holdings, enforceable against Rail and Holdings in accordance with its

20

32

terms, except as may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditors' rights generally or (b) legal and equitable limitations on the availability of specific remedies.

2A.2 Capitalization; Seller's Ownership of the Calnev Companies.

(a) Schedule 2.2 sets forth each Person of which GPL, directly or indirectly, (i) owns all of the capital stock and (ii) upon conversion of such Persons into single-member limited liability companies prior to the Calnev Closing, will own all of the membership interests (all such Persons, both prior to and after having been converted into single-member limited liability companies, together with GPL, being referred to as the "Calnev Companies" and each individually as a "Calnev Company"). The authorized, issued and outstanding capital stock of each of the Calnev Companies is as set forth on Schedule 2.2

(which Schedule for the purposes of this Section 2A.2 shall be deemed to exclude the Terminals Companies) and the issued and outstanding capital stock of each of the Calnev Companies is duly authorized, fully paid and nonassessable. Upon conversion into single-member limited liability companies and at the Calnev Closing, the membership interests of each of the Calnev Companies will be fully paid and nonassessable, owned beneficially and of record by Holdings, with respect to GPL, and, directly or indirectly, by GPL, with respect to the Calnev Companies other than GPL.

(b) There are no outstanding options, rights, warrants, contracts or commitments for the issuance or sale by Seller or any of the Calnev Companies of, or any securities of any of the Calnev Companies convertible into or exchangeable for, any shares of capital stock of any of the Calnev Companies (whether treasury or issued and outstanding), and there is no agreement or arrangement not yet fully performed which would result in the creation of any of the foregoing.

(c) Holdings owns and has, and at the Calnev Closing shall transfer to Purchaser, good and valid title to the GPL Stock, free and clear of all Liens. The GPL Stock constitutes all the issued and outstanding capital stock of GPL.

(d) The equity interests of Calnev and GATX Las Vegas Corporation are the only assets owned by GPL and GPL conducts no other business operations.

2A.3 Organization. Each of the Calnev Companies is a corporation or other business entity validly existing under the laws of the jurisdiction of its organization. Schedule 2.3 sets forth the jurisdictions in which each of the Calnev Companies is duly licensed or qualified to do business as a foreign corporation. Each of the Calnev Companies has all requisite corporate power to own, lease and operate its properties and to carry on its business as now being conducted, is duly qualified to do business and is in good standing in each jurisdiction where the conduct of its business or ownership of its properties requires such qualification, except where the failure to qualify would not reasonably be expected to have a Calnev Material Adverse Effect.

2A.4 Consents and Approvals. The execution and delivery of this Agreement by Rail and Holdings does not, and the consummation of the transactions contemplated by Section 1A.1

hereof and performance by Rail and Holdings of their obligations hereunder, assuming the receipt of the consents, approvals and waivers listed on Schedule 2.4, will not: (a) violate or constitute a default under any term, condition or provision of (i) the charter, bylaws or analogous organizational documents of any of the Calnev Companies; or (ii) any Contract, lease, collective bargaining agreement (or agreements relating thereto), instrument, mortgage, permit, Governmental authorization, license or franchise to which any of the Calnev Companies is a party or by which any of its properties are bound; (b) result in the creation of any Lien upon any of any of the Calnev Companies' stock, securities, membership interests or properties or give to others any interest or right in any of any of the Calnev Companies' stock, securities, membership interests or properties, including, but not limited to, a right to purchase any of such stock, securities, membership interests or properties; (c) require any consent, Governmental authorization or approval under any Law or any judicial, administrative or arbitration order, award, judgment, writ, injunction or decree applicable to any of the Calnev Companies; or (d) result in the suspension, modification, revocation or nonrenewal of any license, permit or Governmental authorization issued or granted to any of the Calnev Companies by Governmental Authorities that are necessary for the conduct of the business of the Calnev Companies, except, with respect of each of clauses (a)(ii)-(d), for matters that are not reasonably expected to have a Calnev Material Adverse Effect. Except as set forth on Schedule 2.4, the failure of any Person not a party hereto to authorize or approve this Agreement will not give any Person the right to enjoin, rescind or otherwise prevent or impede the sale of the GPL Stock to Purchaser in accordance with the terms of this Agreement or to reach in any fashion the GPL Stock in the hands of the Purchaser following the Calnev Closing or to obtain damages from, or any other judicial relief against, Purchaser as a

result of the transactions carried out in accordance with the provisions of this Agreement.

2A.5 Personal Property. The Calnev Companies have good and valid title to their respective personal properties reflected in the Calnev September 30th Balance Sheet or acquired after the date thereof (except for properties sold or otherwise disposed of since the date thereof in the ordinary course of business) free and clear of all Liens, except for Calnev Permitted Liens.

2A.6 Real Property. Schedule 2.6 contains a true and correct list of all Calnev Real Property that is owned by the Calnev Companies. Except as set forth on Schedule 2.6, to Seller's knowledge, such Calnev Real Property is owned by one of the Calnev Companies free and clear of all Liens, except for: (a) Liens reflected in the Calnev September 30th Balance Sheet, (b) Liens arising by operation of Law for taxes not yet due and payable, (c) imperfections or irregularities of title and other Liens that would not reasonably be expected to have a Calnev Material Adverse Effect and (d) zoning, planning and other restrictions of record.

2A.7 Leased Real Property. Schedule 2.7 contains a true and correct list of all Calnev Leased Real Property that is held by any of the Calnev Companies under valid and subsisting leases. Except as set forth on Schedule 2.7, (a) during the twelve (12) months prior to the date hereof, none of the Calnev Companies has received any notice of default under any lease pertaining to any Calnev Leased Real Property and (b) to Seller's knowledge, there are no uncured defaults under any lease without regard to when notice may have been given that would give the lessor the right to terminate the lease, in each that would reasonably be expected to result in a Calnev Material Adverse Effect.

22

34

2A.8 Intellectual Property. Set forth on Schedule 2.8 is a list of all Calnev Intellectual Property owned by any of the Calnev Companies. The Calnev Companies own all right, title and interest in and to, or have a valid right to use, all of the Calnev Intellectual Property. Except as set forth on Schedule 2.8, and other than those matters that would not reasonably be expected to have a Calnev Material Adverse Effect, (a) no claim adverse to the interests of the Calnev Companies in the Calnev Intellectual Property is pending or, to Seller's knowledge, has been threatened; (b) none of the Calnev Companies has received notice of any infringement or other violation of such party's right in any of the Calnev Intellectual Property; and (c) no litigation is pending or, to Seller's knowledge, threatened wherein the Calnev Intellectual Property is alleged to infringe or violate the right of any third party.

2A.9 Financial Statements.

(a) [Intentionally omitted].

(b) The Calnev September 30th Balance Sheet, as set forth in Schedule 2A.9(b), (i) was derived from the books and records of the Calnev Companies and the Audited September 30th Balance Sheet, (ii) fairly presents in all material respects, in accordance with GAAP consistently applied (except for the absence of footnotes and other normal presentation items and subject to the Calnev Adjustments), the consolidated financial condition of the Calnev Companies as and at the date thereof, (iii) is unaudited, (iv) includes all adjustments consistent with GAAP consistently applied (which such adjustments shall consist only of normal recurring items which management reasonably considers necessary for a fair statement of the consolidated financial position for the applicable period) and (v) reflects the Calnev Adjustments.

(c) To Seller's knowledge, no event has occurred which either entitles, or would, upon notice or lapse of time or both, entitle the holder of any indebtedness for borrowed money affecting any Calnev Company to accelerate, or which does accelerate, the maturity of any indebtedness affecting any Calnev Company.

(d) Schedule 2.9(f) contains a true and complete list and description of all bonds, deposits, financial assurance requirements and insurance coverage required to be submitted to regulatory authorities for the continued ownership and operation of the assets and properties of the Calnev Companies and for their continued business operations.

2A.10 No Material Adverse Change. Except as set forth on Schedule 2.10, since September 30, 2000 (and giving effect to the matters described in Section 1A.1) there has not occurred: (a) any change in the consolidated financial condition or results of operations of the Calnev Companies that constitutes a Calnev Material Adverse Effect; (b) any loss of or damage to any of the properties of any Calnev Company which is reasonably anticipated to cost more than \$320,000 to repair or replace; (c) any Lien placed on any of the properties of any Calnev Company, except as would be permitted by Section 2A.5 or Section 2A.6; (d) any amendment to or change in the charter, bylaws or analogous organizational documents of any Calnev Company (other than pursuant to the terms of this Agreement); (e) any change in the accounting methods or practices used by any of the Calnev Companies; (f) any material strike or work stoppage or

23

35

material slowdown, or any known threat of the foregoing, by employees of any of the Calnev Companies; or (g) any change in the assets or liabilities of the Calnev Companies that constitutes a Calnev Material Adverse Effect.

2A.11 Tax Matters. Except as set forth in Schedule 2.11:

(a) all Tax Returns required to be filed by or with respect to each of the Calnev Companies and any affiliated, consolidated, combined, unitary or similar group of which any of the Calnev Companies is or was a member have been duly filed on a timely basis (taking into account all extensions of due dates) and such Tax Returns are true, complete and correct except for such matters that would not have a Calnev Material Adverse Effect;

(b) all Taxes owed by any of the Calnev Companies and any affiliated, consolidated, combined, unitary or similar group of which any of the Calnev Companies is or was a member which are or have become due have been timely paid in full (whether or not shown on or reportable on such Tax Returns), except where the failure to pay such Taxes would not have a Calnev Material Adverse Effect, and except for the portion of such Taxes being contested in good faith;

(c) the amount of the Calnev Companies' liability for unpaid Taxes for all periods ending on or before the date of the Calnev September 30th Balance Sheet does not exceed the amount of the current liability accruals for Taxes (excluding reserves for deferred Taxes) reflected on the Calnev September 30th Balance Sheet and the amount of the Calnev Companies' liability for unpaid Taxes for all periods ending on or before the Calnev Closing Date will not exceed the amount of the current liability accruals for Taxes (excluding reserves for deferred Taxes) as such accruals are reflected on the Calnev Closing Balance Sheet;

(d) there have been no waivers or extensions of any statute of limitations filed with any Governmental Authority responsible for assessing or collecting Taxes in respect to any Tax Return of, or which includes, any of the Calnev Companies;

(e) all material Taxes which any of the Calnev Companies have been required to collect or withhold have been duly collected or withheld and, to the extent required when due, have been or will be duly paid to the proper Governmental Authority;

(f) there is no material action, suit, proceeding, investigation, audit, claim or assessment pending or to Seller's

knowledge proposed with respect to any liability for Tax or with respect to any Tax Return for which any of the Calnev Companies could be liable;

(g) all Tax sharing agreements to which any of the Calnev Companies are subject will terminate as of the Calnev Closing Date; no payments under any such agreements will become due by any of the Calnev Companies upon such termination at the Calnev Closing or thereafter; and no Calnev Company is party to any similar arrangement with any other party and has no current contractual obligation to indemnify any other person or entity with respect to Tax;

24

36

(h) no Governmental Authority in a jurisdiction where any of the Calnev Companies or any affiliated, consolidated, combined, unitary or similar group of which any of the Calnev Companies is or was a member have not filed Tax Returns has made any material claim, assertion or threat that the Calnev Companies are or may be subject to taxation by such jurisdiction, except for such claims, assertions or threats that would not reasonably be expected to have a Calnev Material Adverse Effect;

(i) no Calnev Company has been a member of an affiliated group filing consolidated Tax Returns other than a group the common parent of which is GATX Corporation;

(j) none of the property of any Calnev Company is subject to a safe-harbor lease (pursuant to section 168(f)(8) of the Internal Revenue Code of 1954 as in effect after the Economic Recovery Tax Act of 1981 and before the Tax Reform Act of 1986) or is "tax-exempt use property" (within the meaning of section 168(h) of the Code) or "tax-exempt bond financed property" (within the meaning of section 168(g)(5) of the Code); and

(k) no Calnev Company is required to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise.

#### 2A.12 Laws and Regulations; Litigation.

(a) Except as set forth on Schedule 2.12(a), to Seller's knowledge, none of the Calnev Companies is in violation of or in default under any Law (other than any Environmental Law as matters related to Environmental Laws are addressed by Sections 2A.18 and 2A.19 hereof) or any order of any court or federal, state, municipal or Governmental Authority applicable to them that would reasonably be expected to have a Calnev Material Adverse Effect.

(b) Except as set forth on Schedule 2.12(b), there is no demand, claim, suit, fine, investigation, charge, complaint, grievance, action, arbitration or legal, administrative or other proceeding pending or, to Seller's knowledge, threatened against or affecting any of the Calnev Companies or any of their respective officers, directors, employees, assets, properties or businesses and relating to the businesses or properties of the Calnev Companies (other than matters related to Environmental Laws as matters related to Environmental Laws are addressed by Sections 2A.18 and 2A.19 hereof) that would reasonably be expected to have a Calnev Material Adverse Effect.

(c) With respect to the Calnev Companies that own or operate regulated common carriers, (i) such Calnev Companies have obtained from Governmental Authorities requisite approval of all tariffs and rates (which such tariffs and rates are currently in effect) and (ii) to Seller's knowledge, there is no complaint, protest or investigation pending or threatened with respect to such Calnev Companies' tariffs or rates other than as set forth on Schedule 2A.12(c).

## 2A.13 ERISA and Related Matters .

(a) Set forth on Schedule 2.13 is a list of all Benefit Plans that are maintained, contributed to or participated in by any of the Calnev Companies or with respect to which any of the Calnev Companies is a party (the "Calnev Plans") on the date hereof. Any Calnev Plan which covers only employees or former employees of the Calnev Companies is indicated on Schedule 2.13 and is referred to herein as a "Calnev Subsidiary Plan."

(b) With respect to all Calnev Plans (other than a multiemployer plan as defined in Section 3(37) of ERISA), Seller has supplied to Purchaser a true and correct copy of each such plan and, to the extent applicable, all applicable related trusts and amendments thereto, the most recent summary plan descriptions and favorable determination letters and the annual reports most recently filed for the Calnev Subsidiary Plans.

(c) All Calnev Plans comply in form and operation in all material respects with their terms and all applicable requirements of Law; provided, however, that as to multiemployer plans, this representation is made as to Seller's knowledge.

(d) All Calnev Plans which are employee pension benefit plans as defined in Section 3(2) of ERISA and which are intended to comply with Section 401(a) of the Code are the subject of a favorable determination letter from the IRS, and nothing has occurred since the date of the last such determination letter which resulted or is likely to result in the revocation of such determination; provided, however, that as to any such plans that are multiemployer plans, this representation is made as to Seller's knowledge.

(e) To Seller's knowledge, there have been no "prohibited transactions" (as described in Section 406 of ERISA or Section 4975 of the Code) with respect to any Calnev Plans.

(f) Except as set forth on Schedule 2.13, all accrued obligations of the Calnev Companies, whether arising by operation of Law, by contract or by past custom, for compensation, including bonuses, to its officers, directors, employees, consultants or agents, for Taxes and other obligations to any Governmental Authority payable by any of the Calnev Companies in connection with such compensation, and for payments with respect to any Calnev Plan, have been paid, or adequate accruals for such obligations have been and are being made by the Calnev Companies, and will be reflected on the Calnev Closing Balance Sheet.

(g) There are no actions, suits or claims pending or, to Seller's knowledge, threatened, other than routine claims for benefits and qualified domestic relations, medical or child support orders involving any Calnev Plans; provided, however, that with respect to any multiemployer plan, this representation is made to Seller's knowledge.

(h) Except as set forth on Schedule 2.13, none of the Calnev Plans are multiemployer plans (as defined in Section 3(37) of ERISA). To Seller's knowledge based on the information described in Schedule 2.13, the withdrawal liability with respect to the multiemployer plans listed on Schedule 2.13 is as set forth in that schedule.

(i) No Calnev Company has received any claim or demand for withdrawal liability (within the meaning of Section 4201 of ERISA) from any multiemployer plan, the liability for which has not been satisfied.

(j) No termination or partial termination of any existing Calnev Plan which is an employee pension benefit plan as defined in Section 3(2) of ERISA has occurred, nor has a notice of intent to terminate any such existing Calnev Plan been issued by Seller or any of the Calnev Companies. The Pension Benefit Guaranty Corporation has not instituted, and is not expected to institute, any proceedings to terminate any Calnev Plan.

(k) No Calnev Plan that is a pension plan (with the meaning of Section 3(2) of ERISA) and that is not a multiemployer plan has suffered any "accumulated funding deficiency," within the meaning of Section 302 of ERISA and Section 412 of the Code, whether or not waived, and if any such Calnev Plan were terminated on the Calnev Closing Date, none of the Calnev Companies would have any liability to any participants or beneficiaries as a result of the termination except to the extent of funds set aside for such purpose or reflected as reserved for such purpose on the Calnev Closing Balance Sheet.

(l) No termination liability to the Pension Benefit Guaranty has been or is expected to be incurred if any Calnev Plan were terminated on the Calnev Closing Date. There has been no "reportable event," as defined in Section 4043 of ERISA, with respect to any Calnev Plan that is not a multiemployer plan, for which notice has not been waived.

(m) None of the Calnev Companies has received notice that it is liable for any funding taxes under Sections 413(b)(6) or 4971 of the Code on account of an accumulated funding deficiency of any multiemployer plan to which either any Calnev Company or an ERISA Affiliate has contributed or is required to contribute.

(n) Except as specifically described on Schedule 2.13 (including Schedule 2.13(a) or as required by Section 411(d)(3) of the Code, the consummation of the transactions contemplated hereby will not accelerate or increase any liability under any Calnev Plan because of an acceleration or increase of any of the rights or benefits to which employees may be entitled thereunder.

(o) No breach or violation of or default under any Calnev Plan which is not sponsored or maintained by any of the Calnev Companies (other than a multiemployer plan) will subject Purchaser or any of the Calnev Companies to any Taxes, Liens, encumbrances, penalties or any other liabilities.

(p) Except as specifically described on Schedule 2.13 (including Schedule 2.13(a) or as required by law, no Calnev Plan provides health or welfare benefits for any retired or former employee, and no Calnev Company is obligated to provide health or welfare benefits to any active employee following such employee's retirement or other termination of service. To the extent that such obligations exist, such obligations (except with respect to (i) health and life insurance applicable to employees who terminate

employment other than on account of retirement and (ii) severance benefits) are fully funded or adequately reserved for with respect to all of the Calnev Companies. Other than pursuant to a collective bargaining agreement, no Calnev Company has adopted or distributed a formal plan, policy or program representing, promising or affirming to any employees or former employees the duration of retiree health or welfare benefits.

#### 2A.14 Material Contracts.

(a) Schedule 2.14 contains a complete and accurate list of all Contracts of the following categories to which any of the Calnev Companies is a party or by which any of them is bound as of the date of

this Agreement (the "Calnev Material Contracts"):

(i) (1) continuing contracts for the purchase of materials, supplies, or equipment (other than purchase contracts and orders for inventory in the ordinary course of business consistent with past practice), (2) management, service, consulting, or other similar types of contracts or (3) advertising agreements or arrangements, in any such case that have an aggregate committed future liability to any Person in excess of \$1,000,000 and that is not terminable by the applicable Calnev Company by notice of not more than 60 days for a cost of less than \$1,000,000;

(ii) material Calnev Intellectual Property licenses (including any license or other agreement under which the applicable Calnev Company is licensee or licensor of any such Calnev Intellectual Property);

(iii) agreements under which any of the Calnev Companies has directly or indirectly guaranteed indebtedness of any Person in the principal amount individually in excess of \$1,000,000;

(iv) agreements under which any of the Calnev Companies is obligated to advance, loan, extend credit, or make a capital contribution to, or other investment in, any Person, in any such case that, individually, is in excess of \$1,000,000;

(v) all Contracts, leases or easements involving annual rental payments or receipts in excess of \$1,000,000;

(vi) all promissory notes, loans, agreements, indentures, evidences of indebtedness or other instruments providing for the lending of money, whether as borrower or lender, in excess of \$1,000,000 and all related security agreements or similar agreements associated therewith;

(vii) Contracts which limit the freedom of any of the Calnev Companies to compete with any Person or operate at any location, including, without limitation, any preferential rights granted to third parties to purchase or lease such location;

28

40

(viii) any Contract for a pending or completed acquisition or disposition (by merger or otherwise) of all or substantially all of the assets (other than inventory) or capital stock of any Person (including, without limitation, any Calnev Company) under which any of the Calnev Companies currently has (or in the case of a pending acquisition or disposition may have) any liability;

(ix) Contracts between any Calnev Company, on one hand, and Seller or any Affiliate of Seller (or any current or former officer, director or employee of Seller or any Affiliate of Seller) on the other hand;

(x) all Contracts pertaining to the operation or maintenance of any and all facilities of any of the Calnev Companies under which any Calnev Company has a committed aggregate liability of at least \$1,000,000; and

(xi) to the extent not otherwise listed on Schedule 2.14, any Contract under which any of the Calnev Companies is obligated to indemnify or otherwise make whole any Person for any obligation or liability in liquidated amount in excess of \$1,000,000.

(b) True copies of the Calnev Material Contracts, and accurate written summaries of the oral Calnev Material Contracts, identified on Schedule 2.14 have been made available to Purchaser.

(c) Except as set forth on Schedule 2.14, to Seller's knowledge, no party to a Calnev Material Contract identified in Schedule 2.14 is in default under, or in breach or violation of (and no event has occurred which, with notice or the lapse of time or both, would constitute a default under, or a breach or violation or lapse of) any term, condition or provision of such Calnev Material Contract except for defaults, breaches, violations or events which, individually or in the aggregate, would not have a Calnev Material Adverse Effect.

2A.15 Brokers, Etc. Except for Salomon Smith Barney Inc. and J.P. Morgan & Co. Incorporated, the fees and expenses of which shall be the responsibility of Seller, no broker or investment banker acting on behalf of Seller or any of the Calnev Companies or under the authority of any of them is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly from Seller or any of the Calnev Companies in connection with the Calnev Sale.

2A.16 Insurance. To Seller's knowledge, the Insurance Policies related to the Calnev Companies are valid and binding in accordance with their terms, are in full force and effect and insure against risks and liabilities to an extent and in a manner customary in the industry in which Calnev operates. To Seller's knowledge, no Calnev Company is in default with respect to any provision contained in any Insurance Policy or has failed to give any notice of or present any claim reasonably anticipated to exceed such Calnev Company's self-insurance retention under any Insurance Policy in due and timely fashion.

2A.17 Employees. Except as set forth on Schedule 2.17, (a) no Calnev Company is a party to a collective bargaining agreement, currently negotiating any such agreement, or, to

Seller's knowledge, the subject of any proceeding or organizing activity seeking to compel it to bargain with any labor unions or the subject of any pending or threatened arbitration, strike, labor dispute, work slowdown or work stoppage; and (b) no charge of discrimination, grievance, unfair labor practice, consent decree, conciliation agreement, settlement agreement or other complaint against any Calnev Company is currently pending or, to Seller's knowledge, threatened before the National Labor Relations Board, the Equal Employment Opportunity Commission or any other Governmental Authority. Seller has provided Purchaser with access to true and correct copies of (i) any written material relating to the material personnel policies of Calnev and (ii) any agreement of any employee of any Calnev Company who is paid or entitled to payment by any Calnev Company in an amount exceeding, in the aggregate, \$100,000 for fiscal year 2000, or expected to exceed, in the aggregate, \$100,000 for fiscal year 2001.

2A.18 Environmental.

(a) To Seller's knowledge, except as set forth on Schedule 2.18, there is no uncured violation of any Environmental Law that (i) has given rise to a current obligation of any of the Calnev Companies to undertake a "Response Action" or a "Removal Action" (as such terms are defined pursuant to CERCLA) and (ii) would reasonably be expected to have a Calnev Material Adverse Effect at any site or facility currently owned or operated by any of the Calnev Companies. Except as set forth on Schedule 2.18 and other than those matters that would not reasonably be expected to have a Calnev Material Adverse Effect, during the last five years, to Seller's knowledge, there have been no notices or complaints received by any of the Calnev Companies alleging a violation of an Environmental Law at any current or former site or facility that was at any time owned or operated by any Calnev Company.

(b) To Seller's knowledge, each of the Calnev Companies has timely filed all reports and notifications, and has generated and maintained all records and data concerning their operations as are required under applicable Environmental Laws, except where the failure to so file, generate or maintain would not reasonably be expected to have a Calnev Material Adverse Effect.

(c) Except as set forth on Schedule 2.18, there is no civil, criminal or administrative action, suit, demand, claim, notice of violation, investigation or proceeding pending or, to Seller's knowledge, threatened against any of the Calnev Companies in connection with the conduct of their business relating to or arising under any Environmental Laws.

(d) Except as disclosed on Schedule 2.18, since January 1, 1990, no Calnev Company has not owned, leased or operated a site that (i) pursuant to CERCLA or any similar state or foreign law, has been placed or is proposed to be placed by any Governmental Authority on the "National Priorities List" or similar state or foreign list, as in effect as of the Calnev Closing Date, or (ii) is involved with any voluntary cleanup program sponsored by a Governmental Authority.

(e) Except as disclosed on Schedule 2.18 and except as would not reasonably be expected to have a Calnev Material Adverse Effect, since January 1, 1990 none of the

30

42

Calnev Companies has been identified by any Governmental Authority as a potentially responsible party under CERCLA or any similar state or foreign law with respect to any site, and no Hazardous Substances generated, transported or disposed of by or on behalf of any of the Calnev Companies have been found at any site where a Person has made written demand on any Calnev Company to conduct or pay for a remedial investigation, removal or other response action pursuant to any Environmental Law.

(f) Except as set forth on Schedule 2.18 and except as would not reasonably be expected to have a Calnev Material Adverse Effect, there is no provision of any lease, purchase agreement, sale agreement, joint venture or any similar agreement by or under which any of the Calnev Companies is currently bound to conduct or pay for a remedial investigation, removal or other response action pursuant to any Environmental Law.

2A.19 Environmental Permits. To Seller's knowledge, except as set forth on Schedule 2.19, the Calnev Companies are in possession of all Calnev Environmental Permits required under Environmental Laws for the current operation of their business and are in compliance with the requirements and limitations included in such Calnev Environmental Permits, except where the failure to so possess or comply would not reasonably be expected to have a Calnev Material Adverse Effect.

2A.20 Affiliate Transactions. There are no Contracts between any of the Calnev Companies on the one hand and Rail, Holdings, a Terminals Company or any of their Affiliates on the other hand.

2A.21 Licenses; Permits. Set forth on Schedule 2.21 is a true and complete list of all material licenses, permits and authorizations issued or granted to any of the Calnev Companies by Governmental Authorities that are necessary for the conduct of the business of the Calnev Companies.

2A.22 Hedging. No Calnev Company engages in any futures or options trading and is not a party to any price swaps, hedges, futures or similar instruments.

2A.23 Bankruptcy. There are no bankruptcy, reorganization or arrangement proceedings pending against, being contemplated by, or to Seller's knowledge, threatened against Rail, Holdings or any of the Calnev Companies.

2A.24 Other Disclosures. Set forth on Schedule 2.24 is a list of each bank in which any of the Calnev Companies has an account, and the identity of each such account, and each bank in which Calnev has a safe deposit box, together with the names of all persons authorized to draw thereon and have access thereto.

ARTICLE 3  
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

3.1 Authority of Purchaser. Purchaser is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware, with all requisite limited

31

43

partnership power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Purchaser has all requisite limited partnership power to enter into this Agreement and to carry out its obligations under this Agreement. The execution, delivery and performance of this Agreement by Purchaser has been duly authorized by all necessary limited partnership action. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms, except as may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect that affect creditors' rights generally or (b) legal and equitable limitations on the availability of specific remedies. The execution and delivery of this Agreement by Purchaser does not, and the consummation of the transactions contemplated hereby and performance by Purchaser of its obligations hereunder will not, violate or conflict with any provision of: (i) the certificate of limited partnership or the Limited Partnership Agreement of Purchaser; (ii) any material agreement, lease, instrument, mortgage, license or franchise to which Purchaser is a party or by which any of its properties is bound; or (iii) any Law applicable to Purchaser and which violation or conflict would reasonably be expected to have a material adverse effect on the financial condition of Purchaser. The failure of any Person not a party hereto to authorize or approve this Agreement or the transactions contemplated hereby will not give any Person the right to enjoin, rescind or otherwise prevent or impede the purchase of the Stock by Purchaser in accordance with the terms of this Agreement or to obtain damages from, or any other judicial relief against, Seller or Purchaser as a result of any transactions carried out in accordance with the provisions of this Agreement.

3.2 Brokers, Etc. Except for Merrill Lynch & Co., the fees and expenses of which shall be the responsibility of Purchaser, no broker or investment banker acting on behalf of Purchaser is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly in connection with any of the transactions contemplated hereby.

3.3 Securities. Purchaser hereby acknowledges that the Stock is not registered under the Securities Act or registered or qualified for sale under any applicable securities Law of the United States or any state or province of the United States and cannot be resold without registration thereunder or exemption therefrom. Purchaser is acquiring such Stock for its own account as principal, for investment and has no present intention to dispose of the Stock, in whole or in part, or of any interest in the Stock to any other person. Purchaser has sufficient knowledge and experience in financial and business matters to enable it to evaluate the risks of investment in such Stock and has the ability to bear the economic risks of such investment.

3.4 Financing. Purchaser has all necessary financial resources (which resources are listed on Schedule 3.4) available in connection with the acquisition of the Stock to consummate the transactions contemplated hereby. The financial statements of Purchaser as of December 31, 1999 and for the period then ended, which have been previously delivered to Seller, fairly present the financial condition and results of operations of Purchaser as of the date and for the period then ended in accordance with GAAP.

3.5 Independent Investigation. In making the decision to enter into this Agreement and the Related Agreements and to consummate the transactions contemplated hereby and thereby, other than reliance on the representations, warranties, covenants, obligations and

indemnities of Seller set forth in this Agreement and in Seller's Related Agreements, Purchaser has performed its own independent investigation, analysis and evaluation of the Terminals Companies and the Calnev Companies (including Purchaser's own estimate and appraisal of the value of the business, financial condition, assets, operations and prospects of the Terminals Companies and the Calnev Companies). Purchaser confirms to Seller that Purchaser is sophisticated and knowledgeable in the business of the Terminals Companies and the Calnev Companies and is capable of evaluating the matters set forth above.

ARTICLE  
COVENANTS OF SELLER WITH RESPECT TO THE TERMINALS COMPANIES

Seller hereby covenants to and agrees with Purchaser as follows:

4.1 Corporate and Other Actions. Prior to the Terminals Closing Date, Seller shall use all commercially reasonable efforts to fulfill its obligations under this Agreement relating to the Terminals Sale and to consummate the Terminals Sale and the transactions contemplated thereby.

4.2 Full Access. Prior to the Terminals Closing Date, Seller shall cause the Terminals Companies to afford Purchaser and its counsel, accountants and other authorized representatives, with reasonable prior notice, reasonable access during normal business hours (when accompanied by an authorized representative of the Terminals Companies) to the respective premises, properties, personnel, books and records of the Terminals Companies and any other assets or information that Purchaser reasonably deems necessary and shall furnish Purchaser with such financial and operating data concerning the Terminals Companies as Purchaser shall reasonably request; provided, however, that Purchaser shall not be entitled to the access contemplated by this Section 4.2 until such time as Purchaser delivers to Seller a duly executed amended Confidentiality Agreement as required by Section 5.2 hereof.

4.3 Ordinary Course of Business. Prior to the Terminals Closing Date, Seller shall cause the Terminals Companies to be operated in the ordinary course of business; provided, however, that Seller shall not be obligated to cause the Terminals Companies to make any capital expenditures prior to the Terminals Closing other than Terminals Maintenance Capital Expenditures in the ordinary course of business. In addition, prior to the Terminals Closing Date, other than as contemplated by this Agreement (including, without limitation, Section 4.8 hereof), Seller shall not permit any of the Terminals Companies to do any of the following without the prior written consent of Purchaser (which shall not be unreasonably withheld): (a) make any change in its authorized capital stock, certificate of incorporation or bylaws; (b) other than with respect to intercompany transactions, pay any stock dividends or make any reclassification with respect to its outstanding stock; (c) issue or sell any shares of its capital stock or securities convertible into or exchangeable for its capital stock; (d) purchase or otherwise acquire for consideration any outstanding shares of its capital stock; (e) other than with respect to (i) the Excluded Companies, (ii) the Thorofare Terminal and (iii) certain real property fronting on Archer Avenue in Argo, Illinois, sell, transfer, convey or otherwise dispose of, or encumber with any Lien (other than Terminals Permitted Liens), any asset except in the ordinary course of business and consistent with past practice (provided that, other than with respect to the sale or transfer of the Thorofare Terminal, the Excluded Companies and the real property located

in Argo, Illinois, the cash or other proceeds received shall be retained in the respective Terminals Company and shall not be distributed to Seller or its Affiliates); (f) make any material changes in its accounting principles or practices; (g) other than with respect to the transfer from Terminals to Rail (or an Affiliate of Rail) of any indebtedness owing to Terminals from TPE or any other Excluded Company, enter into any material transaction with Seller or any of its Affiliates; (h) make any borrowings from parties other than Affiliates or

incur any debt or lease financing from parties other than Affiliates (other than borrowings in an aggregate principal amount outstanding at any time not in excess of \$15,000,000 and debt or lease financing incurred in the ordinary course of business and consistent with past practice), or assume, guarantee, endorse (except for the negotiation or collection of negotiable instruments in the ordinary course of business and consistent with past practice) or otherwise become liable for any material obligations of any other Person; (i) make any loans, advances or capital contributions to, or investments in, any other Person or (j) (i) except as set forth on Schedule 4.3, increase the compensation of any officer or key employee other than in the ordinary course of business or as required by any agreement or bylaw in effect on the date of this Agreement, (ii) adopt any new employee benefit plan or materially amend any existing employee benefit plan other than to reflect changes in Law and plan administration or other than in the ordinary course of business and consistent with past practices or (iii) enter into any new employment or consulting agreement for which the aggregate consideration to be paid is greater than \$100,000. Prior to the Terminals Closing Date, Seller shall, as soon as reasonably practicable, provide written notice to Purchaser in the event any of the Terminals Companies has made or is planning to make a capital expenditure that is more than \$500,000.

4.4 HSR Filings. As promptly as practicable, Seller shall (in cooperation with Purchaser) (i) make all filings and submissions with the Department of Justice ("DOJ") and the Federal Trade Commission ("FTC") under the HSR Act and any applicable state or foreign laws or regulations as may be reasonably required to be made with all other Governmental Authorities in connection with the transactions contemplated by this Agreement, requesting early termination of any waiting period thereunder, (ii) respond promptly to any inquiries from the DOJ, the FTC or other Governmental Authorities in connection with such filings and (iii) comply in all material respects with the requirements of the HSR Act. Subject to regulatory constraints, Seller and Purchaser shall each keep the other party fully advised with respect to any requests from or communications with the DOJ, FTC or other Governmental Authority and shall consult with the other party with respect to all filings and responses thereto.

4.5 [Intentionally omitted].

4.6 Registration Statements and Periodic Reports. In connection with the preparation and filing of any registration statement or periodic report of Purchaser or its Affiliates pursuant to any rule or regulation promulgated under the Securities Act and the Securities Exchange Act of 1934, as amended, including, but not limited to, Regulation S-X, Seller shall use commercially reasonable efforts to cooperate with Purchaser and its accountants in satisfying Purchaser's financial reporting requirements with respect to this Agreement and as otherwise may be required from time to time.

4.7 Intercompany Accounts and Contracts. Except as set forth on Schedule 4.7, prior to or on the Terminals Closing Date (a) the Terminals Companies shall pay or otherwise

extinguish the outstanding payables owed to Seller or any of its Affiliates and (b) Seller and any of its Affiliates shall pay or otherwise extinguish the outstanding payables owed to the Terminals Companies. All intercompany Contracts between Seller and/or its Affiliates, on the one hand, and the Terminals Companies, on the other hand, shall terminate as of the Terminals Closing with full releases of liability and obligation, except for those Contracts listed on Schedule 4.7.

4.8 Conversion into Single-Member Limited Liability Companies. Prior to the Terminals Closing Date, Seller shall cause the Terminals Companies to be converted into single-member limited liability companies (by state law conversions in the case of Terminals Companies that are Delaware corporations and by mergers in the case of Rahway River Land Company and Southwest Florida Pipeline Company) with all related documents and instruments to be in form and substance mutually satisfactory to Seller and Purchaser, provided, however, that Seller shall not be deemed to have breached its obligations under this Section 4.8 if the conversion of any Terminals Company into a limited liability company (whether by state law conversion or by merger) is or has been enjoined or restrained by a court of competent jurisdiction. Upon the conversion of the

Terminals Companies into single-member limited liability companies and thereafter, neither Seller nor any of its Affiliates will make an election or take any action resulting in any Terminals Company being treated as anything other than an entity disregarded from its owner for federal income tax purposes, and Seller and its Affiliates will file all federal income and relevant state income Tax Returns in a manner consistent with the Terminals Companies' disregarded entity status. All references in this Agreement to the Terminals Companies and their capital stock shall thereafter refer to the Terminals Companies as limited liability companies and to their membership interests, respectively.

4.9 No Solicitations. Seller will not take, nor will it permit the Terminals Companies or any Affiliate of Seller (or authorize or permit any investment banker, financial advisor, attorney, accountant or other Person retained by or acting for or on behalf of Seller, the Terminals Companies or any such Affiliate) to take, directly or indirectly, any action to (i) solicit, encourage, negotiate, assist or otherwise facilitate (including by furnishing confidential information with respect to the Terminals Companies or permitting access to the assets and properties and books and records of the Terminals Companies) any offer or inquiry from any Person concerning a Terminals Acquisition Proposal ("Terminals Company Competing Transaction") or (ii) enter into any agreement, arrangement or understanding (a) which binds Seller, the Terminals Companies or their Affiliates to a Terminals Company Competing Transaction or (b) requires them to abandon, terminate or fail to consummate the transactions contemplated by this Agreement. Seller, the Terminals Companies and their Affiliates will immediately cease all existing activities, discussions and negotiations with any parties conducted heretofore with respect to any Terminals Company Competing Transaction.

4.10 Confidentiality. After the Terminals Closing Date, Seller shall not, directly or indirectly, use or provide to, and shall not permit any Affiliate, directly or indirectly, to use or provide to any other Person any material nonpublic information concerning the business or operations (financial or other) of the Terminals Companies, except (a) as on the advice of counsel is required in governmental filings or judicial, administrative or arbitration proceedings and (b) as may be necessary or desirable for the sale or transfer of any Excluded Company (so long as the recipient of such information is bound to a commercially reasonable confidentiality agreement with respect to such information).

#### 4.11 Insurance.

(a) From the date hereof to the Terminals Closing Date, Seller shall cause the Terminals Companies to maintain in full force and effect all of their respective Terminals Insurance Policies now in effect or renewals thereof covering their assets, operations and employees. Upon the conversion or merger of each Terminals Company into a limited liability company as required by Section 4.8 hereof, Seller shall notify the insurance carriers for such Terminals Company of the change in the identity of such company as a result of such conversion or merger.

(b) Before or after the Terminals Closing. Seller shall provide to Purchaser access to (and, at Purchaser's expense, copies of) the insurance policies and related records of Seller and its Affiliates that relate to the business and properties now or previously owned, leased and/or operated by any Terminals Company (including business or property included in the General American Transportation Corporation prior to July 1, 1975) in order for Purchaser to assess whether claims for the benefit of any Terminals Company can be made under any of the applicable insurance policies. If Purchaser determines that any such claims can be made under any of the insurance policies for the benefit of any of the Terminals Companies, then, at Purchaser's expense, Seller shall (i) use commercially reasonable efforts to cooperate with Purchaser and any Terminals Company in preparing and documenting any such claim and (ii) on behalf of any Terminals Company, make, file and use commercially reasonable efforts to pursue any such claim; provided, however, that (x) Seller or its Affiliates will not be required to make, file or pursue those claims which, if paid by the insurer, would

result in a retroactive premium adjustment, payment obligation (including self-insured retention or deductible) or other charge-back to Seller or its Affiliates unless Purchaser agrees in writing to reimburse Seller for such adjustment or charge-back, (y) in settling any such claim with an insurer, Seller and its Affiliates will not be required to release any rights, and Purchaser shall not cause the release of any rights, to make claims under the insurance policy for matters that are not related to the claim that is being settled for the Terminals Company and (z) Seller or its Affiliates will not be required to commence litigation or to make any expenditure or payment unless Purchaser agrees to fully indemnify Seller and its Affiliates for any such expenditure or payment and also for any Losses incurred by Seller or any of its Affiliates in connection with any such litigation (including, without limitation, reasonable attorneys' fees). Notwithstanding the foregoing, Purchaser agrees that no claim contemplated under this Section 4.11 shall be made against Trail Ltd., a rail car leasing captive insurer partially owned by GATX Corporation which provided insurance coverage during the periods in question.

4.12 Excluded Companies. Prior to the Terminals Closing (or in the case of GPS, no later than April 30, 2001), Seller shall cause the Excluded Companies and all assets, Contracts and liabilities related thereto to be transferred outside of Terminals such that, at the Terminals Closing, Terminals no longer owns or is responsible for, directly or indirectly, the Excluded Companies or any assets, Contracts or liabilities related thereto.

4.13 No Solicitation of Continuing Employees. Subsequent to the Terminals Closing and for a period of one (1) year thereafter Seller shall not (and Seller shall cause its Affiliates not

to) solicit (i.e. initiate discussions with) for hire any of the Terminals Continuing Employees so long as such Terminals Continuing Employees are employed by the Terminals Companies, Purchaser or any Affiliate thereof. Notwithstanding the foregoing, the provisions of this Section 4.13 shall in no way prohibit Seller or its Affiliates from engaging in the general trade solicitation of employees so long as such solicitation is not directed specifically at Terminals Continuing Employees.

4.14 Consents. Prior to the Terminals Closing, as reasonably requested by Purchaser, Seller shall, and shall cause the Terminals Companies to, use commercially reasonable efforts to cooperate with and assist Purchaser in Purchaser's efforts to secure all necessary consents, approvals, exemptions and waivers from third parties (including Governmental Authorities) and to give all required notices (collectively "Terminals Designated Approvals") as shall be required to enable Seller to sell the Terminals Stock to Purchaser, consummate the Terminals Sale or to prevent the sale of Terminals Stock from causing a breach of, or default under, or a termination of, any contract, lease license or other agreement identified on any Schedule attached hereto. Nothing in this Agreement shall require Seller or any of the Terminals Companies to commence litigation or to make any expenditure or payment (other than reasonable attorneys' fees) unless Purchaser agrees to fully indemnify Seller and the Terminals Companies for any such expenditure or payment and also for any Losses incurred by Seller or any Terminals Company in connection with any such litigation (including, without limitation, reasonable attorneys' fees); provided, however, that solely with respect to those Terminals Designated Approvals listed as items 1 (Philadelphia Water Department), 2 (City of Philadelphia), 3 (Tampa Port Authority), 4 (Tampa Port Authority) and 12 (Port of Seattle) on Schedule 2.4 hereof, Seller shall be required to pay any reasonable costs necessary to cure an existing condition at the facility in question if and only if (i) such existing condition amounts to a failure of the facility in question to be in compliance with the terms of the permit, license or agreement as to which the Terminals Designated Approval is being sought and (ii) the curing of such existing condition is required by the applicable Governmental Authority, based on the terms of the applicable permit, license or agreement, as a prerequisite for granting such Terminals Designated Approval.

4.15 Argo Lease. For a period of not more than two years from the Terminals Closing Date, Seller shall, at the request of Purchaser and at no cost

or expense to Seller other than reasonable attorneys' fees, use commercially reasonable efforts to assist Terminals in working with the Metropolitan Water Reclamation District of Greater Chicago ("MWRD") in Terminals' effort to procure a new lease for the MWRD property at the Argo terminal, including, without limitation, waiving any potential conflict of interest so that the attorneys currently representing Terminals in this effort may be available to continue to do so. Notwithstanding the foregoing, nothing contained in this Section 4.15 shall require Seller to initiate or participate in any litigation unless Purchaser agrees to fully indemnify Seller with respect to any Losses incurred in connection therewith and to pay any and all costs (including, without limitation, reasonable attorneys' fees) incurred in connection therewith.

ARTICLE 4A  
COVENANTS OF SELLER WITH RESPECT TO THE CALNEV COMPANIES

Seller hereby covenants to and agrees with Purchaser as follows:

4A.1 Corporate and Other Actions. Prior to the Calnev Closing Date, Seller shall use all commercially reasonable efforts to fulfill its obligations under this Agreement related to the Calnev Sale or New Calnev Sale (as applicable) and to consummate the Calnev Sale or New Calnev Sale (as applicable) and the transactions contemplated thereby.

4A.2 Full Access. Prior to the Calnev Closing Date, Seller shall cause the Calnev Companies to afford Purchaser and its counsel, accountants and other authorized representatives, with reasonable prior notice, reasonable access during normal business hours (when accompanied by an authorized representative of the Calnev Companies) to the respective premises, properties, personnel, books and records of the Calnev Companies and any other assets or information that Purchaser reasonably deems necessary and shall furnish Purchaser with such financial and operating data concerning the Calnev Companies as Purchaser shall reasonably request; provided, however, that Purchaser shall not be entitled to the access contemplated by this Section 4A.2 until such time as Purchaser delivers to Seller a duly executed amended Confidentiality Agreement as required by Section 5A.2 hereof.

4A.3 Ordinary Course of Business. Prior to the Calnev Closing Date, Seller shall cause the Calnev Companies to be operated in the ordinary course of business; provided, however, that Seller shall not be obligated to cause the Calnev Companies to make any capital expenditures prior to the Calnev Closing other than Calnev Maintenance Capital Expenditures in the ordinary course of business. In addition, prior to the Calnev Closing Date, other than as contemplated by this Agreement, Seller shall not permit any of the Calnev Companies to do any of the following without the prior written consent of Purchaser (which shall not be unreasonably withheld): (a) make any change in its authorized capital stock, certificate of incorporation or bylaws; (b) other than with respect to intercompany transactions, pay any cash or stock dividends or make any reclassification with respect to its outstanding stock; (c) issue or sell any shares of its capital stock or securities convertible into or exchangeable for its capital stock; (d) purchase or otherwise acquire for consideration any outstanding shares of its capital stock; (e) sell, transfer, convey or otherwise dispose of, or encumber with any Lien (other than Calnev Permitted Liens), any asset except in the ordinary course of business and consistent with past practice; (f) make any material changes in its accounting principles or practices; (g) enter into any material transaction with Seller or any of its Affiliates; (h) make any borrowings from parties other than Affiliates or incur any debt or lease financing from parties other than Affiliates (other than borrowings in an aggregate principal amount outstanding at any time not in excess of \$15,000,000 and debt or lease financing incurred in the ordinary course of business and consistent with past practice), or assume, guarantee, endorse (except for the negotiation or collection of negotiable instruments in the ordinary course of business and consistent with past practice) or otherwise become liable for any material obligations of any other Person; (i) make any loans, advances or capital contributions to, or investments in, any other Person or (j) (i) except as set forth on Schedule 4.3, increase the compensation of any officer or key employee other than in the ordinary course of business or as required by any agreement or bylaw in effect on the date of this Agreement, (ii) adopt any new employee benefit plan or materially amend any

existing employee benefit plan other than to reflect changes in Law and plan administration or other than in the ordinary course of business and consistent with past practices or (iii) enter into any new employment or consulting agreement for which the aggregate consideration to be paid is greater than \$100,000. Prior to the Closing Date, Seller shall, as soon as reasonably practicable, provide written notice to Purchaser in the event any of the Calnev Companies has made or is planning to make a capital expenditure that is more than \$500,000.

4A.4 Intercompany Accounts and Contracts. Except as set forth on Schedule 4.7, prior to or on the Calnev Closing Date (a) the Calnev Companies shall pay or otherwise extinguish the outstanding payables owed by any Calnev Company to Seller or any of its Affiliates and (b) Seller and any of its Affiliates shall pay or otherwise extinguish the outstanding payables owed to the Calnev Companies. All intercompany Contracts between Seller and/or its Affiliates, on the one hand, and the Calnev Companies, on the other hand, shall terminate as of the Calnev Closing with full releases of liability and obligation, except for those Contracts listed on Schedule 4.7.

4A.5 Conversion into Single-Member Limited Liability Companies. Prior to the Calnev Closing Date, Seller shall cause each of the Calnev Companies to be converted into single-member limited liability companies (by state law conversion) with all related documents and instruments to be in form and substance mutually satisfactory to Seller and Purchaser, provided, however, that Seller shall not be deemed to have breached its obligations under this Section 4A.5 if the conversion of any Calnev Company into a limited liability company is or has been enjoined or restrained by a court of competent jurisdiction. Upon the conversion of the Calnev Companies into single-member limited liability companies and thereafter, neither Seller nor any of its Affiliates will make an election or take any action resulting in any Calnev Company being treated as anything other than an entity disregarded from its owner for federal income tax purposes, and Seller and its Affiliates will file all federal income and relevant state income Tax Returns in a manner consistent with the Calnev Companies' disregarded entity status. All references in this Agreement to the Calnev Companies and their capital stock shall thereafter refer to the Calnev Companies as a limited liability company and to their membership interests, respectively.

4A.6 No Solicitations. Seller will not take, nor will it permit any Calnev Company or any Affiliate of Seller (or authorize or permit any investment banker, financial advisor, attorney, accountant or other Person retained by or acting for or on behalf of Seller, the Calnev Companies or any such Affiliate) to take, directly or indirectly, any action to (i) solicit, encourage, negotiate, assist or otherwise facilitate (including by furnishing confidential information with respect to the Calnev Companies or permitting access to the assets and properties and books and records of the Calnev Companies) any offer or inquiry from any Person concerning a Calnev Acquisition Proposal ("Calnev Company Competing Transaction") or (ii) enter into any agreement, arrangement or understanding (a) which binds Seller, any Calnev Company or their Affiliates to a Calnev Company Competing Transaction or (b) requires them to abandon, terminate or fail to consummate the transactions contemplated by this Agreement. Seller, the Calnev Companies and their respective Affiliates will immediately cease all existing activities, discussions and negotiations with any parties conducted heretofore with respect to any Calnev Company Competing Transaction.

4A.7 Confidentiality. After the Calnev Closing Date, Seller shall not, directly or indirectly, use or provide to, and shall not permit any Affiliate, directly or indirectly, to use or provide to any other Person any material nonpublic information concerning the business or operations (financial or other) of the Calnev Companies, except as on the advice of counsel is required in governmental filings or judicial, administrative or arbitration proceedings.

#### 4A.8 Insurance.

(a) From the date hereof to the Calnev Closing Date, Seller shall cause the Calnev Companies to maintain in full force and effect all of their respective Calnev Insurance Policies now in effect or renewals thereof covering their assets, operations and employees. Upon the conversion of each Calnev Company into a limited liability company as required by Section 4A.5 hereof, Seller shall notify the insurance carriers for such Calnev Company of the change in the identity of such company as a result of such conversion or merger.

(b) Before or after the Calnev Closing, Seller shall provide to Purchaser access to (and, at Purchaser's expense, copies of) the insurance policies and related records of Seller and its Affiliates that relate to the business and properties now or previously owned, leased and/or operated by any Calnev Company (including business or property included in the General American Transportation Corporation prior to July 1, 1975) in order for Purchaser to assess whether claims for the benefit of the Calnev Companies can be made under any of the applicable insurance policies. If Purchaser determines that any such claims can be made under any of the insurance policies for the benefit of any of the Calnev Companies, then, at Purchaser's expense, Seller shall (i) use commercially reasonable efforts to cooperate with Purchaser and the Calnev Companies in preparing and documenting any such claim and (ii) on behalf of any Calnev Company, make, file and use commercially reasonable efforts to pursue any such claim; provided, however, that (x) Seller or its Affiliates will not be required to make, file or pursue those claims which, if paid by the insurer, would result in a retroactive premium adjustment, payment obligation (including self-insured retention or deductible) or other charge-back to Seller or its Affiliates unless Purchaser agrees in writing to reimburse Seller for such adjustment or charge-back, (y) in settling any such claim with an insurer, Seller and its Affiliates will not be required to release any rights, and Purchaser shall not cause the release of any rights, to make claims under the insurance policy for matters that are not related to the claim that is being settled for the Calnev Company and (z) Seller or its Affiliates will not be required to commence litigation or to make any expenditure or payment unless Purchaser agrees to fully indemnify Seller and its Affiliates for any such expenditure or payment and also for any Losses incurred by Seller or any of its Affiliates in connection with any such litigation (including, without limitation, reasonable attorneys' fees).

4A.9 No Solicitation of Continuing Employees. Subsequent to the Calnev Closing and for a period of one (1) year thereafter Seller shall not (and Seller shall cause its Affiliates not to) solicit (i.e. initiate discussions with) for hire any of Calnev Continuing Employees so long as such Calnev Continuing Employees are employed by any Calnev Company, Purchaser or any Affiliate thereof. Notwithstanding the foregoing, the provisions of this Section 4A.9 shall in no

way prohibit Seller or its Affiliates from engaging in the general trade solicitation of employees so long as such solicitation is not directed specifically at Calnev Continuing Employees.

4A.10 Consents Prior to the Calnev Closing. As reasonably requested by Purchaser, Seller shall, and shall cause the Calnev Companies to, use commercially reasonable efforts to cooperate with and assist Purchaser in Purchaser's efforts to secure all necessary consents, approvals, exemptions and waivers from third parties (including Governmental Authorities) and to give all required notices as shall be required to enable Seller to sell the GPL Stock to Purchaser, consummate the Calnev Sale or to prevent the sale of GPL Stock from causing a breach of, or default under, or a termination of, any contract, lease license or other agreement identified on any Schedule attached hereto. Nothing in this Agreement shall require Seller or any Calnev Company to commence litigation or to make any expenditure or payment (other than reasonable attorneys' fees) unless Purchaser agrees to fully indemnify Seller and the

Calnev Companies for any such expenditure or payment and also for any Losses incurred by Seller or any Calnev Company in connection with any such litigation (including, without limitation, reasonable attorneys' fees).

4A.11 HSR Filing With Respect to the Calnev Companies. In the event that the Calnev Closing has not been consummated prior to December 1, 2001, as promptly as practicable, Seller shall (in cooperation with Purchaser) (i) make all filings and submissions with the DOJ and the FTC under the HSR Act and any applicable state or foreign laws or regulations as may be reasonably required to be made with all other Governmental Authorities in connection with the transactions contemplated by this Agreement, requesting early termination of any waiting period thereunder, (ii) respond promptly to any inquiries from the DOJ, the FTC or other Governmental Authorities in connection with such filings and (iii) comply in all material respects with the HSR Act. Subject to regulatory constraints, Seller and Purchaser shall keep the other party fully advised with respect to any requests for or communications with the DOJ, FTC or other Governmental Authority and shall consult with the other party with respect to all filings and responses thereto.

#### ARTICLE 5

##### COVENANTS OF PURCHASER WITH RESPECT TO THE TERMINALS COMPANIES

Purchaser hereby covenants to and agrees with Seller as follows:

5.1 Corporate and Other Actions. Prior to the Terminals Closing Date, Purchaser shall use all commercially reasonable efforts to fulfill its obligations under this Agreement relating to the Terminals Sale and to consummate the Terminals Sale and the transactions contemplated thereby.

5.2 Confidentiality. As soon as reasonably practicable after the date of this Agreement, Purchaser agrees to deliver to Terminals a duly executed amendment to the Confidentiality Agreement providing that the term of the Confidentiality Agreement with respect to the Terminals Companies shall not expire until the Terminals Closing Date.

41

53

##### 5.3 Terminals Employees and Benefit Plans.

(a) Purchaser shall be entitled to determine, in its sole discretion, the employee staffing that will be required for the Terminals Companies after the Terminals Closing and shall make offers of continuing employment with the Terminals Companies or with Purchaser, its general partner or an Affiliate of either ("Purchaser Employer"), effective on the Terminals Closing Date, to any or all Terminals Employees in its discretion; provided, however, that Purchaser shall make offers of continuing employment to at least 532 Terminals Employees. As used herein, "Terminals Employees" means the employees of the Terminals Companies as of the date hereof who will be full-time, active or regular part-time employees on the Terminals Closing Date, including those on temporary leave for jury duty, family or short-term medical leave or vacation. Schedule 5.3(a) lists the Terminals Employees and sets forth, for each of the Terminals Employees, his or her job title and, to the extent available, his or her current annual rate of base wages or base salary. Any such offers of continuing employment shall be made as soon as practicable prior to the Terminals Closing Date and shall specify the terms of such employment, which terms shall be in accordance with the following provisions of this Section 5.3, and shall provide for a base salary no less favorable than the base salary in effect on the Terminals Closing Date. Each Terminals Employee who remains employed by the Terminals Companies or becomes employed by a Purchaser Employer pursuant to this Section 5.3(a) shall be referred to herein as a "Terminals Continuing Employee." As soon as practicable, but prior to the Terminals Closing Date, Purchaser shall provide Seller with notice of those Terminals Employees to whom it has made an offer of continuing employment. As soon as practicable after the Terminals Closing Date, Purchaser shall furnish Seller with a list of all Terminals Employees who become Terminals Continuing Employees as of the Terminals Closing Date. Effective as of the day immediately preceding the Terminals Closing

Date, Seller shall cause the Terminals Companies to transfer to one or more Affiliates of Seller or terminate the employment of any employee of the Terminals Companies on such preceding day who will not be a Terminals Continuing Employee immediately following the Terminals Closing, including those employees on long-term disability. Seller shall be solely responsible for any severance costs and all benefits or other liabilities associated with any employee of the Terminals Companies who does not become a Terminals Continuing Employee; provided, however, that Purchaser shall be responsible for payment of all severance obligations described in Section 5.3(h) and for the second installment of the stay bonus under the individual stay bonus agreements to the Terminals Continuing Employees who are eligible for such payments, the amount of such payments with respect to stay bonuses not to exceed \$1,100,000. At the Terminals Closing, Seller shall provide Purchaser with a list of those Terminals Continuing Employees who are entitled to receive stay bonuses and the amount thereof. Purchaser shall be solely responsible for compliance with and any and all liabilities in connection with the Worker Adjustment Retraining and Notification Act ("WARN"). Purchaser and Seller shall cooperate with each other in causing the appropriate entity to send WARN notices to affected employees prior to the Terminals Closing Date in order to limit the WARN notice period.

(b) Effective as of the Terminals Closing Date, the Terminals Companies shall cease to be participating employers in the GATX Non-Contributory Pension Plan

42

54

for Salaried Employees, Non-Contributory Pension Plan of GATX (Hourly Employees) (collectively, the "Seller Pension Plans"), GATX Salaried Employees Retirement Savings Plan and GATX Hourly Employees Retirement Savings Plan (individually a "Seller Savings Plan" and, collectively, the "Seller Savings Plans") (all such pension and savings plans being referred to, collectively, as the "GATX Qualified Plans"), and as of such date all Terminals Continuing Employees shall cease to be eligible to participate in the GATX Qualified Plans. Any service or compensation earned by a Terminals Continuing Employee for any period after the Terminals Closing Date shall be disregarded for all purposes of the GATX Qualified Plans. To the extent allowed by applicable law, Seller shall cause all Terminals Continuing Employees to be fully vested in their accrued benefits under the GATX Qualified Plans as of the Terminals Closing Date. Purchaser shall have no obligation for any past, present or future accrued liabilities under the GATX Qualified Plans.

(c) Effective as of the Terminals Closing Date, Purchaser shall take all action necessary or appropriate (i) to extend coverage under one or more new or existing defined contribution plans (the "Purchaser Savings Plan") qualified under section 401(a) of the Code and meeting the requirements of section 401(k) of the Code to Terminals Continuing Employees who have account balances under a Seller Savings Plan as of the Terminals Closing Date and (ii) to permit such employees to roll over such account balances (including any outstanding plan loans) to the Purchaser Savings Plan as soon as practicable after the Terminals Closing Date to the extent that Seller determines that distribution of such balances from the Seller Savings Plans is permitted by applicable law. If Seller determines that such distribution is not permitted, the account balance of each Terminals Continuing Employee under a Seller Savings Plan shall be transferred (within the meaning of section 414(l) of the Code) to the Purchaser Savings Plan, as soon as practicable after the Terminals Closing Date, in a transfer conforming to the requirements of section 411(d)(6) of the Code, but only to the extent that such Terminals Continuing Employee elects such a transfer in accordance with procedures established by Seller.

(d) Effective as of the Terminals Closing Date, the Terminals Companies shall cease to be participating employers in the Terminals Companies Plans that are welfare benefit plans as described in Section

3(1) of ERISA and that are not Terminals Subsidiary Plans (together with Calnev Plans that are welfare benefits plans and not Calnev Subsidiary Plans, the "Seller Welfare Benefit Plans"). Effective as of the Terminals Closing Date, Purchaser shall take all actions necessary or appropriate to extend coverage to Terminals Continuing Employees who are covered under the Seller Welfare Benefit Plans on the Terminals Closing Date (and their covered dependents) under one or more new or existing welfare benefit plans (the "Purchaser Welfare Benefit Plans") providing medical, dental, prescription drug, vision, life insurance, accident insurance, flexible spending account, short-term and long-term disability benefits. Terminals Continuing Employees shall be eligible to participate in the Purchaser Welfare Benefit Plans without regard to any eligibility period, waiting period, evidence of insurability requirements (except for evidence of insurability requirements applicable to Purchaser's supplemental life insurance plan) or pre-existing condition limitations and shall be given credit under the Purchaser Welfare Benefit Plans for amounts paid under a

corresponding Seller Welfare Benefit Plan or Terminals Subsidiary Plan during the same period for purposes of applying deductibles, co-payments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the applicable Purchaser Welfare Benefit Plan.

(e) Effective as of the Terminals Closing Date, the Terminals Companies shall cease to be participating employers in the GATX Excess Benefit Retirement Plan and the GATX Supplemental Retirement Plan (individually a "GATX Non-Qualified Plan" and, collectively, the "GATX Non-Qualified Plans"), and all Terminals Continuing Employees shall cease to be eligible to participate in the GATX Non-Qualified Plans. Any service or compensation earned by a Terminals Continuing Employee for any period after the Terminals Closing Date shall be disregarded for all purposes of the GATX Non-Qualified Plans. Purchaser shall have no obligation for any past, present or future accrued liabilities under the GATX Non-Qualified Plans.

(f) One or more of the Terminals Companies is a party to and bound by the terms of the collective bargaining agreements set forth in Schedule 2.17 ("Terminals Bargaining Agreements"). Purchaser agrees that, subject to the following provisions of this paragraph (f) or Purchaser's renegotiation of such Terminals Bargaining Agreements in writing prior to the Terminals Closing Date, Purchaser shall (or shall cause the Terminals Companies to) comply with and perform all obligations under the Terminals Bargaining Agreements for periods after the Terminals Closing Date during which the Terminals Bargaining Agreements remain in effect and comply with and perform all obligations that survive the expiration of the Terminals Bargaining Agreements under applicable law with respect to Terminals Continuing Employees who are covered by such agreements (the "Terminals Continuing Union Employees"), including without limitation obligations relating to wages, vacation, holiday and severance pay, insurance, post-retirement medical, life and pension benefits. Except as otherwise specifically provided below in this paragraph (f), Purchaser shall take all such actions (including, without limitation, the establishing of, or causing of, one or more Terminals Companies to establish such mirror plans) as may be necessary or appropriate to provide to Terminals Continuing Union Employees (and their eligible dependents) for periods after the Terminals Closing Date during which the Terminals Bargaining Agreements remain in effect the benefits set forth in the Terminals Bargaining Agreements, including any such benefits that survive the expiration of the Terminals Bargaining Agreements. For purposes of fulfilling the pension obligations under certain Terminals Bargaining Agreements, on or as soon as practicable after the Terminals Closing Date, Purchaser shall (or shall cause a Terminals Company to) extend coverage to Terminals Continuing Union Employees under a qualified defined benefit pension plan (the "Purchaser Hourly Pension Plan") which shall be identical in all material respects to the Non-Contributory Pension Plan of GATX (the "Seller Hourly Pension Plan") as in effect as of the

Terminals Closing Date and shall credit the service and pay credited to each Terminals Continuing Union Employee under the Seller Hourly Pension Plan as of the Terminals Closing Date for all purposes under the Purchaser Hourly Pension Plan, including eligibility, vesting, benefit accrual and eligibility for subsidized benefits. The benefit (expressed as a single life annuity) payable from the Purchaser Hourly Pension Plan with respect to each Terminals Continuing Union Employee, determined as of the date as of

which payment from the Purchaser Hourly Pension Plan actually commences, shall be reduced by the benefit (expressed as a single life annuity) payable with respect to such individual from the Seller Hourly Pension Plan, based on such Terminals Continuing Union Employee's accrued benefit under the Seller Hourly Pension Plan as of the Terminals Closing Date and determined as follows: (i) if the Terminals Continuing Union Employee is eligible to commence (or has commenced) payment from the Seller Hourly Pension Plan at the date that payment from the Purchaser Hourly Pension Plan commences, the benefit payable from the Seller Hourly Pension Plan shall be determined as if payment of the Terminals Continuing Union Employee's pension from the Seller Hourly Pension Plan commenced as of the same date that payment from the Purchaser Hourly Pension Plan commences (without regard to the date as of which payment from the Seller Hourly Pension Plan actually commences); and (ii) if the Terminals Continuing Union Employee is not eligible to commence payment from the Seller Hourly Pension Plan at the date that payment from the Purchaser Hourly Pension Plan commences, the benefit payable from Purchaser Hourly Pension Plan shall be reduced by the Terminals Continuing Union Employee's accrued benefit under the Seller Hourly Pension Plan as of the Terminals Closing Date, actuarially reduced from (A) age 65 if the employee has less than 15 years of service under the Seller Hourly Pension Plan, and (B) age 62 if the Terminals Continuing Union Employee has 15 or more years of service under the Seller Hourly Pension Plan. The actuarial reduction for this purpose shall reflect the actuarial basis for purposes of determining early commencement of benefits as set forth in the Seller Hourly Pension Plan as in effect on the Terminals Closing Date. In no event shall the benefit actually payable from the Seller Hourly Pension Plan with respect to a Terminals Continuing Union Employee be greater than the benefit to which such individual is entitled under the terms of the Seller Hourly Pension Plan as in effect on the Terminals Closing Date, determined as if the Terminals Continuing Union Employee terminated from the employ of the Terminals Companies and all its Affiliates on the Terminals Closing Date. In no event shall the benefit actually payable from the Purchaser Hourly Pension Plan with respect to a Terminals Continuing Union Employee be greater than (i) the benefit to which such individual would have been entitled under the Seller Hourly Pension Plan had such individual continued participation under the Seller Hourly Pension Plan after the Terminals Closing Date (under the terms of the Seller Hourly Pension plan in effect as of the Terminals Closing Date but determined as though the Seller Hourly Pension Plan were amended to take into account any pension changes negotiated by Purchaser after the Terminals Closing Date) until the date as of which such individual ceases accruing benefits under the Purchaser Hourly Pension Plan, less (ii) the amount by which the benefit under the Purchaser Hourly Pension Plan shall be reduced pursuant to this paragraph (f).

(g) For periods after the Terminals Closing Date, Purchaser shall ensure that (i) Terminals Continuing Employees who are not Terminals Continuing Union Employees (and their eligible dependents) shall participate in the employee benefit plans, policies, programs and arrangements maintained from time to time by Purchaser (collectively, the "Purchaser Plans") on terms and conditions which, subject to the following provisions of this paragraph (g), are substantially the same as applied to other similarly situated employees and former employees of Purchaser, (ii) Terminals Continuing Employees shall be given credit

qualified under Section 401(a) of the Code) and the Purchaser Welfare Benefits Plans for their service with Seller and the Terminals Companies and their predecessors for all purposes (including eligibility for vacation, severance and post-retirement medical benefits) to the extent that such service is taken into account under the corresponding Terminals Companies Plan as of the Terminals Closing Date, (iii) Terminals Continuing Employees shall be given credit under the Purchaser Plans that are qualified under Section 401(a) of the Code for their service with Seller and the Terminals Companies and their predecessors for purposes of eligibility and vesting.

(h) Purchaser shall provide severance and other benefits under the Enhanced GATX Severance Pay Program and under any severance arrangements listed on Schedule 2.13 (including Schedule 2.13(a)) to any Terminals Continuing Employee whose employment terminates during the 12-month period beginning on the Terminals Closing Date; provided, however, that to the extent that Purchaser is unable to provide certain benefits under such arrangements, Purchaser shall substitute the cash equivalent thereof.

(i) Purchaser shall pay and be responsible for the payment of all amounts which may be or become due to Terminals Continuing Employees under Purchaser's bonus plans for the calendar year in which the Terminals Closing Date occurs as if the Terminals Continuing Employees became covered by such plans as of January 1 of such year. The Terminals Closing Balance Sheet shall include an accrual for the amount of the bonus accrued by Terminals Continuing Employees under the Seller's bonus plans for the period from January 1 of the year in which the Terminals Closing Date occurs through the Terminals Closing Date.

(j) Purchaser shall be responsible for the vacation time accrued by Terminals Continuing Employees prior to the Terminals Closing Date. Purchaser shall recognize the vacation time accrued by Terminals Continuing Employees on Seller's payroll records as of the Terminals Closing Date. Purchaser shall not be required to make a cash payment to Terminals Continuing Employees for such accrued vacation time except for payments of accrued but unused vacation pay upon termination of a Terminals Continuing Employee's employment. Purchaser shall have no obligation for any vacation time accrued prior to the Terminals Closing Date by Terminals Employees who are not Terminals Continuing Employees.

(k) On or prior to the Terminals Closing Date, Seller shall, or shall cause the Terminals Companies to, take such action as may be necessary or appropriate to conform the Terminals Companies Plans to the provisions of this Section 5.3. Unless specifically permitted by the terms of this Agreement or as set forth on Schedule 4.3 hereto, from the date hereof until the Terminals Closing Date, to the extent that Terminals Continuing Employees would be affected, Seller shall not (i) increase the rate of compensation payable or to become payable to any Terminals Employee, (ii) enter into any new, or agree to any increase in the benefits to be provided under any existing, individual severance agreement, stay bonus agreement or employment agreement, (iii) amend any Terminals Companies Plan to increase any benefits or rights thereunder, or (iv) adopt any new plan, program, policy or arrangement which, if it existed as of the Terminals Closing Date, would constitute a Terminals Companies Plan.

(l) The parties acknowledge and agree that all provisions contained in this Agreement with respect to employee benefit plans or employee compensation are included for the sole benefit of the respective parties hereto and shall not create any right in any other Person, including, without limitation, any employees of the Terminals Companies, any participant in any Terminals Companies Plans or any beneficiary thereof.

(m) The corresponding reserve on the balance sheet having been removed, Seller shall retain and discharge the workers compensation liability of Terminals arising out of workers compensation accidents occurring prior to the Terminals Closing Date.

5.4 Full Access. From and after the Terminals Closing Date, Purchaser shall cause the Terminals Companies to afford Seller and its counsel, accountants and other authorized representatives, with two days' prior notice, reasonable access during normal business hours to the respective premises, properties, personnel, books and records of the Terminals Companies and any other assets or information that Seller reasonably deems necessary to prepare the Terminals Closing Balance Sheet and any report or Tax Return required to be filed by Seller (but so as not to unduly disrupt the normal course of operations of the Terminals Companies), including, without limitation, preparing or defending any such Tax Return and any interim or annual report or other accounting statements. Personnel of the Terminals Companies shall be available to execute Tax statute of limitation waivers and amended Tax Returns at Seller's request for the Tax Returns for the Tax Period prior to the Terminals Closing Date. Personnel of the Terminals Companies shall assist Seller in the preparation of the Terminals Closing Balance Sheet with respect to the Terminals Companies and any Tax Returns which Seller is required to prepare pursuant to Sections 10.2(a) and 10.2(b); provided, however, Seller shall not be obligated to compensate such personnel, Purchaser or the Terminals Companies for such assistance.

5.5 HSR Filings. As promptly as practicable, Purchaser shall (in cooperation with Seller) (i) make all filings and submissions with the DOJ and the FTC under the HSR Act and any applicable state or foreign laws or regulations as may be reasonably required to be made with Governmental Authorities in connection with the transactions contemplated by this Agreement, requesting early any termination of the waiting period thereunder, (ii) respond promptly to any inquiries from the DOJ, the FTC or other Governmental Authorities in connection with such filings and (iii) comply in all material respects with the requirements of the HSR Act. Subject to regulatory constraints, Seller and Purchaser shall each keep the other party fully advised with respect to any requests from or communications with the DOJ, FTC or other Governmental Authority and shall consult with the other party with respect to all filings and responses thereto.

5.6 Directors' and Officers' Indemnification. For a period of six years from the Terminals Closing Date, Purchaser agrees not to amend the certificate of incorporation or bylaws of any of the Terminals Companies in any way to reduce or eliminate the level of indemnification provided by the applicable Terminals Company to the past and current officers and directors of such Terminals Company.

5.7 Use of GATX Name. As promptly as reasonably practicable subsequent to the Terminals Closing, Purchaser shall use its reasonable best efforts to cause each of the Terminals Companies to cease using the GATX name or any derivative thereof in any way. Without limiting the foregoing, as promptly as reasonably practicable subsequent to the Terminals Closing, Purchaser shall use its reasonable best efforts to cause the Terminals Companies to (a) change the name of any Terminals Company that includes "GATX" and (b) remove the GATX name, any derivative thereof and any logo related thereto from any tanks, trucks or other objects on which such name appears. Notwithstanding the foregoing, within three months of the Terminals Closing, the Terminals Companies shall not use the GATX name or any derivative thereof in any way.

5.8 Assumption of Obligations. Effective as of the Terminals Closing,

Purchaser shall assume the guarantees and other obligations of Seller with respect to the Terminals Companies set forth on Schedule 5.8 and shall use its reasonable best efforts to cause Seller to be fully released and discharged from such obligations.

5.9 Services to Terminal de Productos Especializados S.A. de C.V.; Other Services. Subsequent to the Terminals Closing and for so long as Seller or any of its Affiliates has any beneficial ownership interest in Terminal de Productos Especializados S.A. de C.V. ("TPE"), Purchaser shall cause the Terminals Companies to provide certain services to TPE. Details regarding such services, and the rates to be paid by TPE for such services shall be as set forth in the Services Agreement attached hereto as Exhibit B. Representatives of each of Purchaser and Seller shall meet on a monthly basis to review the extent and adequacy of such services. The Services Agreement shall also provide the terms and conditions pursuant to which Purchaser shall cause the Terminals Companies to provide certain services to Seller subsequent to the Terminals Closing.

5.10 License Agreement with KTSB. Purchaser acknowledges and agrees that nothing contained in this Agreement shall prevent Terminals from, prior to Terminals Closing, executing a License Agreement with Kertih Terminals SBN BHD relating to its GALAHAD software on substantially the same terms as have previously been disclosed to Purchaser. In the event that Terminals does not execute such License Agreement prior to Terminals Closing, Purchaser shall cause Terminals to execute such License Agreement subsequent to Terminals Closing so long as the terms thereof are substantially similar to the terms that have previously been disclosed to Purchaser.

5.11 Agreement with Nippon GATX Company Limited. Purchaser acknowledges and agrees that nothing contained in this Agreement shall prevent Terminals from, prior to the Terminals Closing, transferring the Services Agreement between Terminals and Nippon GATX Company Limited ("Nippon") to Rail or an Affiliate of Rail. In the event that Terminals is not able to transfer such agreement to Rail or an Affiliate of Rail, (i) Rail agrees to cause (at its sole cost and expense) one or more employees of Seller or an Affiliate to render any services to Nippon that are requested by Nippon pursuant to the agreement and to indemnify Purchaser for any and all Losses incurred by Purchaser related thereto and (ii) Purchaser agrees to cause Terminals to remit to Rail any and all fees received by Terminals subsequent to the Terminals Closing from Nippon pursuant to the said Services Agreement.

48

60

5.12 License to the Calnev Companies. Effective as of the Terminals Closing and continuing until the earliest to occur of (a) the Calnev Closing, (b) the New Calnev Closing and (c) March 31, 2002 (the "License Term"), Purchaser hereby grants to each of the Calnev Companies a non-exclusive, royalty-free license to use the GALAHAD, CAS and Lawsen software systems and the documentation and source code associated therewith. During the License Term, Purchaser shall service and maintain such software (and provide upgrades thereto if and to the extent it provides upgrades to its own facilities) in the same manner as Purchaser services and maintains such software at its own facilities. Purchaser shall provide Seller with a monthly invoice (together with all supporting documentation as reasonably requested by Seller) for its cost to service, maintain and support such software and Seller (or an Affiliate) shall, within three business days of the receipt of such invoice, pay to Purchaser the amount of such invoice.

#### ARTICLE 5A

##### COVENANTS OF PURCHASER WITH RESPECT TO THE CALNEV COMPANIES

Purchaser hereby covenants to and agrees with Seller as follows:

5A.1 Corporate and Other Actions. Prior to the Calnev Closing Date, Purchaser shall use all commercially reasonable efforts to fulfill its obligations under this Agreement related to the Calnev Sale or New Calnev Sale (as applicable) and to consummate the Calnev Sale and the transactions contemplated thereby.

5A.2 Confidentiality. Purchaser agrees to deliver to Seller a duly executed amendment to the Confidentiality Agreement providing that the term of the Confidentiality Agreement with respect to the Calnev Companies shall not expire until the Calnev Closing Date.

5A.3 Calnev Employees and Benefit Plans.

(a) Purchaser shall be entitled to determine, in its sole discretion, the employee staffing that will be required for the Calnev Companies after the Calnev Closing and shall make offers of continuing employment with the Calnev Companies or a Purchaser Employer or its general partner or Purchaser's other Affiliates or their general partners, effective on the Calnev Closing Date, to any or all Calnev Employees in its discretion; provided, however, that Purchaser shall make offers of continuing employment to at least 68 Calnev Employees. As used herein, "Calnev Employees" means the employees of the Calnev Companies as of the date hereof who will be full-time, active or regular part-time employees on the Calnev Closing Date, including those on temporary leave for jury duty, family or short-term medical leave or vacation. Schedule 5.3(a) lists the Calnev Employees and sets forth, for each of the Calnev Employees, his or her job title and, to the extent available, his or her current annual rate of base wages or base salary. Any such offers of continuing employment shall be made as soon as practicable prior to the Calnev Closing Date and shall specify the terms of such employment, which terms shall be in accordance with the following provisions of this Section 5A.3, and shall provide for a base salary no less favorable than the base salary in effect on the Calnev Closing Date. Each Calnev Employee who remains employed by any of the Calnev Companies or becomes employed by a Purchaser

49

61

Employer pursuant to this Section 5A.3(a) shall be referred to herein as a "Calnev Continuing Employee." As soon as practicable but prior to the Calnev Closing Date, Purchaser shall provide Seller with notice of those Calnev Employees to whom it has made an offer of continuing employment. As soon as practicable after the Calnev Closing Date, Purchaser shall furnish Seller with a list of all Calnev Employees who become Calnev Continuing Employees as of the Calnev Closing Date. Effective as of the day immediately preceding the Calnev Closing Date, Seller shall cause the Calnev Companies to transfer to one or more Affiliates of Seller or terminate the employment of any employee of the Calnev Companies on such preceding day who will not be a Calnev Continuing Employee immediately following the Calnev Closing, including those employees on long-term disability. Seller shall be solely responsible for any severance costs and all benefits or other liabilities associated with any employee of the Calnev Companies who does not become a Calnev Continuing Employee; provided, however, that Purchaser shall be responsible for payment of all severance obligations described in Section 5A.3(h) and for the second installment of the stay bonus under the individual stay bonus agreements to the Calnev Continuing Employees who are eligible for such payments, the amount of such payments with respect to stay bonuses not to exceed \$1,100,000 less the aggregate amount of stay bonuses paid or to be paid to Terminals Continuing Employees pursuant to Section 5.3(a). At the Calnev Closing, Seller shall provide Purchaser with a list of those Calnev Continuing Employees who are entitled to receive stay bonuses and the amount thereof. Purchaser shall be solely responsible for compliance with and any and all liabilities in connection with WARN. Purchaser and Seller shall cooperate with each other in causing the appropriate entity to send WARN notices to employees prior to the Calnev Closing Date in order to limit the WARN notice period.

(b) Effective as of the Calnev Closing Date, each Calnev Company shall cease to be participating employers in the GATX Qualified Plans, and as of such date all Calnev Continuing Employees shall cease to be eligible to participate in the GATX Qualified Plans. Any service or compensation earned by a Calnev Continuing Employee for any period after the Calnev Closing Date shall be disregarded for all purposes of the GATX Qualified Plans. To the extent allowed by applicable law, Seller shall cause all Calnev Continuing Employees to be fully vested

in their accrued benefits under the GATX Qualified Plans as of the Calnev Closing Date. Purchaser shall have no obligation for any past, present or future accrued liabilities under the GATX Qualified Plans.

(c) Effective as of the Closing Date, Purchaser shall take all action necessary or appropriate (i) to extend coverage under the Purchaser Savings Plan to Calnev Continuing Employees who have account balances under a Seller Savings Plan as of the Calnev Closing Date and (ii) to permit such employees to roll over such account balances (including any outstanding plan loans) to the Purchaser Savings Plan as soon as practicable after the Calnev Closing Date to the extent that Seller determines that distribution of such balances from the Seller Savings Plans is permitted by applicable law. If Seller determines that such distribution is not permitted, the account balance of each Calnev Continuing Employee under a Seller Savings Plan shall be transferred (within the meaning of section 414(1) of the Code) to the Purchaser Savings Plan, as soon as practicable after the Calnev Closing Date, in a transfer conforming to the requirements

50

62

of section 411(d)(6) of the Code, but only to the extent that such Calnev Continuing Employee elects such a transfer in accordance with procedures established by Seller.

(d) Effective as of the Calnev Closing Date, each Calnev Company shall cease to be participating employers in the Seller Welfare Benefit Plans that are not Calnev Subsidiary Plans. Effective as of the Calnev Closing Date, Purchaser shall take all actions necessary or appropriate to extend coverage to Calnev Continuing Employees who are covered under the Seller Welfare Benefit Plans on the Calnev Closing Date (and their covered dependents) under one or more Purchaser Welfare Benefit Plans providing medical, dental, prescription drug, vision, life insurance, accident insurance, flexible spending account, short-term and long-term disability benefits. Calnev Continuing Employees shall be eligible to participate in the Purchaser Welfare Benefit Plans without regard to any eligibility period, waiting period, evidence of insurability requirements (except for evidence of insurability requirements applicable to Purchaser's supplemental life insurance plan) or pre-existing condition limitations and shall be given credit under the Purchaser Welfare Benefit Plans for amounts paid under a corresponding Seller Welfare Benefit Plan or Calnev Subsidiary Plan during the same period for purposes of applying deductibles, co-payments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the applicable Purchaser Welfare Benefit Plan.

(e) Effective as of the Calnev Closing Date, each Calnev Company shall cease to be participating employers in the GATX Non-Qualified Plans, and all Calnev Continuing Employees shall cease to be eligible to participate in the GATX Non-Qualified Plans. Any service or compensation earned by a Calnev Continuing Employee for any period after the Calnev Closing Date shall be disregarded for all purposes of the GATX Non-Qualified Plans. Purchaser shall have no obligation for any past, present or future accrued liabilities under the GATX Non-Qualified Plans.

(f) No Calnev Company is currently a party to or bound by the terms of any collective bargaining agreement ("Calnev Bargaining Agreements"). Purchaser agrees that, subject to the following provisions of this paragraph (f) or Purchaser's renegotiation of such Calnev Bargaining Agreements in writing prior to the Calnev Closing Date and only to the extent any Calnev Company shall become a party to or become bound by the terms of a Calnev Collective Bargaining Agreement prior to the Calnev Closing Date, Purchaser shall (or shall cause Calnev to) comply with and perform all obligations under the Calnev Bargaining Agreements for periods after the Calnev Closing Date during which the Calnev Bargaining Agreements remain in effect and comply with and perform all obligations that survive the expiration of the Calnev Bargaining Agreement under applicable law with respect to Calnev Continuing Employees who are covered by such agreements (the "Calnev Continuing Union Employees"), including without limitation

obligations relating to wages, vacation, holiday and severance pay, insurance, post-retirement medical, life and pension benefits. Except as otherwise specifically provided below in this paragraph (f), Purchaser shall take all such actions (including, without limitation, the establishing of, or causing of, the Calnev Companies to establish, such mirror plans) as may be necessary or appropriate to provide to Calnev Continuing Union Employees (and their eligible dependents), if any, for periods after the Calnev Closing

Date during which the Calnev Bargaining Agreements remain in effect the benefits set forth in the Calnev Bargaining Agreements, including any such benefits that survive the expiration of the Calnev Bargaining Agreements. For purposes of fulfilling the pension obligations under Calnev Bargaining Agreements, if any, on or as soon as practicable after the Calnev Closing Date, Purchaser shall (or shall cause the Calnev Companies to) extend coverage to Calnev Continuing Union Employees under the Purchaser Hourly Pension Plan which shall be identical in all material respects to the Seller Hourly Pension Plan as in effect as of the Calnev Closing Date and shall credit the service and pay credited to each Calnev Continuing Union Employee under the Seller Hourly Pension Plan as of the Calnev Closing Date for all purposes under the Purchaser Hourly Pension Plan, including eligibility, vesting, benefit accrual and eligibility for subsidized benefits. The benefit (expressed as a single life annuity) payable from the Purchaser Hourly Pension Plan with respect to each Calnev Continuing Union Employee, determined as of the date as of which payment from the Purchaser Hourly Pension Plan actually commences, shall be reduced by the benefit (expressed as a single life annuity) payable with respect to such individual from the Seller Hourly Pension Plan, based on such Calnev Continuing Union Employee's accrued benefit under the Seller Hourly Pension Plan as of the Calnev Closing Date and determined as follows: (i) if the Calnev Continuing Union Employee is eligible to commence (or has commenced) payment from the Seller Hourly Pension Plan at the date that payment from the Purchaser Hourly Pension Plan commences, the benefit payable from the Seller Hourly Pension Plan shall be determined as if payment of the Calnev Continuing Union Employee's pension from the Seller Hourly Pension Plan commenced as of the same date that payment from the Purchaser Hourly Pension Plan commences (without regard to the date as of which payment from the Seller Hourly Pension Plan actually commences); and (ii) if the Calnev Continuing Union Employee is not eligible to commence payment from the Seller Hourly Pension Plan at the date that payment from the Purchaser Hourly Pension Plan commences, the benefit payable from Purchaser Hourly Pension Plan shall be reduced by the Calnev Continuing Union Employee's accrued benefit under the Seller Hourly Pension Plan as of the Calnev Closing Date, actuarially reduced from (A) age 65 if the employee has less than 15 years of service under the Seller Hourly Pension Plan, and (B) age 62 if the Calnev Continuing Union Employee has 15 or more years of service under the Seller Hourly Pension Plan. The actuarial reduction for this purpose shall reflect the actuarial basis for purposes of determining early commencement of benefits as set forth in the Seller Hourly Pension Plan as in effect on the Calnev Closing Date. In no event shall the benefit actually payable from the Seller Hourly Pension Plan with respect to a Calnev Continuing Union Employee be greater than the benefit to which such individual is entitled under the terms of the Seller Hourly Pension Plan as in effect on the Calnev Closing Date, determined as if the Calnev Continuing Union Employee terminated from the employ of Calnev and all its Affiliates on the Calnev Closing Date. In no event shall the benefit actually payable from the Purchaser Hourly Pension Plan with respect to a Calnev Continuing Union Employee be greater than (i) the benefit to which such individual would have been entitled under the Seller Hourly Pension Plan had such individual continued participation under the Seller Hourly Pension Plan after the Calnev Closing Date (under the terms of the Seller Hourly Pension plan in effect as of the Calnev Closing Date but determined as though the Seller Hourly Pension Plan were amended to

take into account any pension changes negotiated by Purchaser after the Calnev Closing Date) until the date as of which such individual ceases accruing benefits under the Purchaser Hourly Pension Plan, less (ii) the amount by which the benefit under the Purchaser Hourly Pension Plan shall be reduced pursuant to this paragraph (f).

(g) For periods after the Calnev Closing Date, Purchaser shall ensure that (i) Calnev Continuing Employees who are not Calnev Continuing Union Employees (and their eligible dependents) shall participate in the Purchaser Plans on terms and conditions which, subject to the following provisions of this paragraph (g), are substantially the same as applied to other similarly situated employees and former employees of Purchaser, (ii) Calnev Continuing Employees shall be given credit under the Purchaser Plans (other than plans qualified under Section 401(a) of the Code) and the Purchaser Welfare Benefits Plans for their service with Seller and the Calnev Companies and their predecessors for all purposes (including eligibility for vacation, severance and post-retirement medical benefits) to the extent that such service is taken into account under the corresponding Calnev Plan as of the Calnev Closing Date, (iii) Calnev Continuing Employees shall be given credit under the Purchaser Plans that are qualified under Section 401(a) of the Code for their service with Seller and Calnev and their predecessors for purposes of eligibility and vesting.

(h) Purchaser shall provide severance and other benefits under the Enhanced GATX Severance Pay Program and under any severance arrangements listed on Schedule 2.13 (including Schedule 2.13(a)) to any Calnev Continuing Employee whose employment terminates during the 12-month period beginning on the Calnev Closing Date; provided, however, that to the extent that Purchaser is unable to provide certain benefits under such arrangements, Purchaser shall substitute the cash equivalent thereof.

(i) Purchaser shall pay and be responsible for the payment of all amounts which may be or become due to Calnev Continuing Employees under Purchaser's bonus plans for the calendar year in which the Calnev Closing Date occurs as if the Calnev Continuing Employees became covered by such plans as of January 1 of such year. The Calnev Closing Balance Sheet shall include an accrual for the amount of the bonus accrued by Calnev Continuing Employees under the Seller's bonus plans for the period from January 1 of the year in which the Calnev Closing Date occurs through the Calnev Closing Date.

(j) Purchaser shall be responsible for the vacation time accrued by Calnev Continuing Employees prior to the Calnev Closing Date. Purchaser shall recognize the vacation time accrued by Calnev Continuing Employees on Seller's payroll records as of the Calnev Closing Date. Purchaser shall not be required to make a cash payment to Calnev Continuing Employees for such accrued vacation time except for payments of accrued but unused vacation pay upon termination of a Calnev Continuing Employee's employment. Purchaser shall have no obligation for any vacation time accrued prior to the Calnev Closing Date by Calnev Employees who are not Calnev Continuing Employees.

(k) On or prior to the Calnev Closing Date, Seller shall, or shall cause the Calnev Companies to, take such action as may be necessary or appropriate to conform the Calnev Plans to the provisions of this Section 5A.3. Unless specifically permitted by the terms of this Agreement or as set forth on Schedule 4.3 hereto, from the date hereof until the Calnev Closing Date, to the extent that Calnev Continuing Employees would be affected, Seller shall not (i) increase the rate of compensation payable or to become payable to any Calnev Employee, (ii) enter into any new, or agree to any increase in the

benefits to be provided under any existing, individual severance agreement, stay bonus agreement or employment agreement, (iii) amend any Calnev Plan to increase any benefits or rights thereunder, or (iv) adopt any new plan, program, policy or arrangement which, if it existed as of the Calnev Closing Date, would constitute a Calnev Plan.

(l) The parties acknowledge and agree that all provisions contained in this Agreement with respect to employee benefit plans or employee compensation are included for the sole benefit of the respective parties hereto and shall not create any right in any other Person, including, without limitation, any employee of the Calnev Companies, any participant in any Calnev Plans or any beneficiary thereof.

(m) The corresponding reserve on the balance sheet having been removed, Seller shall retain and discharge the workers compensation liability of the Calnev Companies arising out of workers compensation accidents occurring prior to the Calnev Closing Date.

5A.4 Full Access. From and after the Calnev Closing Date, Purchaser shall cause Calnev to afford Seller and its counsel, accountants and other authorized representatives, with two days' prior notice, reasonable access during normal business hours to the respective premises, properties, personnel, books and records of the Calnev Companies and any other assets or information that Seller reasonably deems necessary to prepare the Calnev Closing Balance Sheet with respect to Calnev and any report or Tax Return required to be filed by Seller (but so as not to unduly disrupt the normal course of operations of the Calnev Companies), including, without limitation, preparing or defending any such Tax Return and any interim or annual report or other accounting statements. Personnel of the Calnev Companies shall be available to execute Tax statute of limitation waivers and amended Tax Returns at Seller's request for the Tax Returns for the Tax Period prior to the Calnev Closing Date. Personnel of the Calnev Companies shall assist Seller in the preparation of the Calnev Closing Balance Sheet with respect to the Calnev Companies and any Tax Returns which Seller is required to prepare pursuant to Sections 10A.2(a) and 10A.2(b); provided, however, that Seller shall not be obligated to compensate such personnel, Purchaser or the Calnev Companies for such assistance.

5A.5 Directors' and Officers' Indemnification. For a period of six years from the Calnev Closing Date, Purchaser agrees not to amend the certificate of incorporation or bylaws of Calnev in any way to reduce or eliminate the level of indemnification provided by any of the Calnev Companies to the past and current officers and directors of such Calnev Company.

5A.6 Use of GATX Name. As promptly as reasonably practicable subsequent to the Calnev Closing, Purchaser shall use its reasonable best efforts to cause each of the Calnev Companies to cease using the GATX name or any derivative thereof in any way. Without

limiting the foregoing, as promptly as reasonably practicable subsequent to the Calnev Closing, Purchaser shall use its reasonable best efforts to cause the Calnev Companies to (a) change the name of any Calnev Company that includes "GATX" and (b) to remove the GATX name, any derivative thereof and any logo related thereto from any tanks, trucks or other objects on which such name appears. Notwithstanding the foregoing, within three months of the Calnev Closing, no Calnev Company shall use the GATX name or any derivative thereof in any way.

5A.7 HSR Filing With Respect to the Calnev Companies. In the event that the Calnev Closing has not been consummated prior to December 1, 2001, as promptly as practicable, Purchaser shall (in cooperation with Seller) (i) make all filings and submissions with the DOJ and the FTC under the HSR Act and any applicable state or foreign laws or regulations as may be reasonably required to be made with all other Governmental Authorities in connection with the transactions contemplated by this Agreement, requesting early termination of any waiting period thereunder, (ii) respond promptly to any inquiries from the DOJ, the FTC or other Governmental Authorities in connection with such filings and

(iii) comply in all material respects with the HSR Act. Subject to regulatory constraints, Seller and Purchaser shall keep the other party fully advised with respect to any requests from or communications with the DOJ, FTC or other Governmental Authority and shall consult with the other party with respect to all filings and responses thereto.

5A.8 Assumption of Obligations. Effective as of the Calnev Closing, Purchaser shall assume the guarantees and other obligations of Seller set forth on Schedule 5.8 with respect to the Calnev Companies and shall use its reasonable best efforts to cause Seller to be fully released and discharged from such obligations.

ARTICLE 6  
CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER WITH RESPECT TO  
TERMINALS SALE

The obligation of Purchaser to purchase the Terminals Stock as provided herein is, at the option of Purchaser, subject to satisfaction of each of the following conditions precedent on or before the Terminals Closing Date:

6.1 Warranties True as of Both Present Date and Closing Date. The representations and warranties of Seller contained herein in Article 2 qualified by a reference to materiality or a Terminals Material Adverse Effect shall have been accurate, true and correct in all respects, and those not so qualified shall have been accurate, true and correct in all material respects, on and as of the date hereof, and, except to the extent that any such representation or warranty qualified by a reference to materiality or a Terminals Material Adverse Effect is made solely as of the date hereof or as of another date earlier than the Terminals Closing Date, shall also be accurate, true and correct in all respects, and those not so qualified shall be accurate, true and correct in all material respects on and as of the Terminals Closing Date with the same force and effect as though made by Seller on and as of the Terminals Closing Date; provided, that if one or more of such representations or warranties are not accurate, true and correct (or accurate, true and correct in all material respects, as applicable) on and as of any such date, the conditions precedent in this Section 6.1 shall nevertheless be deemed satisfied unless the inaccuracy, falsity or incorrectness of all such representations or warranties, taken together, would reasonably be expected to have a

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67

Terminals Material Adverse Effect or a material adverse effect on the ability of Purchaser to consummate the transaction described in Section 1.1 hereof.

6.2 Compliance with Agreements and Covenants. Seller shall have performed and complied in all material respects with all of its covenants and obligations contained in this Agreement to be performed and complied with by it on or prior to the Terminals Closing Date.

6.3 Competition Law Approvals. All required notice and waiting periods under the HSR Act and any other applicable competition laws shall have expired or been waived.

6.4 Injunctions; Consents.

(a) All necessary filings with and consents of any Governmental Authority or agency required for the consummation of the transaction described in Section 1.1 hereof shall have been made and obtained, all waiting periods with respect to such filings shall have expired or been terminated, and no court or any Governmental Agency shall have issued an injunction enjoining the transaction described in Section 1.1 hereof nor shall any Governmental Authority have instigated any formal proceeding seeking such an injunction. For purposes of clarification, the closing condition set forth in the first clause of the previous sentence shall apply only to those filings and consents where the failure to make such filing or obtain such consent would prohibit the sale of the Terminals Stock to Purchaser or make such sale illegal.

(b) Each of the consents set forth on Schedule 6.4(b) hereof with respect to the Terminals Companies shall have been obtained. Notwithstanding anything in this Agreement to the contrary, with respect to the condition to the Terminals Closing set forth in this Section 6.4(b), if this condition is not satisfied but Purchaser nevertheless elects to waive this condition and close the transactions contemplated hereby, none of the Seller Indemnified Parties shall have any liability pursuant to this Agreement as a result of any breach of any representation, warranty, covenant or other obligation hereunder relating to the waived condition and Purchaser shall indemnify, defend and hold the Seller Indemnified Parties harmless from and against any and all Losses incurred by the Seller Indemnified Parties as a consequence for having failed to obtain the consent or consents that cause the failure of the condition.

6.5 Deliveries by Seller. Seller shall have effected the deliveries required pursuant to Section 8.2 below.

ARTICLE 6A  
CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER WITH RESPECT TO  
CALNEV SALE

The obligation of Purchaser to purchase the GPL Stock as provided herein is, at the option of Purchaser, subject to satisfaction of each of the following conditions precedent on or before the Calnev Closing Date:

6A.1 Warranties True as of Both Present Date and Closing Date. The representations and warranties of Seller contained in Article 2A qualified by a reference to materiality or a

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68

Calnev Material Adverse Effect shall have been accurate, true and correct in all respects, and those not so qualified shall have been accurate, true and correct in all material respects, on and as of the date hereof, and, except to the extent that any such representation or warranty qualified by a reference to materiality or a Calnev Material Adverse Effect is made solely as of the date hereof or as of another date earlier than the Calnev Closing Date, shall also be accurate, true and correct in all respects, and those not so qualified shall be accurate, true and correct in all material respects on and as of the Calnev Closing Date with the same force and effect as though made by Seller on and as of the Calnev Closing Date; provided, that if one or more of such representations or warranties are not accurate, true and correct (or accurate, true and correct in all material respects, as applicable) on and as of any such date, the conditions precedent in this Section 6A.1 shall nevertheless be deemed satisfied unless the inaccuracy, falsity or incorrectness of all such representations or warranties would reasonably be expected to have a Calnev Material Adverse Effect or a material adverse effect on the ability of Purchaser to consummate the transaction described in Section 1A.1 hereof.

6A.2 Compliance with Agreements and Covenants. Seller shall have performed and complied in all material respects with all of its covenants and obligations with respect to the Calnev Companies to be performed and complied with by them on or prior to the Calnev Closing Date.

6A.3 Competition Law Approvals. All required notice and waiting periods under the HSR Act and any other applicable competition laws shall have expired or been waived.

6A.4 Injunctions; Consents.

(a) All necessary filings with and consents of any Governmental Authority or agency required for the consummation of the transaction described in Section 1A.1 hereof shall have been made and obtained, all waiting periods with respect to such filings shall have expired or been terminated, and no court or any Governmental Agency shall have issued an injunction enjoining the transaction described in Section 1A.1 hereof nor shall any Governmental Authority have instigated any formal proceeding seeking such an injunction. For purposes of clarification, the closing condition set forth in the first

clause of the previous sentence shall apply only to those filings and consents where the failure to make such filing or obtain such consent would prohibit the sale of the GPL Stock to Purchaser or make such sale illegal.

(b) Each of the consents set forth on Schedule 6.4(b) hereof with respect to Calnev shall have been obtained. Notwithstanding anything in this Agreement to the contrary, with respect to the condition to the Calnev Closing set forth in this Section 6A.4(b), if this condition is not satisfied but Purchaser nevertheless elects to waive this condition and close the transactions contemplated hereby, none of the Seller Indemnified Parties shall have any liability pursuant to this Agreement as a result of any breach of any representation, warranty, covenant or other obligation hereunder relating to the waived condition and Purchaser shall indemnify, defend and hold the Seller Indemnified Parties harmless from and against any and all Losses incurred by the Seller Indemnified Parties as a consequence for having failed to obtain the consent or consents that cause the failure of the condition.

57

69

6A.5 Deliveries by Seller. Seller shall have effected the deliveries required pursuant to Section 8A.2 below.

ARTICLE 7  
CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER WITH RESPECT TO  
TERMINALS COMPANIES SALE

The obligation of Seller to sell the Terminals Stock as provided herein is, at the option of Seller, subject to the satisfaction of each of the following conditions precedent on or before the Terminals Closing Date:

7.1 Warranties True as of Both Present Date and Closing Date. The representations and warranties of Purchaser contained herein qualified by a reference to materiality or a material adverse effect shall have been accurate, true and correct in all respects, and those not so qualified shall have been accurate, true and correct in all material respects on and as of the date hereof, and shall also be accurate, true and correct in all respects, and those not so qualified shall be accurate, true and correct in all material respects, on and as of the Terminals Closing Date with the same force and effect as though made by Purchaser on and as of the Terminals Closing Date.

7.2 Compliance with Agreements and Covenants. Purchaser shall have performed and complied in all material respects with all of its covenants and obligations contained in this Agreement to be performed and complied with by it on or prior to the Terminals Closing Date.

7.3 Competition Law Approvals. All required notice and waiting periods under the HSR Act and any other applicable competition laws shall have expired or been waived.

7.4 Injunctions; Consents. All necessary filings with and consents of any Governmental Authority and agency required for the consummation of the transactions described in Section 1.1 hereof shall have been made and obtained, all waiting periods with respect to such filings shall have expired or been terminated, and no court or any Governmental Authority shall have issued an injunction enjoining the transactions described in Section 1.1 hereof nor shall any Governmental Authority have instigated any formal proceeding seeking such an injunction. For purposes of clarification, the closing condition set forth in the first clause of the previous sentence shall apply only to those filings and consents where the failure to make such filing or obtain such consent would prohibit the sale of the Terminals Stock to Purchaser or make such sale illegal.

7.5 Deliveries by Purchaser. Purchaser shall have effected the deliveries required pursuant to Section 8.3 below.

ARTICLE 7A  
CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER WITH RESPECT TO  
CALNEV SALE

The obligation of Seller to sell the GPL Stock as provided herein is, at the option of Seller, subject to the satisfaction of each of the following conditions precedent on or before the Calnev Closing Date:

58

70

7A.1 Warranties True as of Both Present Date and Closing Date. The representations and warranties of Purchaser contained herein qualified by a reference to materiality or a material adverse effect shall have been accurate, true and correct in all respects, and those not so qualified shall have been accurate, true and correct in all material respects on and as of the date hereof, and shall also be accurate, true and correct in all respects, and those not so qualified shall be accurate, true and correct in all material respects, on and as of the Calnev Closing Date with the same force and effect as though made by Purchaser on and as of the Calnev Closing Date.

7A.2 Compliance with Agreements and Covenants. Purchaser shall have performed and complied in all material respects with all of its covenants and obligations related to the Calnev Companies to be performed and complied with by it on or prior to the Calnev Closing Date.

7A.3 Competition Law Approvals. All required notice and waiting periods under the HSR Act and any other applicable competition laws shall have expired or been waived.

7A.4 Injunctions; Consents. All necessary filings with and consents of any Governmental Authority and agency required for the consummation of the transactions described in Section 1A.1 hereof shall have been made and obtained, all waiting periods with respect to such filings shall have expired or been terminated, and no court or any Governmental Authority shall have issued an injunction enjoining the transactions described in Section 1A.1 hereof nor shall any Governmental Authority have instigated any formal proceeding seeking such an injunction. For purposes of clarification, the closing condition set forth in the first clause of the previous sentence shall apply only to those filings and consents where the failure to make such filing or obtain such consent would prohibit the sale of the GPL Stock to Purchaser or make such sale illegal.

7A.5 Deliveries by Purchaser. Purchaser shall have effected the deliveries required pursuant to Section 8A.3 below.

#### ARTICLE 8 TERMINALS CLOSING

##### 8.1 Terminals Closing.

(a) The payment of the Terminals Purchase Price and consummation of the transaction set forth in this Agreement relating to the Terminals Sale shall take place at the offices of Mayer, Brown & Platt, 190 South LaSalle Street, Chicago, Illinois 60603 at 10:00 A.M. on March 1, 2001 (it being understood that, subject to Section 8.1(b), the Terminals Closing shall be deemed to have occurred at 12:00 A.M. on March 1, 2001 for any and all purposes) (the "Terminals Closing Date").

(b) Notwithstanding the actual Terminals Closing Date, assuming consummation of the Terminals Sale, such Terminals Sale shall have economic effect as if they had been consummated at 12:00 A.M. on January 1, 2001. Seller and Purchaser shall reasonably assist each other in making the accounting and tax determinations necessary to effectuate the provisions of the preceding sentence.

8.2 Seller's Deliveries. At the Terminals Closing, Seller shall deliver to Purchaser:

59

71

(a) a certificate, signed by an executive officer of Rail,

certifying as to the compliance by Seller with Sections 6.1 and 6.2 hereof;

(b) any applicable conveyance documents or other evidence of transfer of the membership interests of the Terminals Companies in form and substance reasonably satisfactory to Purchaser;

(c) the stock record book, minute book and seal (if any) of each of the Terminals Companies;

(d) such resignations effective as of the Terminals Closing Date of any officer or director of the Terminals Companies as may be requested by Purchaser;

(e) a certification of Holding's non-foreign status as set forth in Treasury Regulation Section 1.1445-2(b);

(f) a duly executed copy of each Related Agreement (including, without limitation, the Services Agreement contemplated by Section 5.9); and

(g) any other items required to be delivered by Seller under the terms and provisions of this Agreement.

8.3 Purchaser's Deliveries. At the Terminals Closing, Purchaser shall deliver to Seller:

(a) a certificate, signed by an executive officer of Purchaser, certifying as to the compliance by Purchaser with Sections 7.1 and 7.2 hereof;

(b) confirmation of the wire transfer of same-day funds in the amount of the Terminals Purchase Price, as required by Section 1.2;

(c) a duly executed copy of each Related Agreement (including, without limitation, the Services Agreement contemplated by Section 5.9); and

(d) any other items (including bank guarantees) to be delivered by Purchaser under the terms and provisions of this Agreement.

8.4 Termination. This Agreement shall terminate with respect to the Terminals Sale:

(a) upon the mutual agreement of Seller and Purchaser;

(b) upon written notice from Purchaser to Seller if each of the conditions precedent set forth in Article 6 has not been satisfied on or before April 2, 2001; provided, however, if the consent of the Port of Tampa to the assignment of any of the leases specified as a condition to the Terminals Closing in Section 6.4(b) has not been obtained by April 2, 2001, Seller may, upon notice to Purchaser given no later than three business days prior to April 2, 2001, elect to extend the date in this clause (b) to May 31, 2001; or

60

72

(c) upon written notice from Seller to Purchaser if each of the conditions precedent set forth in Article 7 has not been satisfied on or before April 2, 2001.

If this Agreement is terminated pursuant to this Section 8.4, all further obligations of the parties under this Agreement will terminate, except that (i) the obligations in Section 11.1 will survive and (ii) if this Agreement with respect to Terminals Sale is terminated by a party because of the breach of the Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this

Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired. The obligations of the parties under the Confidentiality Agreement (as amended) shall survive, and continue in full force and effect after termination of this Agreement with respect to Terminals Sale.

ARTICLE 8A  
CALNEV CLOSING; ASSET DIVISION

8A.1 Calnev Closing. The Calnev Closing shall take place at the offices of Mayer, Brown & Platt, 190 South LaSalle Street, Chicago, Illinois 60603 at 10:00 A.M. as soon as reasonably practicable after the date on which all conditions precedent set forth in Articles 6A and 7A have been satisfied or waived by the parties, or such other date as is mutually agreeable to Seller and Purchaser (the "Calnev Closing Date").

8A.2 Seller's Deliveries. At the Calnev Closing, Seller shall deliver to Purchaser:

(a) a certificate, signed by an executive officer of Rail, certifying as to the compliance by Seller with Sections 6A.1 and 6A.2 hereof;

(b) any applicable conveyance documents or other evidence of transfer of the membership interests of the Calnev Companies in form and substance reasonably satisfactory to Purchaser;

(c) the stock record book, minute book and seal (if any) of each of the Calnev Companies;

(d) such resignations effective as of the Calnev Closing Date of any officer or director of all of the Calnev Companies as may be requested by Purchaser;

(e) a certification of Holding's non-foreign status as set forth in Treasury Regulation Section 1.1445-2(b); and

(f) any other items required to be delivered by Seller under the terms and provisions of this Agreement.

8A.3 Purchaser's Deliveries. At the Calnev Closing, Purchaser shall deliver to Seller:

(a) a certificate, signed by an executive officer of Purchaser, certifying as to the compliance by Purchaser with Sections 7A.1 and 7A.2 hereof;

61

73

(b) confirmation of the wire transfer of same-day funds in the amount of the Calnev Purchase Price, as required by Section 1A.2; and

(c) any other items (including bank guarantees) to be delivered by Purchaser under the terms and provisions of this Agreement.

8A.4 Termination. After consummation of the Terminals Sale, this Agreement shall terminate with respect to the Calnev Sale:

(a) upon the mutual agreement of Seller and Purchaser;

(b) upon written notice from Purchaser to Seller if each of the conditions precedent set forth in Article 6A has not been satisfied on or before December 31, 2001; or

(c) upon written notice from Seller to Purchaser if each of the conditions precedent set forth in Article 7A has not been satisfied on or before December 31, 2001.

If this Agreement is terminated with respect to the Calnev Sale pursuant to this Section 8A.4, all further obligations of the parties under this Agreement will terminate, except that (i) any obligations in this Agreement and the Related Agreements with respect to the Terminals Sale shall continue and be unaffected by such termination with respect to the Calnev Sale pursuant to this Section 8A.4, (ii) the obligations in Section 11.1 will survive and (iii) if this Agreement is terminated with respect to the Calnev Sale by a party because of the breach of the Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement with respect to the Calnev Sale is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement with respect to the Calnev Sale, the terminating party's right to pursue all legal remedies will survive such termination unimpaired. The obligations of the parties under the Confidentiality Agreement shall survive, and continue in full force and effect after termination of this Agreement with respect to the Calnev Sale.

8A.5 Asset Division. The parties agree to consummate the Calnev Sale upon receipt of all requisite regulatory approvals for the Calnev Sale. In addition, to preserve the possibility of an alternative transaction in the event that CalPUC does not approve the Calnev Sale (or delays such approval), the parties shall undertake all actions necessary to divide the assets and liabilities of the Calnev Companies, to execute the operating agreement regarding certain Calnev assets and to consummate the New Calnev Sale (collectively, the "Asset Division") in the event the application before the CalPUC for the approval of the Calnev Sale has not been placed on the CalPUC's agenda for its March 27, 2001 meeting or in the event the CalPUC does not approve the Calnev Sale at its March 27, 2001 meeting. The parties shall proceed as promptly as is reasonably practicable to complete the Asset Division so as to achieve the following objectives:

(a) Any and all assets of the Calnev Companies that may be transferred without the necessity of obtaining the approval of the CalPUC and all associated liabilities (the "Transferable Assets and Liabilities") shall be transferred by the Calnev Companies to a special purpose subsidiary to be formed by Seller ("New Calnev").

62

74

(b) Any and all assets and liabilities of the Calnev Companies other than the Transferable Assets and Liabilities (the "Retained Assets and Liabilities") shall be retained by the Calnev Companies.

(c) Seller and Purchaser (or the appropriate wholly-owned Affiliates thereof) shall execute a mutually agreeable operating agreement (the "Operating Agreement") that will govern the operation by Purchaser (or, subject to the reasonable approval of Seller, its designee) of the Retained Assets and Liabilities, designed so as to minimize any interference in the normal business operations of the Calnev Companies as constituted prior to such Asset Division and to observe applicable Law. The Asset Division, the New Calnev Sale and the Operating Agreement shall be subject to the overall mandate that the Operating Agreement and the other documents pertaining to the New Calnev Sale and the Asset Division shall contain commercially reasonable terms and conditions including, without limitation, that:

(i) the Purchaser (or, subject to the reasonable approval of Seller, its designee) shall act as operator (the "Operator") of the Retained Assets and Liabilities in accordance with the Operating Agreement;

(ii) the execution, delivery and performance of the Operating Agreement, the Asset Division and the New Calnev Sale shall not violate any Law or require the consent or approval of any Governmental Authority;

(iii) all revenues derived from the operation of the Retained Assets and Liabilities shall be collected by the Operator and held for the benefit of Calnev in a separately identifiable operating account;

(iv) the Operator shall pay from such account: (A)

all costs associated with the Retained Assets and Liabilities, including general and administrative expenses and other overhead costs associated with the Retained Assets and Liabilities; (B) an appropriate percentage of general overhead and expenses incurred in the joint operation of the Calnev Companies and New Calnev which cannot be allocated to Transferable Assets and Liabilities or to Retained Assets and Liabilities; and (C) as its sole and exclusive compensation under the Operating Agreement, an amount of compensation that is mutually agreeable to the parties (or, if the parties cannot so agree, as is determined by the arbitration panel contemplated by Section 8A.6);

(v) the Operator shall remit to Calnev the remainder of the funds in the account on a monthly basis;

(vi) the Operator shall assume all operating risks associated with the operation of the Retained Assets and Liabilities;

(vii) the Operator shall indemnify Seller, and release Seller from, all Losses associated with the operation of the Retained Assets and Liabilities except for those solely attributable to the gross negligence or willful misconduct of Seller;

63

75

(viii) Seller shall have exclusive responsibility to determine intrastate tariff changes and capital expenditures;

(ix) the Operator may be terminated by Seller for reasonable cause and upon reasonable notice;

(x) the consummation of the Asset Division, the Operating Agreement and the New Calnev Sale shall be subject to the satisfaction of the closing conditions set forth in Article 6A and Article 7A hereof; and

(xi) the consummation of the Asset Division, the Operating Agreement and the New Calnev Sale shall be subject to customary representations, warranties and covenants as may be mutually agreeable to each of Purchaser and Seller.

If the Asset Division occurs, the parties will, unless and until they mutually agree to the contrary or until the receipt of a final non-appealable order denying approval of the transfer of the Retained Assets and Liabilities, exercise reasonable best efforts to cause the CalPUC to approve the transfer of the Retained Assets and Liabilities to Purchaser.

(d) Subject to the terms and conditions of this Section 8A.5 and the expiration or waiver of all required notice and waiting periods under the HSR Act and any other applicable competition laws, Seller shall sell, assign and deliver to Purchaser, and Purchaser shall purchase and take assignment and delivery of, all of the issued and outstanding shares of capital stock of New Calnev, such capital stock having been converted into a limited liability company membership interest prior to any such sale (the "New Calnev Sale"). At the New Calnev Closing, Purchaser shall pay, by wire transfer of same-day funds, an amount equal to the Calnev Purchase Price (as adjusted to account for the difference in the Calnev Working Capital and Calnev Aggregate Non-Current Balance Sheet Liability between September 30, 2000 and the New Calnev Closing Date pursuant to the mechanics set forth in Section 1A.3 hereof) multiplied by a fraction equal to the difference between (i) one (1) and (ii) a fraction having a numerator equal to the average revenue attributable to the Retained Assets and Liabilities in 1999 and 2000 (prior to the Asset Division) and a denominator equal to the average total revenue of the Calnev Companies in 1999 and 2000 (prior to the Asset Division), in each case as determined from the books and records of the Calnev Companies and the filings made by the Calnev Companies with the CalPUC and with the

Federal Energy Regulatory Commission (the "New Calnev Purchase Price").

8A.6 Actions Taken Contemporaneously with Asset Division.

Contemporaneously with the commencement of negotiations with respect to the Asset Division pursuant to Section 8A.5, the parties shall undertake the following:

(a) As promptly as possible after the commencement of the negotiations contemplated by Section 8A.5, the parties shall provide written notice to the CalPUC of their intention to consummate the Asset Division. Such notice shall state that the parties intend to pursue the CalPUC's approval of the intrastate portion of the transaction which is subject to the jurisdiction of the CalPUC, but proceed to close on the interstate portion

64

76

and enter into an operating agreement whereby the Purchaser (or its designee) shall operate the intrastate assets on behalf of Calnev.

(b) On or before the fifth day following the commencement of the negotiations contemplated by Section 8A.5 and Section 8A.6, and in anticipation of the arbitration of potential disputes between them before a three member panel, the parties shall take such steps as may be required to initiate arbitration proceedings before the American Arbitration Association (the "AAA"). The parties shall request the AAA to tender separate lists of potential arbitrators having the following qualifications:

(i) One list shall be comprised of attorneys licensed to practice law in the State of California with ten (10) or more years of experience in practicing before the CalPUC; and

(ii) The other list shall be comprised of former Justices of the California Supreme Court.

(c) The parties shall select three arbitrators from the lists so tendered, in the manner and within the time frame specified by applicable rules of the AAA. Two of the arbitrators shall have the qualifications specified in Section 8A.6(b)(i) and the remaining arbitrator shall have the qualifications specified in Section 8A.6(b)(ii). In the event a former Justice of the California Supreme Court is not available, the AAA shall instruct the two arbitrators so selected to select a third arbitrator having the qualifications set forth in Section 8A.6(b)(i) above.

(d) Within thirty days following the receipt by each of the parties of the AAA's designation of the panel so selected, the panel shall develop and provide to the parties instructions as to the arbitral procedure, including the timeframe within which the parties must (i) provide a submission of issues to the panel, (ii) provide supporting documentation and memoranda of law, (iii) reply to the documentation and memoranda submitted by the other party and (iv) take such other action as the panel may deem necessary or advisable so that the resolution of the issues submitted may be resolved as promptly as possible, but in any event as close to July 1, 2001 as is reasonably practicable.

(e) No sooner than thirty (30) days after the commencement of negotiations pursuant to Section 8A.5 as mutually agreed by the parties, either party may ask the arbitration panel to resolve any points of disagreement between the parties relating to the Asset Division, Operating Agreement and New Calnev Sale. An arbitration proceeding conducted in accordance with this section, including the time table set forth herein shall be the exclusive remedy available to either party with respect to the Asset Division and for the failure of the other party to reach an agreement relating to the Asset Division, the Operating Agreement or the New Calnev Sale (other than for breach of the obligations under Section 8A.5 and Section 8A.6). The arbitration shall take place in Denver, Colorado, shall be governed by the choice of law set forth in Section 11.7 hereof, and, unless the

parties otherwise agree, shall be governed by the commercial arbitration rules of the AAA. The panel shall resolve any issue submitted to it on the basis of (i)

65

77

preserving the division between Transferable Assets and Liabilities and Retained Assets and Liabilities set forth in Section 8A.5(a) and (b), on terms not inconsistent with Section 8A.5(c), (ii) operational safety, (iii) operational efficiency and (iv) any other factors relevant to the achievement of the objectives set forth in this Section 8A.5. The decision of the arbitration panel shall be final and binding on Seller and Purchaser, and the Asset Division, the Operating Agreement and the New Calnev Sale shall be conformed to reflect the decision of the arbitration panel. The parties shall exercise commercially reasonable efforts to consummate the Asset Division as soon as reasonably practicable after receipt of the decision of the arbitration panel. If the arbitration panel is unable to resolve one or more of the disputes, the parties will continue to negotiate in good faith (but in any event not beyond December 31, 2001) toward a mutually agreeable resolution, reserving the right to ask the arbitration panel to resolve future disputes. The arbitration panel shall be directed to expressly confirm that the arbitration panel's proposed resolution of the issues submitted to arbitration by the parties does not violate applicable Law and does not require the approval of any Governmental Authority. All costs of the arbitration contemplated by this Section 8A.5(e) shall be shared equally by Purchaser and Seller.

(f) Notwithstanding anything in this Agreement to the contrary, upon the first to occur of the following: (i) the mutual agreement of the parties, and (ii) the failure of the Asset Division to occur on or before December 31, 2001, and if the Calnev Sale has not occurred by December 31, 2001, the Seller and the Purchaser shall cease efforts to consummate the Asset Division and shall have no further rights as to each other with respect to the Calnev Companies, this Agreement shall terminate with respect to the Calnev Sale pursuant to Section 8A.4, the Asset Division, the Operating Agreement and the New Calnev Sale and the Seller shall be free to divest the Calnev Companies (by way of sale of equity, sale of assets, merger, joint venture, partnership, sale-leaseback, lease finance, synthetic lease or otherwise) to any bona fide third party that is not an Affiliate of Seller at its discretion, provided, however, that (x) if Seller divests the Calnev Companies for gross proceeds (including any debt and non-cash consideration) in excess of \$375,000,000, Seller shall pay to Purchaser within five business days of the consummation of such divestiture an amount equal to the sum of 25% of the amount by which the gross proceeds (including any debt and non-cash consideration) from the divestiture exceed \$375,000,000 (except that no such payment shall be due if the reason the transaction between Seller and Purchaser with respect to the Calnev Companies did not close before December 31, 2001 was on account of a breach by Purchaser of its obligations under this Agreement) and (y) the terms of Section 8A.5(f) (ii) (x) and Section 8A.6(b) shall survive. Nothing in this Section 8A.5(f) shall be construed so as to prevent Seller from transferring any Calnev Company to any of its wholly-owned Affiliates; provided, however, that upon any divestiture by such Affiliate to any bona fide third party that is not an Affiliate of Seller, Purchaser shall be entitled to the payments required in the second sentence of this Section 8A.5(f). If a third party that is not an Affiliate of Seller or Purchaser objects to the Asset Division, Operating Agreement or the New Calnev Sale on the ground that it would violate applicable Law and Purchaser nevertheless elects to consummate the Asset Division, the Operating Agreement and the New Calnev Sale, and the issue raised by the third party has not been addressed by an arbitration panel pursuant to this Section 8A.6, Purchaser agrees to indemnify Seller, to

66

the maximum extent permitted by Law, for any Calnev Losses incurred by a Seller Indemnified Party resulting from such objection.

#### 8A.7 Special Severance Payment.

(a) Upon the earlier of the Calnev Closing and the date of the consummation of the Asset Division, Purchaser shall pay to Seller an additional amount equal to the product of (x) 600 minus the number of Terminals Employees and Calnev Employees who are Terminals Continuing Employees or Calnev Continuing Employees, respectively, as of such date and (y) the average severance payment made to all Terminals Employees and Calnev Employees other than severance payments to Terminals Employees or Calnev Employees based in Chicago.

(b) In the event that neither the Calnev Sale nor the Asset Division shall have occurred prior to March 31, 2002, Purchaser shall pay to Seller an additional amount equal to the product of (x) 532 minus the number of Terminals Continuing Employees and (y) the average severance payment described made to all Terminals Employees other than severance payments to Terminals Employees based in Chicago.

### ARTICLE 9

#### SURVIVAL AND INDEMNIFICATION RELATING TO TERMINALS SALE

9.1 Survival. The representations and warranties of the parties hereto contained herein with respect to the Terminals Companies and in the Related Agreements shall survive the Terminals Closing until January 1, 2002, except that (i) Terminals Tax Warranties shall survive until the applicable Tax Statute of Limitations Date, (ii) the Terminals Environmental Warranty shall survive until July 1, 2002, and (iii) Terminals Title and Authorization Warranties and the representations and warranties set forth in Sections 2.3, 2.4(a)(i), 2.15 and 2.23 shall survive forever. Any covenant or obligation of the parties pursuant to this Agreement that requires action to be taken prior to the Terminals Closing (other than such covenants contained in Section 4.8 and Article 10 hereof) shall survive the Terminals Closing until January 1, 2002. Except where a shorter time period is specifically provided in this Agreement, all other covenants and obligations of the parties with respect to the Terminals Companies or the Terminals Closing pursuant to this Agreement (including, without limitation, such covenants contained in Section 4.8 and Article 10 hereof) shall survive the Terminals Closing forever. The Schedule 9.2(a) Matters shall survive the Terminals Closing forever. Neither Purchaser nor Seller shall have any liability with respect to claims first asserted in connection with any representation, warranty, covenant or obligation with respect to the Terminals Companies or the Terminals Closing hereunder after the survival period specified therefor in this Section 9.1.

9.2 Indemnification by Seller. Solely for the purpose of indemnification in this Section 9.2, the representations and warranties of Seller with respect to the Terminals Companies in this Agreement (other than the representations and warranties of Seller contained in Section 2.10) shall be deemed to have been made without regard to any materiality or Terminals Material Adverse Effect qualifiers. Subject to Section 9B.7, Rail and Holdings, jointly and severally, agree to indemnify Purchaser, its officers, directors, Affiliates, successors and assigns, including, for the avoidance of doubt, the Terminals Companies after the Terminals Closing (the

"Terminals Purchaser Indemnified Parties") against, and agree to hold the Terminals Purchaser Indemnified Parties harmless from, any and all Terminals Losses incurred or suffered by any Terminals Purchaser Indemnified Party arising out of any of the following:

(a) the matters set forth in Schedule 9.2(a) (the "Schedule 9.2(a) Matters"), whether or not a breach of a representation, warranty, covenant or agreement has occurred, it being further agreed that (i) the limitations on liability or survival of obligations of Seller set forth in this Agreement shall in no way limit or apply to any indemnification under this Section 9.2(a) and (ii) for purposes of this

Section 9.2(a) only, each Calnev Company shall cease to be an "Excluded Company" upon the earlier of the Calnev Closing and the New Calnev Closing;

(b) any breach of or any inaccuracy in any representation or warranty made by Seller in Article 2 of this Agreement or any Related Agreement or other document delivered by Seller at the Terminals Closing; provided, that Seller shall have no liability under this Section 9.2(b) for any breach of or inaccuracy in any such representation or warranty unless (i) in the case of such representations and warranties, except for Terminals Tax Warranties, the Terminals Environmental Warranty, Terminals Title and Authorization Warranties, and the representations and warranties set forth in Sections 2.3, 2.4(a)(i), 2.15 and 2.23, a notice of the Terminals Purchaser Indemnified Party's claim is given to Seller not later than the close of business on January 1, 2002, (ii) in the case of Terminals Tax Warranties, a notice of the Terminals Purchaser Indemnified Party's claim is given to Seller not later than the close of business on the applicable Tax Statute of Limitations Date, and (iii) in the case of the Terminals Environmental Warranty, a notice of the Terminals Purchaser Indemnified Party's claim is given to Seller not later than the close of business on July 1, 2002;

(c) any breach of or failure by Seller to perform any covenant, obligation or other agreement of Seller with respect to the Terminals Companies or the Terminals Closing set out in this Agreement or any Related Agreement or other document delivered by Seller at the Terminals Closing; provided, that Seller shall have no liability under this Section 9.2(c) for any breach or failure occurring on or prior to the Terminals Closing Date unless a notice of the Terminals Purchaser Indemnified Party's claim is given to Seller within the applicable time period set forth in Section 9.1 hereof;

(d) incurred by any Terminals Purchaser Indemnified Party pursuant to the letter agreement dated March 18, 1999 regarding the GATX Terminals Limited Pension Scheme; or

(e) any post-employment welfare benefit payable under a Seller Welfare Benefit Plan with respect to any individual who is an employee or former employee of the Terminals Companies on the Terminals Closing Date (or the eligible dependent of such an employee or former employee), excluding (i) severance costs and continuation coverage (within the meaning of Code Section 4980(B)(f) ("COBRA") with respect to Terminals Continuing Employees and their qualified beneficiaries, and (ii) post-retirement medical and life benefits with respect to Terminals Continuing Union

68

80

Employees (and their eligible dependents) who are not eligible to commence receipt of an immediate pension benefit on or before the Terminals Closing Date.

9.3 Indemnification by Purchaser. Solely for the purpose of indemnification in this Section 9.3, the representations and warranties of Purchaser in this Agreement with respect to the Terminals Closing shall be deemed to have been made without regard to any materiality or Terminals Material Adverse Effect qualifiers. Subject to Section 9B.8, Purchaser agrees to indemnify Seller, its officers, directors, its Affiliates after the Terminals Closing, successors and assigns (the "Terminals Seller Indemnified Parties") against, and agrees to hold the Terminals Seller Indemnified Parties harmless from, any and all Losses incurred or suffered by any Terminals Seller Indemnified Party arising out of any of the following:

(a) any breach of or any inaccuracy in any representation or warranty made by Purchaser in Article 3 of this Agreement or any Related Agreement or any document delivered by Purchaser at the Terminals Closing; provided, that Purchaser shall have no liability under this Section 9.3(a) for any breach of or inaccuracy in any representation or warranty unless, in the case of all representations

and warranties with respect to the Terminals Closing, except for Terminals Title and Authorization Warranties and the representation and warranty set forth in Section 3.2, a notice of the Terminals Seller Indemnified Party's claim is given to Purchaser not later than the close of business on January 1, 2002;

(b) any breach of or failure by Purchaser to perform any covenant, obligation or other agreement of Purchaser set out in this Agreement and relating to the Terminals Closing or any Related Agreement or any document delivered by Purchaser at the Terminals Closing;

(c) any occurrence, event, act or omission of any Terminals Company prior or subsequent to the Terminals Closing, other than an occurrence, event, act or omission which provides the basis for a right of Purchaser to indemnification under Section 9.2;

(d) the termination of employment of any individual who, on or after the Terminals Closing Date, is an employee of a Terminals Company, Purchaser or any Affiliate of Purchaser, any employee matter relating to any such employee, and any welfare benefit (including post-retirement health and life benefits) to be provided with respect to any such employee under the terms of any collective bargaining agreement to which any Terminals Company is a party on or after the Terminals Closing Date (excluding any post-retirement health or life benefit with respect to a Terminals Continuing Union Employee who is eligible to commence receipt of an immediate pension benefit prior to or coincident with the Terminals Closing Date;

(e) the enforcement against Seller or any Terminals Seller Indemnified Party of any of the guarantee or other obligations set forth on Schedule 5.8 and any and all Terminals Losses related to environmental matters incurred by Seller pursuant to contractual indemnification obligations of the Terminals Companies to third parties related to previously divested assets or businesses, including, without limitation, those indemnification obligations set forth on Appendix A to Schedule 9.2(a) attached hereto;

69

81

(f) any occurrence, event, act or omission of or related to the business of the Terminals Companies (which was conducted as a division of General American Transportation Corporation) that occurred prior to July 1, 1975, other than an occurrence, event, act or omission which provides the basis for a right of Purchaser to indemnification under Section 9.2;

(g) shut-down benefits under any Seller Pension Plan subsequent to the Terminals Closing triggered by the termination of an employee of any of the Terminals Companies on or after the Terminals Closing Date and on or before January 1, 2006; or

(h) any contamination of air, soil or ground water by any Terminals Company (or any predecessor of a Terminals Company), or for which any Terminals Company (or any predecessor of a Terminals Company) is or may by law or contract become liable (including, but not limited to, the remediation and other environmental indemnification obligations of the Terminals Companies set forth on Appendix A to Schedule 9.2(a) attached hereto), or the violation of any applicable Environmental Law by any Terminals Company (or any predecessor of a Terminals Company), including but not limited to the failure of Purchaser to adequately fund or discharge the remediation obligations of any Terminals Company (or any predecessor of a Terminals Company) pursuant to any statute or regulations or any order or directive issued by an agency under applicable Environmental Laws; provided, however, that the indemnification provided by this paragraph 9.3(h) shall not apply to any contamination that was required to be disclosed by Seller pursuant to Section 2.18 but was not so disclosed.

9.4 Schedule 9.2(a) Matters.

(a) The parties acknowledge and agree that as of the Terminals Closing Date Seller shall retain full and total responsibility for and control of the Schedule 9.2(a) Matters. After the Terminals Closing Date, Seller will have no claim against Purchaser or any Terminals Purchaser Indemnified Party for any Loss which Seller may incur due to any of the Schedule 9.2(a) Matters; provided, however, that (i) Seller may recover from Purchaser for actual court costs and reasonable attorneys' fees incurred to compel the reasonable cooperation described in this Section 9.4 or otherwise incurred due to a breach by Purchaser of its obligations under this Section 9.4. It is the parties' intent that all responsibility for and control of the Schedule 9.2(a) Matters transfer to Seller as of the Terminals Closing Date without further action on the part of the parties, except for the obligation of reasonable cooperation as described below.

(b) Subsequent to the Terminals Closing, Purchaser shall cause the Terminals Companies to reasonably cooperate with and assist Seller in Seller's defense of the Schedule 9.2(a) Matters. Such cooperation shall include, without limitation, (i) retaining documents related to the Schedule 9.2(a) Matters as Seller shall reasonably request and (ii) causing employees of the Terminals Companies to be available to Seller and Seller's counsel, during business hours, for interviews and depositions relating to the Schedule 9.2(a) Matters.

70

82

(c) In taking all of the actions permitted or required by this Section 9.4, Seller shall act, at Seller's expense, on behalf of the Terminals Companies and shall have sole authority (including, without limitation, settlement authority and the authority to approve and cause the filing of pleadings, briefs and other documents on behalf of the Terminals Companies) and responsibility for and exercise sole and complete control of the Schedule 9.2(a) Matters. Upon Seller's written request to Purchaser, Purchaser shall cause the president or other executive officer of the relevant Terminals Company to execute any document and agreement, including any settlement agreement with respect to the Schedule 9.2(a) Matters as required by Seller. Notwithstanding the foregoing, (i) Seller shall not be entitled to take or omit to take action with respect to the Schedule 9.2(a) Matters, and (ii) Purchaser will not be required to cause the relevant Terminals Company to execute any document or agreement with respect to the Schedule 9.2(a) Matters, if, in either case, such would result in a restriction on Purchaser, any Terminals Company or any of their Affiliates.

(d) For purposes of this Section 9.4, in determining whether reasonable cooperation has been exercised, no consideration shall be given to the fact of Seller's indemnity of Terminals Purchaser Indemnified Parties, and the conduct of Purchaser shall be evaluated as if neither Purchaser nor the Terminals Companies were indemnified by Seller on the Schedule 9.2(a) Matters.

ARTICLE 9A  
SURVIVAL AND INDEMNIFICATION RELATING TO CALNEV SALE

9A.1 Survival. The representations and warranties of the parties hereto contained herein with respect to the Calnev Companies and in the Related Agreements with respect to the Calnev Companies shall survive the Calnev Closing or the New Calnev Closing (as applicable) for a period of one (1) year, except that (i) Calnev Tax Warranties shall survive until the applicable Tax Statute of Limitations Date, (ii) the Calnev Environmental Warranty shall survive for a period of eighteen (18) months, and (iii) Calnev Title and Authorization Warranties and the representations and warranties set forth in Sections 2A.3, 2A.4(a)(i), 2A.15 and 2A.23 shall survive forever. Any covenant or obligation of the parties pursuant to this Agreement that requires action to be taken prior to the Calnev Closing or the New Calnev Closing (as applicable) (other than such covenants contained in Sections 4A.5 and Article 10A hereof) shall survive the Calnev Closing or the New Calnev Closing (as applicable) for a period of one (1) year. Except where a shorter time period is specifically provided in this Agreement, all other covenants and obligations of the parties with respect to Calnev or the Calnev Closing or the New Calnev Closing (as applicable) pursuant

to this Agreement (including, without limitation, such covenants contained in Sections 4A.5 and Article 10A hereof) shall survive the Calnev Closing or the New Calnev Closing (as applicable) forever. Neither Purchaser nor Seller shall have any liability with respect to claims first asserted in connection with any representation, warranty, covenant or obligation with respect to Calnev or the Calnev Closing or the New Calnev Closing (as applicable) hereunder after the survival period specified therefor in this Section 9A.1.

9A.2 Indemnification by Seller. Solely for the purpose of indemnification in this Section 9A.2, the representations and warranties of Seller with respect to the Calnev Companies in this Agreement (other than the representations and warranties of Seller contained in Section 2A.10)

71

83

shall be deemed to have been made without regard to any materiality or Calnev Material Adverse Effect qualifiers. Subject to Section 9A.4, Rail and Holdings, jointly and severally, agree to indemnify Purchaser, its officers, directors, Affiliates, successors and assigns, including, for the avoidance of doubt, the Calnev Companies after the Calnev Closing or the New Calnev Closing (as applicable) (the "Calnev Purchaser Indemnified Parties") against, and agree to hold the Calnev Purchaser Indemnified Parties harmless from, any and all Calnev Losses incurred or suffered by any Calnev Purchaser Indemnified Party arising out of any of the following:

(a) [Intentionally omitted];

(b) any breach of or any inaccuracy in any representation or warranty made by Seller in Article 2A of this Agreement or any Related Agreement or any document delivered by Seller at the Closing; provided, that Seller shall have no liability under this Section 9A.2(b) for any breach of or inaccuracy in any such representation or warranty unless (i) in the case of such representations and warranties, except for Calnev Tax Warranties, the Calnev Environmental Warranty, Calnev Title and Authorization Warranties, and the representations and warranties set forth in Sections 2A.3, 2A.4(a)(i), 2A.15 and 2A.23, a notice of the Calnev Purchaser Indemnified Party's claim is given to Seller not later than the close of business on the first anniversary of the Calnev Closing Date or the New Calnev Closing (as applicable), (ii) in the case of Calnev Tax Warranties, a notice of the Calnev Purchaser Indemnified Party's claim is given to Seller not later than the close of business on the applicable Tax Statute of Limitations Date, and (iii) in the case of the Calnev Environmental Warranty, a notice of the Calnev Purchaser Indemnified Party's claim is given to Seller not later than the close of business on the day which is eighteen (18) months after the Calnev Closing Date or the New Calnev Closing Date (as applicable);

(c) any breach of or failure by Seller to perform any covenant, obligation or other agreement of Seller with respect to Calnev or the Calnev Closing or the New Calnev Closing (as applicable) set out in this Agreement or any Related Agreement or any document delivered by Seller at the Calnev Closing or the New Calnev Closing (as applicable) provided, that Seller shall have no liability under this Section 9A.2(c) for any breach or failure occurring on or prior to the Calnev Closing Date or the New Calnev Closing Date (as applicable) unless a notice of the Calnev Purchaser Indemnified Party's claim is given to Seller within the applicable time period set forth in Section 9A.1 hereof;

(d) incurred by any Calnev Purchaser Indemnified Party pursuant to the letter agreement dated March 18, 1999 regarding the GATX Terminals Limited Pension Scheme; or

(e) any post-employment welfare benefit payable under a Seller Welfare Benefit Plan with respect to any individual who is an employee or former employee of Calnev on the Calnev Closing Date or the New Calnev Closing Date (as applicable) (or the eligible dependent of such

an employee or former employee), excluding (i) severance costs and continuation coverage (within the meaning of (COBRA) with respect to Calnev Continuing Employees and their qualified beneficiaries, and (ii) post-retirement medical and life benefits with respect to Calnev Continuing Union Employees (and their eligible

dependents) who are not eligible to commence receipt of an immediate pension benefit on or before the Calnev Closing Date or the New Calnev Closing Date (as applicable).

9A.3 Indemnification by Purchaser. Solely for the purpose of indemnification in this Section 9A.3, the representations and warranties of Purchaser in this Agreement with respect to the Calnev Closing or the New Calnev Closing (as applicable) shall be deemed to have been made without regard to any materiality or Calnev Material Adverse Effect qualifiers. Subject to Section 9B.7, Purchaser agrees to indemnify Seller, its officers, directors, its Affiliates after the Calnev Closing or the New Calnev Closing (as applicable), successors and assigns (the "Calnev Seller Indemnified Parties") against, and agrees to hold the Calnev Seller Indemnified Parties harmless from, any and all Losses incurred or suffered by any Calnev Seller Indemnified Party arising out of any of the following:

(a) any breach of or any inaccuracy in any representation or warranty made by Purchaser in Article 3 of this Agreement or any Related Agreement or any document delivered by Purchaser at the Calnev Closing or the New Calnev Closing (as applicable); provided, that Purchaser shall have no liability under this Section 9A.3(a) for any breach of or inaccuracy in any representation or warranty unless, in the case of all representations and warranties with respect to the Calnev Closing or the New Calnev Closing (as applicable), except for Calnev Title and Authorization Warranties and the representation and warranty set forth in Section 3.2, a notice of the Calnev Seller Indemnified Party's claim is given to Purchaser not later than the close of business on the first anniversary of the Calnev Closing Date or the New Calnev Closing Date (as applicable);

(b) any breach of or failure by Purchaser to perform any covenant, obligation or other agreement of Purchaser set out in this Agreement and relating to the Calnev Closing or the New Calnev Closing (as applicable) or any Related Agreement or any document delivered by Purchaser at the Calnev Closing or the New Calnev Closing (as applicable);

(c) any occurrence, event, act or omission of the Calnev Closing prior or subsequent to the Calnev Closing or the New Calnev Closing (as applicable), other than an occurrence, event, act or omission which provides the basis for a right of Purchaser to indemnification under Section 9A.2;

(d) the termination of employment of any individual who, on or after the Calnev Closing Date or the New Calnev Closing Date (as applicable), is an employee of a Calnev Company, Purchaser or any Affiliate of Purchaser, any employee matter relating to any such employee, and any welfare benefit (including post-retirement health and life benefits) to be provided with respect to any such employee under the terms of any collective bargaining agreement to which any Calnev Company is a party on or after the Calnev Closing Date or the New Calnev Closing Date (as applicable) (excluding any post-retirement health or life benefit with respect to a Calnev Continuing Union Employee who is eligible to commence receipt of an immediate pension benefit prior to or coincident with the Calnev Closing Date or the New Calnev Closing Date (as applicable));

(e) the enforcement against Seller or any Calnev Seller Indemnified Party of any of the guarantee or other obligations set forth on Schedule 5.8 and any and all Calnev Losses related to environmental matters incurred by Seller pursuant to contractual indemnification obligations of the Calnev Companies to third parties related to previously divested assets or businesses, including, without limitation, those indemnification obligations set forth on Appendix A to Schedule 9.2(a) attached hereto;

(f) [Intentionally omitted];

(g) shut-down benefits under any Seller Pension Plan subsequent to the Calnev Closing or the New Calnev Closing (as applicable) triggered by the termination of an employee of Calnev on or after the Calnev Closing Date or the New Calnev Closing Date (as applicable) and on or before the fifth anniversary of the Calnev Closing Date or the New Calnev Closing Date (as applicable); or

(h) any contamination of air, soil or ground water by any Calnev Company (or any predecessor of a Calnev Company), or for which any Calnev Company (or any predecessor of any Calnev Company) is or may by law or contract become liable (including, but not limited to, the remediation and other environmental indemnification obligations of any Calnev Company set forth on Appendix A to Schedule 9.2(a) attached hereto), or the violation of any applicable Environmental Law by any Calnev Company (or any predecessor of any Calnev Company), including but not limited to the failure of Purchaser to adequately fund or discharge the remediation obligations of any Calnev Company (or any predecessor of any Calnev Company) pursuant to any statute or regulations or any order or directive issued by an agency under applicable Environmental Laws; provided, however, that the indemnification provided by this paragraph 9A.3(h) shall not apply to any contamination that was required to be disclosed by Seller pursuant to Section 2A.18 but was not so disclosed.

#### ARTICLE 9B SURVIVAL AND INDEMNIFICATION GENERALLY

9B.1 Claims. As promptly as is reasonably practicable after becoming aware of a claim for indemnification under this Agreement not involving a claim, or the commencement of any suit, action or proceeding, of the type described in Section 9B.2, the Indemnified Person shall give notice to the Indemnifying Person of such claim, which notice shall specify the facts alleged to constitute the basis for such claim, the representations, warranties, covenants and obligations alleged to have been breached and the amount that the Indemnified Person seeks hereunder from the Indemnifying Person, together with such information as may be necessary for the Indemnifying Person to determine that the limitations in Section 9B.7 or Section 9B.8 (as applicable) have been satisfied or do not apply.

9B.2 Notice of Third Party Claims; Assumption of Defense. The Indemnified Person shall give notice as promptly as is reasonably practicable to the Indemnifying Person of the assertion of any claim, or the commencement of any suit, action or proceeding, by any Person not a party hereto in respect of which indemnity may be sought under this Agreement (which notice shall specify in reasonable detail the nature and amount of such claim together with such

information as may be necessary for the Indemnifying Person to determine that the limitations in Section 9B.7 or Section 9B.8 (as applicable) have been satisfied or do not apply). The Indemnifying Person may, at its own expense, (a) participate in the defense of any such claim, suit, action or proceeding and (b) upon notice to the Indemnified Person, at any time during the course of any such claim, suit, action or proceeding, assume the defense thereof with counsel of its own choice and in the event of such assumption, shall have the exclusive right, subject to clause (i) of Section 9B.3, to settle or compromise such

claim, suit, action or proceeding. If the Indemnifying Person assumes such defense, the Indemnified Person shall have the right (but not the duty) to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Person. Whether or not the Indemnifying Person chooses to defend or prosecute any such claim, suit, action or proceeding, all of the parties hereto shall cooperate in the defense or prosecution thereof.

9B.3 Settlement or Compromise. Any settlement or compromise made or caused to be made by the Indemnified Person (unless the Indemnifying Person has the exclusive right to settle or compromise under clause (b) of Section 9B.2) or the Indemnifying Person, as the case may be, of any such claim, suit, action or proceeding of the kind referred to in Section 9B.2 shall also be binding upon the Indemnifying Person or the Indemnified Person, as the case may be, in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount of such settlement or compromise; provided, that (i) no obligation, restriction, Terminals Loss or Calnev Loss shall be imposed on the Indemnified Person as a result of such settlement or compromise without its prior written consent, which consent shall not be unreasonably withheld, and (ii) the Indemnified Person will not compromise or settle any claim, suit, action or proceeding without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

9B.4 Time Limits. Any right to indemnification or other recovery under Article 9 or Article 9A shall only apply to Terminals Losses or Calnev Losses with respect to which the Indemnified Person shall have notified the Indemnifying Person within the applicable time period set forth in Section 9.2 or 9.3 or Section 9A.2 or 9A.3, as the case may be. If any claim for indemnification or other recovery is timely asserted, the Indemnified Person shall have the right to bring an action, suit or proceeding with respect to such claim within one year after first giving the Indemnifying Person notice thereof, but may not bring any such action, suit or proceeding thereafter.

9B.5 Net Losses and Subrogation.

(a) Notwithstanding anything contained herein to the contrary, the amount of any Losses incurred or suffered by an Indemnified Person shall be calculated after giving effect to (i) any insurance proceeds received by the Indemnified Person (or any of its Affiliates) with respect to such Terminals Losses or Calnev Losses, (ii) any Tax benefit realized by the Indemnified Person (or any of its Affiliates; provided, however, that for this purpose only the term "Affiliate" shall not include upstream Affiliates of Purchaser) arising from the facts or circumstances giving rise to such Terminals Losses or Calnev Losses and (iii) any recoveries obtained by the Indemnified Person (or any of its Affiliates) from any other third party. Each Indemnified Person shall exercise commercially reasonable efforts to obtain such proceeds, benefits and recoveries. If any

such proceeds, benefits or recoveries are received by an Indemnified Person (or any of its Affiliates) with respect to any Terminals Losses or Calnev Losses after an Indemnified Person has received indemnification from an Indemnifying Person with respect thereto, the Indemnified Person (or such Affiliate) shall pay to the Indemnifying Person the amount of such proceeds, benefits or recoveries (up to the amount of the Indemnifying Person's payment). Purchaser shall be obligated under this Section 9B.5 notwithstanding Section 9.4(a).

(b) Upon making any payment to an Indemnified Person in respect of any Terminals Losses or Calnev Losses, the Indemnifying Person will, to the extent of such payment, be subrogated to all rights of the Indemnified Person (and its Affiliates) against any third party in respect of the Terminals Losses or Calnev Losses to which such payment relates. Such Indemnified Person (and its Affiliates) and Indemnifying Person will execute upon request all instruments reasonably necessary to evidence or further perfect such subrogation rights.

9B.6 Purchase Price Adjustments. Any amounts payable under Section 9.2 or Section 9.3 or Section 9A.2 or Section 9A.3 shall be treated by Purchaser and Seller as an adjustment to the Purchase Price except as to amounts previously included as income or expense by Purchaser.

9B.7 Limitations on Liability of Seller. Notwithstanding any other provision of this Agreement:

(a) Other than Terminals Title and Authorization Warranties, Calnev Title and Authorization Warranties and the representations and warranties set forth in Sections 2.3, 2.4(a)(i), 2.15, 2.23, 2A.3, 2A.4(a)(i), 2A.15 and 2A.23 to all of which no limitation under this Section 9B.7(a) shall apply, the Purchaser Indemnified Parties shall have the right to payment by Seller under Section 9.2(b) or Section 9A.2(b) only if, and only to the extent that, the Purchaser Indemnified Parties shall have incurred

(i) as to any particular inaccuracy or breach, indemnifiable Losses in excess of \$100,000, and

(ii) as to all inaccuracies and breaches, indemnifiable Losses (other than as excluded in clause (i)) in excess of one percent (1.0%) of the Purchase Price in the aggregate

(it being understood, for purposes of clarification, that the basket and other thresholds set forth in this sentence shall not apply to Section 9.2(a), Section 9.2(c), Article 10, Section 9A.2(c), Section 9B.7(d) and Article 10A). For purposes of calculating the \$100,000 limitation in clause (i) of the previous sentence, all claims arising out of a single or recurring condition, event or circumstance shall be aggregated.

(b) Except as provided in Section 9.2(a) to which no limitation under this Section 9B.7(b) shall apply, Seller shall have no liability under or in connection with this Agreement or the Related Agreements or the transactions contemplated hereby or thereby (including under Section 9.2(b), Section 9.2(c), Section 9A.2(b), Section 9A.2(c) or

otherwise for any breach of or inaccuracy in any representation or warranty or for any breach of any covenant or obligations or for any other reason) in excess of

(i) as to all representations and warranties other than the Terminals Title and Authorization Warranties, the Calnev Title and Authorization Warranties, the Terminals Environmental Warranty, the Calnev Environmental Warranty and the representations and warranties set forth in Sections 2.3, 2.4(a)(i), 2.15, 2.23, 2A.3, 2A.4(a)(i), 2A.15, and 2A.23, ten percent (10%) of the Purchase Price in the aggregate,

(ii) as to the Terminals Environmental Warranty and the Calnev Environmental Warranty, thirteen and one third percent (13.3%) of the Purchase Price in the aggregate, and

(iii) as to the Terminals Title and Authorization Warranties, the Calnev Title and Authorization Warranties, the covenants and obligations (including Section 4.15, Section 9B.7(d), Article 10 and Article 10A), and the representations and warranties set forth in Sections 2.3, 2.4(a)(i), 2.15, 2.23, 2A.3, 2A.4(a)(i), 2A.15 and 2A.23, the Purchase Price in the aggregate;

provided, that in no event shall Seller's aggregate liability for any and all matters referred to in clauses (i) and (ii) exceed thirteen and one third percent (13.3%) of the Purchase Price in the aggregate and in no event shall Seller's aggregate liability for any and all matters referred to in clauses (i), (ii) and (iii) exceed the Purchase Price in the aggregate. Any indemnification

for Losses pursuant to Section 9.2(a) shall in no way apply to, limit or be limited by Purchaser Indemnified Parties' right to indemnification under Article 9, Article 9A or Article 9B.

(c) The sole and exclusive liability and responsibility of Seller to the Purchaser Indemnified Parties under or in connection with this Agreement or the Related Agreements or the transactions contemplated hereby or thereby (including for any breach of or inaccuracy in any representation or warranty or for any breach of any covenant or obligation or for any other reason), and the sole and exclusive remedy of the Purchaser Indemnified Parties with respect to any of the foregoing, shall be as set forth in Article 9, Article 9A, Article 9B, Article 10 and Article 10A. To the extent that the Purchaser Indemnified Parties have any Losses for which they may assert any other right to indemnification, contribution or recovery from Seller (whether under this Agreement or under any common law or any statute, including any Environmental Law, or otherwise), Purchaser hereby waives, releases and agrees not to assert such right, and Purchaser agrees to cause each of the Purchaser Indemnified Parties to waive, release and agree not to assert such right.

(d) Except for matters for which the Purchaser Indemnified Parties are entitled to indemnification pursuant to Article 9, Article 9A or Article 9B, in no event shall Seller have any liability for any health, dental, life, disability or accidental death or dismemberment claim which is incurred on or after the Terminals Closing Date, the Calnev Closing Date or the New Calnev Closing Date (as applicable) by any Terminals

77

89

Continuing Employees or Calnev Continuing Employee (as applicable) (or their eligible dependents) or any Losses relating thereto. For purposes of this paragraph (d), a claim (other than a workers' compensation claim) shall be considered incurred (i) in the case of a health or dental claim, on the date on which the services giving rise to the claim are rendered, (ii) in the case of a life insurance, death or dismemberment claim, on the date of the death or injury giving rise to the claim, (iii) in the case of a short-term disability claim, on the date for which the short-term disability payment is made, and (iii) in the case of a long-term disability ("LTD") claim, on the first day of the period for which LTD benefits are payable. Notwithstanding the foregoing provisions of this paragraph (d), Seller shall retain the liability for workers' compensation claims (including claims for related health and dental services) with respect to Terminals Continuing Employees and Calnev Continuing Employees, which claims arise out of workers, compensation accidents occurring prior to the Terminals Closing Date, the Calnev Closing Date or the New Calnev Closing Date (as applicable).

(e) Except for matters for which the Purchaser Indemnified Parties are entitled to indemnification pursuant to Article 9, Article 9A or Article 9B, in no event shall Seller have any liability for any claims (or for any Losses relating thereto) which are first made after the Terminals Closing, the Calnev Closing or the New Calnev Closing (as applicable) or claims (or for any Losses relating thereto) which are first made after the Terminals Closing, the Calnev Closing or the New Calnev Closing (as applicable) and which arise out of or in connection with any services provided at any time by the Terminals Companies or Calnev (as applicable)

9B.8 Limitations on Liability of Purchaser. Notwithstanding any other provision of this Agreement:

(a) Other than the Terminals Title and Authorization Warranties, the Calnev Title and Authorization Warranties and the representation and warranty set forth in Section 3.2 to all of which no limitation under this Section 9B.8(a) shall apply, the Seller Indemnified Parties shall have the right to payment by Purchaser under Section 9.3(a) and

Section 9A.3(a) only if, and only to the extent that, the Seller Indemnified Parties shall have incurred

(i) as to any particular inaccuracy or breach, indemnifiable Losses in excess of \$100,000, and

(ii) as to all inaccuracies and breaches, indemnifiable Losses (other than as excluded in clause (i)) in excess of one percent (1.0%) of the Purchase Price in the aggregate.

For purposes of calculating the \$100,000 limitation in clause (i) of the previous sentence, all claims arising out of a single or recurring condition, event or circumstance shall be aggregated.

(b) Purchaser shall have no liability under or in connection with this Agreement or the Related Agreements or the transactions contemplated hereby or thereby (including under Section 9.3, Section 9A.3 or otherwise for any breach of or inaccuracy

78

90

in any representation or warranty or for any breach of any covenant or obligations or for any other reason) in excess of

(i) as to all representations and warranties other than Terminals Title and Authorization Warranties, the Calnev Title and Authorization Warranties and the representation and warranty set forth in Section 3.2, ten percent (10%) of the Purchase Price in the aggregate, and

(ii) as to the Terminals Title and Authorization Warranties, the Calnev Title and Authorization Warranties, covenants and obligations, and the representation and warranty set forth in Section 3.2, the Purchase Price in the aggregate;

provided, that in no event shall Purchaser's aggregate liability for any and all matters referred to in clauses (i) and (ii) exceed the Purchase Price in the aggregate.

#### ARTICLE 10

##### TAX MATTERS WITH RESPECT TO THE TERMINALS COMPANIES

###### 10.1 Liability for Taxes.

(a) Seller shall be liable for, and shall indemnify and hold Purchaser, the Terminals Companies and their respective Affiliates harmless from any Taxes, together with any costs, expenses, losses or damages, including reasonable expenses of investigation and attorneys' and accountants' fees and expenses, arising out of or incident to the determination, assessment or collection of such Taxes ("Terminals Tax Losses"), (i) imposed on or incurred by any of the Terminals Companies by reason of the several liability of the Terminals Companies pursuant to Treasury Regulations Section 1.1502-6 or any analogous state, local or foreign law or regulation which is attributable to having been a member of any consolidated, combined or unitary group on or prior to the Terminals Closing Date, (ii) resulting from the Terminals Companies ceasing to be a member of the affiliated group (within the meaning of Code Section 1504(a)) that includes Seller, (iii) imposed on or incurred by the Terminals Companies with respect to any period (or portion thereof) prior to and including the Terminals Closing Date (the "Terminals Pre-Closing Date Period"), (iv) attributable to any discharge of indebtedness that may result from any capital contributions by Seller (or an Affiliate of Seller) to any of the Terminals Companies of any intercompany indebtedness owed by any of the Terminals Companies to Seller (or an Affiliate of Seller), (v) resulting from the actions taken under Section 4.12 of this Agreement, or (vi) relating to all income Taxes arising as a result of the sale of the Terminals Stock and the Terminals Sale; provided, however, that Seller shall not be liable or offer an indemnification for any amount

of current liability accrual for Taxes to the extent reflected on the Terminals Closing Balance Sheet with respect to the Terminals Companies.

(b) Purchaser shall be liable for, and shall indemnify and hold Seller and its Affiliates harmless from any Terminals Tax Losses (i) imposed on or incurred by the Terminals Companies with respect to the period after the Terminals Closing Date or (ii)

79

91

with respect to state and local Transaction Taxes incurred by Seller in connection with converting any of the Terminals Companies into limited liability companies pursuant to Section 4.8 hereof (provided, however, that the indemnification by Purchaser pursuant to this clause (ii) shall be limited to those Taxes in excess of the Transaction Taxes which would have arisen had the Terminals Companies been sold as corporations and an election under Section 338(h)(10) of the Code had been made).

(c) Whenever it is necessary for purposes of this Article 10 to determine the portion of any Taxes imposed on or incurred by the Terminals Companies for a taxable period beginning before and ending after the Terminals Closing Date which is allocable to the Terminals Pre-Closing Date Period, the determination shall be made, in the case of property or ad valorem taxes or franchise taxes (which are measured by, or based solely upon capital, debt or a combination of capital and debt), on a per diem basis and, in the case of other Taxes, by assuming that the Terminals Pre-Closing Date Period constitutes a separate taxable period of the Terminals Companies and by taking into account the actual taxable events occurring during such period (except that exemptions, allowances and deductions for a taxable period beginning before and ending after the Terminals Closing Date that are calculated on an annual or periodic basis, such as the deduction for depreciation, shall be apportioned to the Terminals Pre-Closing Date Period ratably on a per diem basis). Notwithstanding anything to the contrary herein, any franchise Tax paid or payable with respect to any of the Terminals Companies shall be allocated to the taxable period during which the income, operations, assets or capital comprising the base of such Tax is measured, regardless of whether the right to do business for another taxable period is obtained by the payment of such franchise Tax.

(d) Purchaser agrees to pay to Seller any refund received after the Terminals Closing Date by Purchaser or its Affiliates, including the Terminals Companies, in respect of any Taxes for which Seller is liable under clause (a) of this Section 10.1. Seller agrees to pay to Purchaser any refund received by Seller or its Affiliates in respect of any Taxes for which Purchaser is liable under clause (b) of this Section 10.1. The parties shall cooperate, each at its own expense, in order to take all reasonably necessary steps to claim any such refund. Any such refund received by a party or its Affiliate for the account of the other party shall be paid to such other party within 90 days after such refund is received.

(e) Purchaser and Seller agree not to make or cause any election (including an election to ratably allocate items under Treasury Regulations Section 1.1502-76(b)(2)(ii)) to allocate tax items in a manner inconsistent with Section 10.1(c) hereof.

#### 10.2 Tax Returns.

(a) Seller shall cause to be included in the consolidated federal income Tax Returns (and the state income Tax Returns of any state that permits consolidated, combined or unitary income Tax Returns, if any) of the Parent Group (as defined herein) for all periods ending on or before the Terminals Closing Date and for periods which include the Terminals Closing Date, all items of income, gain, loss, deduction and credit ("Terminals Tax Items") of the Terminals Companies which are required to be included

therein, shall cause such Tax Returns to be timely filed with the appropriate Government Authorities, and shall be responsible for the timely payment of all Taxes due with respect to the periods covered by such Tax Returns. For purposes of this Agreement, "Parent Group" (i) means the affiliated group of corporations within the meaning of Section 1504 of the Code which files a consolidated federal income Tax Return and as to which Seller is a member, and (ii) in the case of any combined or unitary Tax Return, the group of corporations filing such Tax Return that includes any of the Terminals Companies or Calnev (as applicable).

(b) With respect to any Tax Return covering a taxable period ending on or before the Terminals Closing Date that is required to be filed after the Terminals Closing Date with respect to any of the Terminals Companies that is not described in paragraph (a) above, Seller shall cause such Tax Return to be prepared, shall cause to be included in such Tax Return all Terminals Tax Items required to be included therein, shall cause such Tax Return to be filed timely with the appropriate Government Authority, and shall be responsible for the timely payment of all Taxes due with respect to the period covered by such Tax Return.

(c) With respect to any Tax Return covering a taxable period beginning on or before the Terminals Closing Date and ending after the Terminals Closing Date that is required to be filed after the Terminals Closing Date with respect to any of the Terminals Companies, Purchaser shall cause such Tax Return to be prepared, shall cause to be included in such Tax Return all Terminals Tax Items required to be included therein, shall furnish a copy of such Tax Return to Seller, shall file timely such Tax Return with the appropriate Government Authority, and shall be responsible for the timely payment of all Taxes due with respect to the period covered by such Tax Return. Purchaser shall determine, in accordance with the provisions of Section 10.1(c) of the Agreement, the amount of Tax due with respect to the Terminals Pre-Closing Date Period (the "Seller's Terminals Tax") and shall notify Seller of its determination of the Seller's Terminals Tax. Seller shall pay to Purchaser an amount equal to the Seller's Terminals Tax not later than five days after the filing of such Tax Return. Any refund attributable to Tax Returns filed pursuant to this Section 10.2(c) shall be apportioned between Purchaser and Seller in a manner consistent with the calculation of the Seller's Terminals Tax.

(d) Purchaser shall, with respect to any Tax Return which Purchaser is responsible under Section 10.2(c) for preparing and filing, make such Tax workpapers available for review by Seller if the Tax Return is with respect to Taxes for which Seller may be liable (in whole or in part) hereunder or under applicable law. Purchaser shall make such workpapers available for review no later than twenty (20) days before the due date for filing such Tax Returns to provide Seller with a meaningful opportunity to analyze and comment on such Tax Returns and have such Tax Returns modified before filing, accepting the position of Purchaser unless such position is contrary to the provisions of Section 10.2(e) hereof. If, within ten (10) days of such delivery, Seller shall deliver to Purchaser a written statement describing Seller's objections to such Tax Return and all grounds therefor, and the parties are unable to resolve such objections within the ten (10) day period prior to filing such Tax Return, such Tax Return shall be filed as prepared by Purchaser, and any remaining disputes shall be resolved by the

Terminals Arbitrating Accounting Firm as provided in Section 10.2(f). Seller will join in the execution of such Tax Return and other documentation if required to do so by applicable Law.

(e) Any Tax Return which includes or is based on the operations, ownership, assets or activities of the Terminals Companies for any taxable period beginning before and ending after the Terminals Closing Date, and any Tax Return in respect of any Taxes for which Seller may be liable (in whole or in part) hereunder shall be prepared in accordance with past Tax accounting practices used with respect to the Tax Returns in question (unless such past practices are no longer permissible under the applicable law), and to the extent any items are not covered by past practices (or in the event such past practices are no longer permissible under the applicable tax law), in accordance with reasonable tax accounting practices selected by the filing party with respect to such Tax Return under this Agreement with the consent (not to be unreasonably withheld or delayed) of the non-filing party.

(f) The Terminals Arbitrating Accounting Firm shall be instructed to resolve any disputes referred to it pursuant to Section 10.2(d) within five (5) days after such referral. The resolution of disputes by the Terminals Arbitrating Accounting Firm shall be set forth in writing and shall be conclusive and binding upon all parties and the parties shall join in the execution and cooperate in the filing of any amended Tax Return as shall be necessary to implement such resolution. The fees and expenses of the Terminals Arbitrating Accounting Firm shall be apportioned by the Terminals Arbitrating Accounting Firm based on the degree to which each party's claims were unsuccessful and shall be paid by the parties in accordance with such determination. For example, if pursuant to this Section 10.2(f) Seller submitted an objection affecting the amount of Tax due in the amount of \$100,000 and prevailed as to \$45,000 of the amount, then Seller would bear 55% of the fees and expenses of the Terminals Arbitrating Accounting Firm.

(g) Unless required by law, Purchaser shall not file an amended Tax Return for any period ending on or prior to the Terminals Closing Date without the consent of Seller.

(h) Subject to Section 10.1(b)(ii), all Transaction Taxes related to the Terminals Companies, whether levied on Purchaser or Seller or their respective Affiliates, shall be borne 50% by Seller and 50% by Purchaser, and Seller shall file all necessary documentation with respect to, and make all payments of, such Transaction Taxes and fees on a timely basis.

### 10.3 Cooperation on Tax Matters.

(a) Purchaser and the Terminals Companies and Seller shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Article 10 and any audit, litigation or other proceeding with respect to Taxes although the party responsible for filing the Tax Return pursuant to this Agreement shall control any such audit, litigation or other proceeding, provided that the controlling party may not, without the consent of the other party, agree to any

settlement which would result in an increase in the amount of Taxes for which any other party is or may be liable. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Purchaser and Seller agree (i) to retain all books and records with respect to Tax matters pertinent to the Terminals Companies relating to

any Taxable Period beginning before the Terminals Closing Date until the expiration of the applicable statute of limitations (and, to the extent notified by Purchaser or Seller, any extensions thereof) of the respective Taxable Periods, and to abide by all record retention agreements entered into with any taxing authority and (ii) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, the Terminals Companies, as the case may be, shall allow the other party to take possession of such books and records.

(b) Purchaser and Seller further agree, upon reasonable request by the other party, to use all reasonable commercial efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

10.4 Carrybacks and Refunds. Any required amended Tax Return relating to a Terminals Pre-Closing Date Period and any refund claims relating to a Terminals Pre-Closing Date Period shall be prepared by Seller. Neither Purchaser nor any of its Affiliates shall file any Tax Return or any other document which attempts to carry back to any Terminals Pre-Closing Date Period any item of income, loss, deduction or credit (including, without limitation, any net operating loss) incurred, created or sustained during any Tax period which ends after the Terminals Closing Date.

10.5 Survival. Anything to the contrary in this Agreement notwithstanding, the representations, warranties, covenants, agreements, rights and obligations of the parties hereto with respect to any Tax matter related to the Terminals Companies shall survive the Terminals Closing and shall not terminate until the applicable Tax Statute of Limitations Date.

10.6 Conflict. In the event of a conflict between the provisions of this Article 10 and any other provisions of this Agreement, the provisions of this Article 10 shall control.

10.7 Transfer Taxes. Each of the Purchaser and Seller shall cooperate with each other in the preparation and filing of all necessary documentation related to Transaction Taxes in the State of Washington resulting from the Terminals Sale within 30 days of the Terminals Closing. Any such Transaction Taxes shall be shared in the manner set forth in Section 10.2(h).

ARTICLE 10A  
TAX MATTERS WITH RESPECT TO THE CALNEV COMPANIES

10A.1 Liability for Taxes.

(a) Seller shall be liable for, and shall indemnify and hold Purchaser, the Calnev Companies and their respective Affiliates harmless from any Taxes, together with any costs, expenses, losses or damages, including reasonable expenses of investigation and attorneys' and accountants' fees and expenses, arising out of or incident to the determination, assessment or collection of such Taxes ("Calnev Tax Losses"), (i) imposed on or incurred by any of the Calnev Companies by reason of the several liability of the Calnev Companies pursuant to Treasury Regulations Section 1.1502-6 or any analogous state, local or foreign law or regulation which is attributable to having been a member of any consolidated, combined or unitary group on or prior to the Calnev Closing Date, (ii) resulting from any of the Calnev Companies ceasing to be a member of the affiliated group (within the meaning of Code Section 1504(a)) that includes Seller, (iii) imposed on or incurred by any of the Calnev Companies with respect to any period (or portion thereof) prior to and including the Calnev Closing Date (the "Calnev Pre-Closing Date Period"), (iv) attributable to any discharge of indebtedness that may result from any capital contributions by Seller (or an Affiliate of Seller) to any of the Calnev Companies of any intercompany indebtedness owed by any of the Calnev Companies to Seller (or an Affiliate of Seller) or (v) relating to all income Taxes arising as a result of the sale of the GPL Stock and the Calnev Sale;

provided, however, that Seller shall not be liable or offer an indemnification for any amount of current liability accrual for Taxes to the extent reflected on the Calnev Closing Balance Sheet with respect to the Calnev Companies.

(b) Purchaser shall be liable for, and shall indemnify and hold Seller and its Affiliates harmless from any Calnev Tax Losses (i) imposed on or incurred by any of the Calnev Companies with respect to the period after the Calnev Closing Date or (ii) with respect to state and local Transaction Taxes incurred by Seller in connection with converting any of the Calnev Companies into limited liability companies pursuant to Section 4A.5 hereof (provided, however, that the indemnification by Purchaser pursuant to this clause (ii) shall be limited to those Taxes in excess of the Transaction Taxes which would have arisen had the Calnev Companies been sold as corporations and an election under Section 338(h)(10) of the Code had been made).

(c) Whenever it is necessary for purposes of this Article 10A to determine the portion of any Taxes imposed on or incurred by any of the Calnev Companies for a taxable period beginning before and ending after the Calnev Closing Date which is allocable to the Calnev Pre-Closing Date Period, the determination shall be made, in the case of property or ad valorem taxes or franchise taxes (which are measured by, or based solely upon capital, debt or a combination of capital and debt), on a per diem basis and, in the case of other Taxes, by assuming that the Calnev Pre-Closing Date Period constitutes a separate taxable period of the Calnev Companies and by taking into account the actual taxable events occurring during such period (except that exemptions, allowances and deductions for a taxable period beginning before and ending after the Calnev Closing

84

96

Date that are calculated on an annual or periodic basis, such as the deduction for depreciation, shall be apportioned to the Calnev Pre-Closing Date Period ratably on a per diem basis). Notwithstanding anything to the contrary herein, any franchise Tax paid or payable with respect to any of the Calnev Companies shall be allocated to the taxable period during which the income, operations, assets or capital comprising the base of such Tax is measured, regardless of whether the right to do business for another taxable period is obtained by the payment of such franchise Tax.

(d) Purchaser agrees to pay to Seller any refund received after the Calnev Closing Date by Purchaser or its Affiliates, including any Calnev Company, in respect of any Taxes for which Seller is liable under clause (a) of this Section 10A.1. Seller agrees to pay to Purchaser any refund received by Seller or its Affiliates in respect of any Taxes for which Purchaser is liable under clause (b) of this Section 10A.1. The parties shall cooperate, each at its own expense, in order to take all reasonably necessary steps to claim any such refund. Any such refund received by a party or its Affiliate for the account of the other party shall be paid to such other party within 90 days after such refund is received.

(e) Purchaser and Seller agree not to make or cause any election (including an election to ratably allocate items under Treasury Regulations Section 1.1502-76(b)(2)(ii)) to allocate tax items in a manner inconsistent with Section 10A.1(c) hereof.

#### 10A.2 Tax Returns.

(a) Seller shall cause to be included in the consolidated federal income Tax Returns (and the state income Tax Returns of any state that permits consolidated, combined or unitary income Tax Returns, if any) of the Parent Group for all periods ending on or before the Calnev Closing Date and for periods which include the Calnev Closing Date, all items of income, gain, loss, deduction and credit ("Calnev Tax Items") of the Calnev Companies which are required to be included therein,

shall cause such Tax Returns to be timely filed with the appropriate Government Authorities, and shall be responsible for the timely payment of all Taxes due with respect to the periods covered by such Tax Returns.

(b) With respect to any Tax Return covering a taxable period ending on or before the Calnev Closing Date that is required to be filed after the Calnev Closing Date with respect to each of the Calnev Companies that is not described in paragraph (a) above, Seller shall cause such Tax Return to be prepared, shall cause to be included in such Tax Return all Calnev Tax Items required to be included therein, shall cause such Tax Return to be filed timely with the appropriate Government Authority, and shall be responsible for the timely payment of all Taxes due with respect to the period covered by such Tax Return.

(c) With respect to any Tax Return covering a taxable period beginning on or before the Calnev Closing Date and ending after the Calnev Closing Date that is required to be filed after the Calnev Closing Date with respect to Calnev, Purchaser shall cause such Tax Return to be prepared, shall cause to be included in such Tax Return all Calnev

Tax Items required to be included therein, shall furnish a copy of such Tax Return to Seller, shall file timely such Tax Return with the appropriate Government Authority, and shall be responsible for the timely payment of all Taxes due with respect to the period covered by such Tax Return. Purchaser shall determine, in accordance with the provisions of Section 10A.1(b) of the Agreement, the amount of Tax due with respect to the Calnev Pre-Closing Date Period (the "Seller's Calnev Tax") and shall notify Seller of its determination of the Seller's Calnev Tax. Seller shall pay to Purchaser an amount equal to the Seller's Calnev Tax not later than five days after the filing of such Tax Return. Any refund attributable to Tax Returns filed pursuant to this Section 10A.2(c) shall be apportioned between Purchaser and Seller in a manner consistent with the calculation of the Seller's Calnev Tax.

(d) Purchaser shall, with respect to any Tax Return which Purchaser is responsible under Section 10A.2(c) for preparing and filing, make such Tax workpapers available for review by Seller if the Tax Return is with respect to Taxes for which Seller may be liable (in whole or in part) hereunder or under applicable law. Purchaser shall make such workpapers available for review no later than twenty (20) days before the due date for filing such Tax Returns to provide Seller with a meaningful opportunity to analyze and comment on such Tax Returns and have such Tax Returns modified before filing, accepting the position of Purchaser unless such position is contrary to the provisions of Section 10A.2(e) hereof. If, within ten (10) days of such delivery, Seller shall deliver to Purchaser a written statement describing Seller's objections to such Tax Return and all grounds therefor, and the parties are unable to resolve such objections within the ten (10) day period prior to filing such Tax Return, such Tax Return shall be filed as prepared by Purchaser, and any remaining disputes shall be resolved by the Calnev Arbitrating Accounting Firm as provided in Section 10A.2(f). Seller will join in the execution of such Tax Return and other documentation if required to do so by applicable Law.

(e) Any Tax Return which includes or is based on the operations, ownership, assets or activities of the Calnev Companies for any taxable period beginning before and ending after the Calnev Closing Date, and any Tax Return in respect of any Taxes for which Seller may be liable (in whole or in part) hereunder shall be prepared in accordance with past Tax accounting practices used with respect to the Tax Returns in question (unless such past practices are no longer permissible under the applicable law), and to the extent any items are not covered by

past practices (or in the event such past practices are no longer permissible under the applicable tax law), in accordance with reasonable tax accounting practices selected by the filing party with respect to such Tax Return under this Agreement with the consent (not to be unreasonably withheld or delayed) of the non-filing party.

(f) The Calnev Arbitrating Accounting Firm shall be instructed to resolve any disputes referred to it pursuant to Section 10A.2(d) within five (5) days after such referral. The resolution of disputes by the Calnev Arbitrating Accounting Firm shall be set forth in writing and shall be conclusive and binding upon all parties and the parties shall join in the execution and cooperate in the filing of any amended Tax Return as shall be necessary to implement such resolution. The fees and expenses of the Calnev

86

98

Arbitrating Accounting Firm shall be apportioned by the Calnev Arbitrating Accounting Firm based on the degree to which each party's claims were unsuccessful and shall be paid by the parties in accordance with such determination. For example, if pursuant to this Section 10A.2(f) Seller submitted an objection affecting the amount of Tax due in the amount of \$100,000 and prevailed as to \$45,000 of the amount, then Seller would bear 55% of the fees and expenses of the Calnev Arbitrating Accounting Firm.

(g) Unless required by law, Purchaser shall not file an amended Tax Return for any period ending on or prior to the Calnev Closing Date without the consent of Seller.

(h) Subject to Section 10A.1(b)(ii), all Transaction Taxes related to the Calnev Companies, whether levied on Purchaser or Seller or their respective Affiliates, shall be borne 50% by Seller and 50% by Purchaser, and Seller shall file all necessary documentation with respect to, and make all payments of, such Transaction Taxes and fees on a timely basis.

#### 10A.3 Cooperation on Tax Matters.

(a) Purchaser and the Calnev Companies and Seller shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Article 10A and any audit, litigation or other proceeding with respect to Taxes although the party responsible for filing the Tax Return pursuant to this Agreement shall control any such audit, litigation or other proceeding, provided that the controlling party may not, without the consent of the other party, agree to any settlement which would result in an increase in the amount of Taxes for which any other party is or may be liable. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Purchaser and Seller agree (i) to retain all books and records with respect to Tax matters pertinent to the Calnev Companies relating to any Taxable Period beginning before the Calnev Closing Date until the expiration of the applicable statute of limitations (and, to the extent notified by Purchaser or Seller, any extensions thereof) of the respective Taxable Periods, and to abide by all record retention agreements entered into with any taxing authority and (ii) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, the Calnev Companies, as the case may be, shall allow the other party to take possession of such books and records.

(b) Purchaser and Seller further agree, upon reasonable request by the other party, to use all reasonable commercial efforts to obtain

any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

87

99

10A.4 Carrybacks and Refunds. Any required amended Tax Return relating to a Calnev Pre-Closing Date Period and any refund claims relating to a Calnev Pre-Closing Date Period shall be prepared by Seller. Neither Purchaser nor any of its Affiliates shall file any Tax Return or any other document which attempts to carry back to any Calnev Pre-Closing Date Period any item of income, loss, deduction or credit (including, without limitation, any net operating loss) incurred, created or sustained during any Tax period which ends after the Calnev Closing Date.

10A.5 Survival. Anything to the contrary in this Agreement notwithstanding, the representations, warranties, covenants, agreements, rights and obligations of the parties hereto with respect to any Tax matter related to the Calnev Companies shall survive the Calnev Closing and shall not terminate until the applicable Tax Statute of Limitations Date.

10A.6 Conflict. In the event of a conflict between the provisions of this Article 10A and any other provisions of this Agreement, the provisions of this Article 10A shall control.

ARTICLE 11  
MISCELLANEOUS

11.1 Expenses. Each party hereto shall bear its own expenses with respect to this transaction. Purchaser shall pay any HSR Act or similar filing or reporting fee.

11.2 Amendment. This Agreement may be amended, modified or supplemented only in writing signed by each of the parties hereto.

11.3 Notices. Any written notice to be given hereunder shall be deemed given: (a) when received if given in person or by courier; (b) on the date of transmission if sent by telex, telecopy or other wire transmission (receipt confirmed); (c) three (3) days after being deposited in the U.S. mail, certified or registered mail, postage prepaid; and (d) if sent by a nationally recognized overnight delivery service, the day following the date given to such overnight delivery service (specified for overnight delivery). All notices shall be addressed as follows:

If to Seller, addressed as follows:

GATX Rail Corporation  
500 West Monroe Street  
Chicago, Illinois 60661  
Attention: Ronald J. Ciancio, Esq.  
Telephone: (312) 621-6591  
Facsimile: (312) 621-6637

with a copy to:

Mayer, Brown & Platt  
190 South LaSalle Street  
Chicago, Illinois 60603  
Attention: James J. Junewicz, Esq.  
Telephone: (312) 782-0600  
Facsimile: (312) 701-7711

88

100

If to Purchaser, addressed as follows:

Kinder Morgan Energy Partners, L.P.  
One Allen Center, Suite 1000  
500 Dallas Street  
Houston, Texas 77002  
Attention: Joseph Listengart, Esq.  
Telecopy: (713) 369-9499

with a copy to:

Bracewell & Patterson, L.L.P.  
South Tower Pennzoil Place  
711 Louisiana, Suite 2900  
Houston, Texas 77002  
Attention: Rick L. Wittenbraker, Esq.  
Telecopy: (713) 221-2133

11.4 Waivers. The failure of a party to require performance of any provision hereof shall not affect its right at a later time to enforce the same. No waiver by a party of any term, covenant, representation or warranty contained herein shall be effective unless in writing. No such waiver in any one instance shall be deemed a further or continuing waiver of any such term, covenant, representation or warranty in any other instance.

11.5 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.6 Headings. The headings preceding the text of Articles and Sections of this Agreement and the Schedules and Exhibits thereto are for convenience only and shall not be deemed part of this Agreement.

11.7 Applicable Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws, and not the laws of conflicts, of the state of New York.

11.8 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, that no assignment of either party's rights or obligations may be made without the written consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, further, that Purchaser, Rail or Holdings may assign all of its rights, privileges and obligations hereunder to any Affiliate of Purchaser, Rail or Holdings (as applicable) without such consent. No assignment under this Section 11.8 shall relieve Purchaser, Rail or Holdings (as applicable) of any of its obligations under this Agreement.

11.9 No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and those Persons (or categories of Persons) specifically described herein, and,

except as aforesaid, no provision of this Agreement shall be deemed to confer any remedy, claim or right upon any third party.

11.10 Forum; Waiver of Jury Trial. Each party agrees that any suit, action or proceeding brought by such party against the other in connection with or arising from this Agreement ("Judicial Action") shall be brought solely in the Circuit Court of Cook County or the United States District Court for the Northern District of Illinois, and each party consents to the jurisdiction and venue of each such court. EACH PARTY HEREBY WAIVES ITS RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY JUDICIAL ACTION.

11.11 Schedules. Each of Purchaser and Seller acknowledges and agrees that (a) with respect to the representations and warranties contained in Article 2 hereof, the Schedules attached hereto shall be deemed not to include any information or disclosures with respect to the Calnev Companies and (b) with respect to the representations and warranties contained in Article 2A hereof, the Schedules attached hereto shall be deemed not to include any information or disclosures with respect to the Terminals Companies. Purchaser agrees that any

disclosure by Seller in any Schedule attached hereto shall (a) constitute a disclosure under each other Schedule referred to herein for all purposes of this Agreement, whether or not such disclosure is specifically referenced within such other Schedule, and (b) not establish any threshold of materiality. Seller may, from time to time prior to or at the Terminals Closing, Calnev Closing or the New Calnev Closing (as applicable), by notice in accordance with the terms of this Agreement, supplement or amend any Schedule to disclose any matter hereafter arising which, if existing, occurring or known at the date hereof would have been required to be so disclosed. No such supplemental or amended Schedule shall be deemed to cure any breach of any representation or warranty for purposes of Section 6.1 or Section 6A.1 (as applicable). If, however, the Terminals Closing or Calnev Closing (as applicable) occurs, any such supplement and amendment will be effective to cure and correct for all other purposes any breach of any representation, warranty, covenant or obligation which would have existed if Seller had not made such supplement or amendment, and all references to any Schedule hereto which is supplemented or amended as provided in this Section 11.11 shall for all purposes at and after the Terminals Closing, Calnev Closing or the New Calnev Closing (as applicable) be deemed to be a reference to such Schedule as so supplemented or amended.

11.12 Incorporation. The respective Schedules, Exhibits and Appendices attached hereto and referred to herein are incorporated into and form a part of this Agreement.

11.13 Complete Agreement. This Agreement and the Related Agreements (if and when executed) constitute the complete agreement of the parties with respect to the subject matter hereof and supersedes all prior discussions, negotiations and understandings.

11.14 Disclaimer. Seller disclaims any representations or warranties except as specifically set forth in this Agreement. In particular, Seller disclaims any representation or warranty, and Purchaser agrees that Seller shall have no liability, with respect to any information concerning the Terminals Companies or the Calnev Companies not expressly represented and warranted to in this Agreement, including, without limitation, (a) the information set forth in the Confidential Information Memorandum distributed by Salomon Smith Barney Inc. with respect to the Terminals Companies or the Calnev Companies, (b) any information regarding the

Terminals Companies or the Calnev Companies provided at any management presentation related to the transactions contemplated by this Agreement, (c) any information communicated by Salomon Smith Barney or made available through the data room process or (d) any financial projection or forecast relating to any of the Terminals Companies or the Calnev Companies. With respect to any such projection or forecast delivered by or on behalf of Seller to Purchaser, Purchaser acknowledges that (x) there are significant uncertainties inherent in such projections and forecasts and (y) Purchaser is familiar with such uncertainties and takes full responsibility for making its own evaluation of the adequacy and accuracy of all such projections and forecasts; provided, that Seller in no way limits the representations, warranties, covenants or other agreements made by Seller hereunder. Purchaser shall have no claim against Seller (or any of its officers, directors or employees), and Seller shall have no liability to Purchaser, with respect to any such disclaimed information, including, without limitation, the Confidential Information Memorandum or any financial projection or forecast relating to any of the Terminals Companies or any of the Calnev Companies.

11.15 Knowledge Defined. For purposes of this Agreement, (a) the term "knowledge of Seller" or variations thereof shall be limited to the actual knowledge of the executive officers and directors of Seller set forth on Schedule 11.15(a), and (b) the term "knowledge of Purchaser" or variations thereof shall be limited to the actual knowledge of the executive officers and directors of Purchaser set forth on Schedule 11.15(b).

11.16 Public Announcements. Seller and Purchaser each agree that they and their Affiliates will not issue any press release or otherwise make any

public statement or respond to any media inquiry with respect to this Agreement or the transactions contemplated hereby without the prior approval of the other party, which shall not be unreasonably withheld, except as may be required by Law or by any stock exchanges having jurisdiction over Seller, Purchaser or their Affiliates.

11.17 Defined Terms. Certain capitalized terms used herein shall have the meanings ascribed to such terms in Appendix I.

11.18 Currency. All references to "dollars" or "\$" in this Agreement shall mean United States Dollars.

11.19 References. Seller and Purchaser each agree that all references in this Agreement to the stock, certificate of incorporation, bylaws or other property or attribute related to the corporate form of each of the Terminals Companies or the Calnev Companies (as applicable) shall be deemed to refer to the analogous limited liability company property or attribute upon the conversion of the Terminals Companies or the Calnev Companies (as applicable) into limited liability companies pursuant to the terms of this Agreement.

11.20 Employer Identification Numbers. The parties agree that from the Terminals Closing, the Calnev Closing or the New Calnev Closing (as applicable) until December 31, 2001, Rail and its Affiliates shall be permitted to continue to use the federal employer identification numbers for each of the Terminals Companies and the Calnev Companies that has such a number (collectively, the "EINs"). In consideration for the foregoing, Rail shall (or shall cause an Affiliate to) reimburse Purchaser for the difference between the federal unemployment tax paid

by Purchaser and its Affiliates with respect to the EINs for the 2001 tax year and the federal unemployment tax that Purchaser and its Affiliates would have paid with respect to the EINs for the 2001 tax year if Rail and/or its Affiliates had not used the EINs subsequent to the Terminals Closing, the Calnev Closing or the New Calnev Closing (as applicable) (it being understood that the obligation of reimbursement pursuant to this sentence is in no way subject to or limited by the provisions of Section 9B.7).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on February 28, 2001.

GATX RAIL CORPORATION

By: /s/ BRIAN A. KENNEY  
-----  
Name: Brian A. Kenney  
Title: Vice President

GATX TERMINALS HOLDING CORPORATION

By: /s/ RONALD J. CIANCIO  
-----  
Name: Ronald J. Ciancio  
Title: Vice President

KINDER MORGAN ENERGY PARTNERS, L.P.

By Kinder Morgan G.P., Inc., its general partner

By: /s/ JOSEPH LISTENGART

-----  
Name: Joseph Listengart  
Title: Vice President and  
General Counsel

105

APPENDIX I

DEFINITIONS

The following terms shall have the following meanings:

"Affiliate" means any Person controlling, controlled by or under common control with another "Person"; for purposes of this definition (and for such purposes only), "control" shall mean the ownership, directly or indirectly, of 50% or more of the outstanding common stock of a Person.

"Agreement" means this First Amended Stock Purchase Agreement, including all Appendices, Schedules and Exhibits hereto, as it may be amended from time to time in accordance with its terms.

"Asset Division" has the meaning set forth in Section 8A.5.

"Audited September 30th Balance Sheet" means the audited combined balance sheet of the Terminals Companies and the Calnev Companies as of September 30, 2000.

"Benefit Plans" means an employee benefit plan, program, policy, arrangement or agreement, including, but not limited to, employee welfare benefit plans and employee pension benefit plans as defined in Sections 3(1) and 3(2), respectively, of ERISA.

"Bonus Plans" means the (a) GATX Continuity Incentive Plan; (b) GATX Safety Incentive Plan; (c) GATX Sales Retention Bonus Plan; (d) GATX Key Manager Retention Plan; (e) GATX Hot Skills Marketing Supplement Program; and (f) GATX Performance Bonus Program (the Management Incentive Program).

"Calnev" means Calnev Pipe Line Company, a Delaware corporation.

"Calnev Acquisition Proposal" means any proposal for a merger or other business combination to which the Calnev Companies are a party or the direct or indirect acquisition of any equity interest in, or a substantial portion of the assets of, the Calnev Companies other than the transactions contemplated by this Agreement.

"Calnev Adjustments" means, with respect to any financial statements related to the Calnev Companies delivered by Seller to Purchaser hereunder, the following: (a) exclusion of all intercompany balances with Seller and its Affiliates, (b) exclusion of all cash balances and (c) exclusion of accruals for pension liabilities, Other Post-Employment Benefits (other than with respect to the Calnev Continuing Union Employees), workers' compensation and long-term disability.

"Calnev Aggregate Non-Current Balance Sheet Liability" means the aggregate of all liabilities shown on the Calnev Closing Balance Sheet or the Calnev September 30th Balance Sheet (as applicable) of the Calnev Companies other than current liabilities; provided, however, that a new liability set forth on the Calnev Closing Balance Sheet that was not set forth on the Calnev September 30th Balance Sheet shall not be included in the determination of Calnev

106

Aggregate Non-Current Balance Sheet Liability as shown on a Calnev Closing Balance Sheet to the extent that such liability was incurred to fund the

acquisition of a non-current asset which is reflected on the Calnev Closing Balance Sheet in an amount at least equal to the related indebtedness.

"Calnev Arbitrating Accounting Firm" shall have the meaning set forth in Section 1A.3 (d).

"Calnev Asset Allocation" shall have the meaning set forth in Section 1A.4.

"Calnev Bargaining Agreements" shall have the meaning set forth in Section 5A.3(f).

"Calnev Closing" shall have the meaning set forth in Section 1A.2.

"Calnev Closing Balance Sheet" means the unaudited, pro forma consolidated balance sheet of the Calnev Companies as of the Calnev Closing Date, prepared on a basis consistent with the Calnev September 30th Balance Sheet (including, without limitation, taking into account the Calnev Adjustments), which Calnev Closing Balance Sheet shall not reflect any events subsequent to the Calnev Closing or related to the sale of the Calnev Companies as contemplated herein.

"Calnev Closing Date" shall have the meaning set forth in Section 8A.1.

"Calnev Companies" shall have the meaning set forth in Section 2A.2(a).

"Calnev Company Competing Transaction" shall have the meaning set forth in Section 4A.6.

"Calnev Continuing Employees" shall have the meaning set forth in Section 5A.3(a).

"Calnev Debt Adjustment" means the difference between the Calnev Aggregate Non-Current Balance Sheet Liability as shown on a Calnev September 30th Balance Sheet and the Calnev Aggregate Non-Current Balance Sheet Liability as shown on a Calnev Closing Balance Sheet.

"Calnev Dispute Notice" shall have the meaning set forth in Section 1A.3 (d).

"Calnev Employees" shall have the meaning set forth in Section 5A.3.

"Calnev Continuing Union Employees" shall have the meaning set forth in Section 5A.3(f).

"Calnev Environmental Permits" shall have the meaning set forth in Section 2A.19.

"Calnev Environmental Warranty" means a representation or warranty in Section 2A.18.

"Calnev Initial Payment" shall have the meaning set forth in Section 1A.3(d).

"Calnev Intellectual Property" means domestic and foreign: (a) registered and unregistered trade names, trademarks and service marks; (b) patent registrations and patent applications; and (c) copyright registrations and copyright applications that, in each case, are material to the operation of the business of the Calnev Companies.

"Calnev Insurance Policies" means the policies or binders of fire, liability and any other insurance listed on Schedule 2.16 held by or on behalf of the Calnev Companies and covering its assets and operations which are material to the operation of the business of the Calnev Companies. Schedule 2.16 accurately identifies the types, policy limits and coverage amounts of such insurance coverage, including whether such policies of liability insurance are "claims made" or "occurrence based."

"Calnev Leased Real Property" means any real property that (a) is the

subject of a lease to which any Calnev Company is a party as lessee, (b) is material to the conduct of the business of any of the Calnev Companies as it is currently being conducted and (c) requires aggregate annual rent payments from the Calnev Companies of \$100,000 or more but shall not include any lease of any pipeline interest.

"Calnev Loss" or "Calnev Losses" means any and all damages, losses, actions, proceedings, causes of action, obligations, liabilities, claims, encumbrances, penalties, demands, assessments, judgments, costs and expenses including, without limitation, court costs and reasonable attorneys' and consultants' fees and costs of litigation but in any event shall exclude (a) any interest with respect thereto or (b) consequential, punitive, special or incidental damages or lost profits claimed, incurred or suffered by any Calnev Purchaser Indemnified Party; provided, that the exclusion set forth in this clause (b) shall not apply with respect to consequential, punitive, special or indirect damages or lost profits otherwise subject to indemnity under Article 9A of this Agreement and required to be paid by any Calnev Purchaser Indemnified Party to any Person who is not an Affiliate (other than natural persons, including current and former employees) of any Calnev Purchaser Indemnified Party.

"Calnev Maintenance Capital Expenditure" means the amount of a capital expenditure necessary to replace or maintain assets due to obsolescence or wear and tear; maintain or enhance the health of persons affected by the operation of the business of the Calnev Companies; required due to government regulation or regulatory order; or required for the protection of the environment.

"Calnev Material Adverse Effect" means a material adverse effect on the assets, operations or financial condition of the Calnev Companies taken as a whole; provided, that, for purposes of this Agreement, a Calnev Material Adverse Effect shall not include (a) changes to the industry or markets in which the Calnev Companies operate that are not unique to the Calnev Companies and (b) any change resulting from the announcement or disclosure of the transactions contemplated herein.

"Calnev Material Contracts" shall have the meaning set forth in Section 2A.14(a).

"Calnev Permitted Liens" means (a) Liens reflected on the Calnev September 30th Balance Sheet; (b) Liens arising by operation of Law for taxes not yet due and payable; (c) the

rights of customers, suppliers and subcontractors in the ordinary course of business under general principles of commercial law; (d) Liens that would not reasonably be expected to have a Calnev Material Adverse Effect; and (e) Liens noted on Schedule 2.5.

"Calnev Plans" shall have the meaning set forth in Section 2A.13.

"Calnev Pre-Closing Date Period" shall have the meaning set forth in Section 10A.1(a).

"Calnev Purchase Price" shall have the meaning set forth in Section 1A.2.

"Calnev Purchaser Indemnified Parties" shall have the meaning set forth in Section 9A.2.

"Calnev Real Property" means any real property that (a) is owned in whole or in part by any Calnev Company, (b) is material to the conduct of the business of such Calnev Company as it is currently being conducted and (c) has a market value of \$1,000,000 or more.

"Calnev Sale" means the purchase and sale of the GPL Stock contemplated by this Agreement and the transactions related thereto.

"Calnev Seller Indemnified Parties" shall have the meaning set forth in Section 9A.3.

"Calnev September 30th Balance Sheet" means the consolidated balance sheet of the Calnev Companies as of September 30, 2000 that (i) reflects the Calnev Adjustments and (ii) was derived from the Audited September 30th Balance Sheet.

"Calnev Subsidiary Plan" shall have the meaning set forth in Section 2A.13.

"Calnev Tax Items" shall have the meaning set forth in Section 10A.2(a).

"Calnev Tax Losses" shall have the meaning set forth in Section 10A.1(a).

"Calnev Tax Warranty" means a representation or warranty in Section 2A.11.

"Calnev Title and Authorization Warranty" means a representation or warranty in Section 2A.1, 2A.2 or 3.1.

"Calnev Working Capital" means current assets of the Calnev Companies minus current liabilities of the Calnev Companies, excluding (i) cash, (ii) intercompany obligations between and among the Calnev Companies and Seller or its Affiliates and (iii) the cash and other proceeds received by the Calnev Companies in connection with the divestiture of any asset between the date hereof and the Calnev Closing pursuant to Section 4.3A(e) hereof.

"Calnev Working Capital Adjustment" means the difference between Calnev Working Capital as shown on the Calnev September 30th Balance Sheet and Calnev Working Capital as shown on a Calnev Closing Balance Sheet.

"CalPUC" means the California Public Utility Commission.

4

109

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601 et seq., as amended.

"Code" means the Internal Revenue Code of 1986, as amended.

"Combined Financial Statements" means the GATX Terminals Corporation Combined Financial Statements for the Year-Ended December 31, 2000 (including the Calnev Companies) attached hereto as Schedule 2.9(a), with the Report of Independent Auditors.

"Confidentiality Agreement" means that certain Letter Agreement dated July 21, 2000 between Terminals and Purchaser as amended from time to time.

"Contracts" means all contracts (written or oral), plans, undertakings, commitments or agreements (including, without limitation, intercompany contracts).

"DOJ" shall have the meaning set forth in Section 4.4.

"EINs" shall have the meaning set forth in Section 11.20.

"Environmental Laws" means all federal, state and local civil and criminal laws, regulations, rules, ordinances, codes, decrees, judgments, injunctions, directives or judicial or administrative orders relating to the pollution, preservation or protection of the environment, natural resources or human health and safety, including, without limitation, laws relating to Releases or threatened Releases of Hazardous Substances (including, without limitation, Releases to ambient air, surface water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, transport, disposal or handling of Hazardous Substances.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any Person which, together with another Person, constitutes a single employer within the meaning of Section 414 of the Code or a "controlled group" within the meaning of Section 4001(a)(14) of ERISA."

"Excluded Companies" means GATX Terminals Antwerpen, N.V.; GATX Dutch Holding Corporation B.V.; GATX Terminals Asia Private Limited; GATX Terminals B.V.; GATX Terminals Limited; GATX Terminals Overseas Holding Corporation; Paktank Midland Storage Ltd.; Unitank Storage Co. Ltd.; GATX Terminals (Pulau Busing) Limited; GATX Spanish Holding Corporation, S.L.; Corporacion Industrial Portuaria S.A. de C.V.; GATX Siam Limited; GATX Terminals (Jurong) Pte. Ltd.; Kertih Terminals SDN BHD; Manchester Jetline Limited; Nippon Chemical Handling Co.; Nippon GATX Company Limited; Shandong Lanshan GATX Terminals Co., Ltd.; Terminales Portuaria, S.A. (TEPSA); Wymondham Oil Storage Co. Limited; GATX Thai Terminals; GATX Terminals de Argentina S.A.; GATX Servicios S.A.; GATX Terminals Latin America Holding Corp.; GATX Terminals de Mexico S.A. de C.V.; Corporacion Industrial Portuaria S.A. de C.V.; TPE, GPS, GATX SI, Inc., GPL, Calnev and GATX Las Vegas Corporation.

"FTC" shall have the meaning set forth in Section 4.4.

5

110

"GAAP" means United States generally accepted accounting principles in use from time to time.

"GATX Non-Qualified Plan" shall have the meaning set forth in Section 5.3(e).

"GATX Qualified Plans" shall have the meaning set forth in Section 5.3(b).

"Governmental Authority" means any United States federal, state, provincial or municipal entity, any foreign government and any political subdivision or other executive, legislative, administrative, judicial, quasi-judicial or other governmental department, commission, court, board, bureau, agency or instrumentality, domestic or foreign.

"GPL" shall have the meaning specified in the recitals.

"GPL Stock" shall have the meaning set forth in Section 1A.1.

"GPS" means, collectively, GATX Product Services, LP, a Delaware limited partnership, and GATX Management Services, LLC, a Delaware limited liability company.

"Hazardous Substances" means any pollutant, contaminant, petroleum or petroleum product, dangerous or toxic substance, hazardous or extremely hazardous substance or chemical, or otherwise hazardous material regulated under Environmental Laws.

"Holdings" shall have the meaning specified in the preamble hereof.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnified Person" means the Person or Persons entitled to, or claiming a right to, indemnification under Article 9 or Article 9A.

"Indemnifying Person" means the Person or Persons claimed by the Indemnified Person to be obligated to provide indemnification under Article 9 or Article 9A.

"Insurance Premium" shall have the meaning set forth in Section 4.13.

"Insurer" shall have the meaning set forth in Section 4.13.

"IRS" means the Internal Revenue Service.

"Judicial Action" shall have the meaning set forth in Section 11.10.

"Law" means any law, statute, regulation, ordinance, rule, order,

decree, judgment, consent decree, settlement agreement or governmental requirement enacted, promulgated, entered into, agreed to or imposed by any court or other governmental authority or body.

"License Term" shall have the meaning set forth in Section 5.12.

6

111

"Lien" means any lien, security interest, charge, claim, mortgage, deed of trust, option, lease or other encumbrance.

"Limited Partnership Agreement" means the Second Amended and Restated Agreement of Limited Partnership of Purchaser dated as of January 14, 1998, and effective as of February 14, 1997.

"Loss" or "Losses" means, collectively, Terminals Loss, Terminals Losses, Calnev Loss and Calnev Losses.

"MWRD" shall have the meaning set forth in Section 4.15.

"New Calnev" shall have the meaning set forth in Section 8A.5(a).

"New Calnev Closing" means the effective time of each of the Asset Division, the Operating Agreement and the New Calnev Sale, all of which shall be deemed to occur simultaneously.

"New Calnev Sale" shall have the meaning set forth in Section 8A.5(d).

"New Calnev Purchase Price" shall have the meaning set forth in Section 8A.5(d).

"Nippon" shall have the meaning set forth in Section 5.11.

"Operating Agreement" shall have the meaning set forth in Section 8A.5(c).

"Operator" shall have the meaning set forth in Section 8A.5(c)(i).

"Parent Group" shall have the meaning set forth in Section 10.2(a).

"Person" means any individual, corporation, partnership, association, limited liability company, trust, governmental or quasi-governmental authority or body or other entity or organization.

"Prime Interest Rate" shall have the meaning set forth in Section 1.3(b).

"Purchase Price" means the aggregate of (a) the Terminals Purchase Price and (b) in the event that either the Calnev Closing or the New Calnev Closing occurs, the Calnev Purchase Price or the New Calnev Purchase Price (as applicable).

"Purchaser" shall have the meaning specified in the preamble hereof.

"Purchaser Employer" shall have the meaning set forth in Section 5.3(a).

"Purchaser Hourly Pension Plan" shall have the meaning set forth in Section 5.3(f).

"Purchase Indemnified Parties" means, collectively, the Terminals Purchaser Indemnified Parties or the Calnev Purchaser Indemnified Parties.

7

112

"Purchaser Plans" shall have the meaning set forth in Section 5.3(g).

"Purchaser Savings Plan" shall have the meaning set forth in Section 5.3(c).

"Purchaser Welfare Benefits Plan" shall have the meaning set forth in Section 5.3(d).

"Rail" shall have the meaning specified in the preamble hereof.

"Regulations" means the Treasury Regulations promulgated under the Code.

"Related Agreement" means any contract that is or is to be entered into at the Terminals Closing or Calnev Closing or otherwise pursuant to this Agreement including, without limitation, the Confidentiality Agreement and the Services Agreement. The Related Agreements executed by a specified Person shall be referred to as "such Person's Related Agreements," "its Related Agreements" or another similar expression.

"Release" means any discharge, emission, spilling, leaking, pumping, pouring, injecting, dumping, leaching, migrating or disposing into or through the environment of any Hazardous Substance including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance.

"Retained Assets and Liabilities" shall have the meaning set forth in Section 8A.5(b).

"Schedule 9.2(a) Matters" shall have the meaning set forth in Section 9.2(a).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Seller" shall have the meaning specified in the preamble hereof.

"Seller Hourly Pension Plan" shall have the meaning set forth in Section 5.3(f).

"Seller Indemnified Parties" means, collectively, the Terminals Seller Indemnified Parties as the Calnev Seller Indemnified Parties.

"Seller Pension Plan" shall have the meaning set forth in Section 5.3(b).

"Seller Savings Plan" shall have the meaning set forth in Section 5.3(b).

"Seller's Calnev Tax" shall have the meaning set forth in Section 10A.2(c).

"Seller's Terminals Tax" shall have the meaning set forth in Section 10.2(c).

"Seller Welfare Benefit Plans" shall have the meaning set forth in Section 5.3(d).

"Stock" means, collectively, the Terminals Stock and the GPL Stock.

"Tax" or "Taxes" mean all taxes, charges, fees, duties, levies or other assessments, including (without limitation) income, gross receipts, capital stock, net proceeds, ad valorem,

turnover, real, personal and other property (tangible and intangible), sales, use, franchise, excise, value added, stamp, leasing, lease, user, transfer, fuel, excess profits, occupational, interest equalization, windfall profits, unitary, severance and employees' income withholding, unemployment and Social Security taxes, duties, assessments and charges (including the recapture of any tax items such as investment tax credits), which are imposed by the United

States, or any Governmental Authority, including, without limitation, any interest, penalties or additions to tax related thereto imposed by any Governmental Authority (including any interest or penalties with respect to such Taxes).

"Tax Period" or "Taxable Period" means any period prescribed by any Governmental Authority for which a Tax Return is required to be filed or a Tax is required to be paid.

"Tax Return" means all returns and reports of or with respect to Taxes required to be filed with any Governmental Authority or depository.

"Tax Statute of Limitations Date" means the close of business on the 45th day after the expiration of the applicable statute of limitations with respect to Taxes, including any extensions thereof (or if such date is not a Business Day, the next Business Day).

"Terminals" shall have the meaning set forth in the preamble hereof.

"Terminals Acquisition Proposal" means any proposal for a merger or other business combination to which the Terminals Companies are a party or the direct or indirect acquisition of any equity interest in, or a substantial portion of the assets of, the Terminals Companies other than the transactions contemplated by this Agreement.

"Terminals Adjustments" means, with respect to any financial statements related to the Terminals Companies delivered by Seller to Purchaser hereunder, the following: (a) exclusion of the assets, liabilities and results of operations of the Excluded Companies, (b) exclusion of all intercompany balances with Seller and its Affiliates, (c) exclusion of all cash balances and (d) exclusion of accruals for pension liabilities, Other Post-Employment Benefits (other than with respect to the Terminals Continuing Union Employees), workers compensation and long-term disability.

"Terminals Aggregate Non-Current Balance Sheet Liability" means the aggregate of all liabilities shown on the Terminals Closing Balance Sheet or the Terminals September 30th Balance Sheet (as applicable) other than current liabilities; provided, however, that a new liability set forth on the Terminals Closing Balance Sheet that was not set forth on the Terminals September 30th Balance Sheet shall not be included in the determination of Terminals Aggregate Non-Current Balance Sheet Liability as shown on the Terminals Closing Balance Sheet to the extent that such liability was incurred to fund the acquisition of a non-current asset which is reflected on the Terminals Closing Balance Sheet in an amount at least equal to the related indebtedness.

"Terminals Arbitrating Accounting Firm" shall have the meaning set forth in Section 1.3(c).

"Terminals Asset Allocation" shall have the meaning set forth in Section 1.4.

"Terminals Bargaining Agreements" shall have the meaning set forth in Section 5.3(f).

"Terminals Closing" shall have the meaning set forth in Section 1.2.

"Terminals Closing Balance Sheet" means the unaudited, pro forma consolidated balance sheet of the Terminals Companies as December 31, 2000, prepared on a basis consistent with the respective Terminals September 30th Balance Sheet (including, without limitation, taking into account the Terminals Adjustments), which Terminals Closing Balance Sheet shall not reflect any events subsequent to December 31, 2000 or related to the sale of Terminals as contemplated herein.

"Terminals Closing Date" means March 1, 2001.

"Terminals Companies" shall have the meaning set forth in Section 2.2.

"Terminals Companies Plans" shall have the meaning set forth in Section

2.13(a).

"Terminals Companies December 31, 2000 Financial Statements" means the unaudited consolidated financial statements of the Terminals Companies as of December 31, 2000, which Terminals Companies December 31, 2000 Financial Statements reflect the Terminals Adjustments.

"Terminals Company Competing Transaction" shall have the meaning set forth in Section 4.9.

"Terminals Continuing Employee" shall have the meaning set forth in Section 5.3(a).

"Terminals Continuing Union Employees" shall have the meaning set forth in Section 5.3(f).

"Terminals Designated Approvals" shall have the meaning set forth in Section 4.14.

"Terminals Dispute Notice" shall have the meaning set forth in Section 1.3(c).

"Terminals Employees" shall have the meaning set forth in Section 5.3.

"Terminals Environmental Permits" shall have the meaning set forth in Section 2.19.

"Terminals Environmental Warranty" means a representation or warranty in Section 2.18.

"Terminals Facilities" shall have the meaning set forth in Section 4.13.

"Terminals Intellectual Property" means domestic and foreign: (a) registered and unregistered trade names, trademarks and service marks; (b) patent registrations and patent applications; and (c) copyright registrations and copyright applications that, in each case, are material to the operation of the business of the Terminals Companies.

"Terminals Initial Payment" shall have the meaning set forth in Section 1.3(c).

"Terminals Insurance Policies" means the policies or binders of fire, liability and any other insurance listed on Schedule 2.16 held by or on behalf of the Terminals Companies and covering their respective assets and operations which in each case are material to the operation of the business of Terminals. Schedule 2.16 accurately identifies the types, policy limits and coverage amounts of such insurance coverage, including whether such policies of liability insurance are "claims made" or "occurrence based."

"Terminals Leased Real Property" means any real property that (a) is the subject of a lease to which any Terminals Company is a party as lessee, (b) is material to the conduct of the business of such Terminals Company as it is currently being conducted and (c) requires aggregate annual rent payments from such Terminals Company of \$100,000 or more but shall not include any lease of any pipeline interest.

"Terminals Loss" or "Terminals Losses" means any and all damages, losses, actions, proceedings, causes of action, obligations, liabilities, claims, encumbrances, penalties, demands, assessments, judgments, costs and expenses including, without limitation, court costs and reasonable attorneys' and consultants' fees and costs of litigation but in any event shall exclude (a) any interest with respect thereto or (b) consequential, punitive, special or incidental damages or lost profits claimed, incurred or suffered by any Terminals Purchaser Indemnified Party; provided, that the exclusion set forth in this clause (b) shall not apply with respect to consequential, punitive, special or indirect damages or lost profits otherwise subject to indemnity under Article 9 of this Agreement and required to be paid by any Terminals Purchaser Indemnified Party to any Person who is not an Affiliate (other than natural

persons, including current and former employees) of any Terminals Purchaser Indemnified Party.

"Terminals Maintenance Capital Expenditure" means the amount of a capital expenditure necessary to replace or maintain assets due to obsolescence or wear and tear; maintain or enhance the health of persons affected by the operation of the business of the Terminals Companies; required due to government regulation or regulatory order; or required for the protection of the environment.

"Terminals Material Adverse Effect" means a material adverse effect on the assets, operations or financial condition of the Terminals Companies taken as a whole; provided, that, for purposes of this Agreement, a Terminals Material Adverse Effect shall not include (a) changes to the industry or markets in which the Terminals Companies operate that are not unique to the Terminals Companies and (b) any change resulting from the announcement or disclosure of the transactions contemplated herein.

"Terminals Material Contracts" shall have the meaning set forth in Section 2.14(a).

"Terminals Permitted Liens" means (a) Liens reflected in the Terminals Companies December 31, 2000 Financial Statements; (b) Liens arising by operation of Law for taxes not yet due and payable; (c) the rights of customers, suppliers and subcontractors in the ordinary course of business under general principles of commercial law; (d) Liens that would not reasonably be expected to have a Terminals Material Adverse Effect; and (e) Liens noted on Schedule 2.5.

"Terminals Pre-Closing Date Period" shall have the meaning set forth in Section 10.1.

11

116

"Terminals Purchase Price" shall have the meaning set forth in Section 1.2.

"Terminals Purchaser Indemnified Parties" shall have the meaning set forth in Section 9.2.

"Terminals Real Property" means any real property that (a) is owned in whole or in part by any Terminals Company, (b) is material to the conduct of the business of such Terminals Company as it is currently being conducted and (c) has a market value of \$1,000,000 or more.

"Terminals Sale" means the purchase and sale of the Terminals Stock contemplated by this Agreement and the transactions related thereto.

"Terminals Seller Indemnified Parties" shall have the meaning set forth in Section 9.3.

"Terminals September 30th Balance Sheet" means the consolidated balance sheet of the Terminals Companies as of September 30, 2000 attached hereto as Exhibit D, that (i) reflects the Terminals Adjustments and (ii) was derived from the Audited September 30th Balance Sheet.

"Terminals Stock" shall have the meaning set forth in Section 1.1.

"Terminals Subsidiary Plan" shall have the meaning set forth in Section 2.13(a).

"Terminals Tax Items" shall have the meaning set forth in Section 10.2(a).

"Terminals Tax Losses" shall have the meaning set forth in Section 10.1(a).

"Terminals Tax Warranty" means a representation or warranty in Section 2.11.

"Terminals Title and Authorization Warranty" means a representation or warranty in Section 2.1, 2.2, or 3.1.

"Terminals Working Capital" means current assets of the Terminals Companies minus current liabilities of the Terminals Companies, excluding (i) cash, (ii) intercompany obligations between and among the Terminals Companies and Seller or its Affiliates and (iii) the cash and other proceeds received by a Terminals Company in connection with the divestiture of any asset between the date hereof and the Terminals Closing pursuant to Section 4.3(e) hereof.

"Terminals Working Capital Adjustment" means the difference between Terminals Working Capital as shown on the Terminals September 30th Balance Sheet and Terminals Working Capital as shown on the Terminals Closing Balance Sheet.

"TPE" shall have the meaning set forth in Section 5.9.

"Transaction Taxes" means all sales, use, transfer, filing, recordation, registration and similar taxes and fees arising from or associated with the transactions contemplated hereunder, but shall not include any taxes based on income.

"Transferable Assets and Liabilities" shall have the meaning set forth in Section 8A.5(a).

12

117

"Treasury Regulations" means the regulations promulgated from time to time under the Code.

"WARN" shall have the meaning set forth in Section 5.3(a).

13

GATX CORPORATION  
PHANTOM RESTRICTED STOCK AGREEMENT

This Agreement was made and entered into effective June 8, 2000 by and between GATX Corporation and

EMPLOYEE

an employee of GATX or one of its subsidiary companies (the "Employee").

W I T N E S S E T H

The purpose of this Agreement is to attract and retain key personnel possessing outstanding ability, to motivate such individuals to achieve long-range growth goals of GATX Corporation and its subsidiary companies (hereinafter collectively "GATX") by making a portion of their compensation dependent on the accomplishment of these goals, and to align the interests of the shareholders of GATX and its employees by increasing the opportunities for these employees to become shareholders.

The Board of Directors of GATX Corporation has granted to you, # Phantom Restricted Stock Rights (the "Rights") effective June 8, 2000 (the "Grant Date"). The Rights will be automatically exchanged for an equal number of shares of Phantom Restricted Common Stock at the end of six (6) months from the date hereof and held in a book entry account.

GATX and Employee hereby agree that the Grant of Right shall be subject to the following terms, conditions and restrictions:

1) Restrictions and Vesting Period. The grant is contingent upon your continuing employment with GATX for a period of eighteen (18) months from the Grant Date (the "Vesting Period"). During the Vesting Period, neither the Phantom Restricted Stock Rights, nor the shares of Phantom Restricted Common Stock may not be pledged, assigned, sold, transferred or otherwise encumbered. Assuming you have satisfied the requirements stated in the first two sentences of this section, upon the expiration of the Vesting Period, shares of common stock of GATX Corporation ("Common Stock") equal in number to the number of Phantom Restricted Stock Rights granted hereunder will be distributed to you, free of all restrictions in exchange for your shares of Phantom Restricted Common Stock.

2) Rights Prior to Vesting. During the Vesting Period, you will not have any rights as a shareholder of GATX Corporation. During the Vesting

Period, and on each common stock dividend date, you will accrue dividend equivalents which shall be credited to your account equal in amount to the dividends paid on the shares of common stock of GATX Corporation. All dividend equivalents will be distributed to you in cash at the end of the Vesting Period.

3) Termination of Rights/Restricted Common Stock. Other than termination for reasons stated in the immediately following sentence, if your employment with GATX and its subsidiaries is terminated for any reason, you will forfeit all Rights, any undistributed Phantom Restricted Common Stock, and any undistributed dividend equivalents credited but not paid to you. If your employment is terminated by reason of death, disability as determined by the Compensation Committee, or retirement under a GATX pension plan, you, or in the event of your death, the person entitled thereto by will or the laws of descent and distribution, will be entitled to receive, free of restrictions, a distribution of Common Stock and any undistributed dividends accrued or undistributed dividend equivalents credited but not paid to you in accord with Section 1 above.

4) Reclassification, Consolidation or Merger. In the event of a change in

the capitalization of GATX due to a stock split, stock dividend, recapitalization, merger, consolidation, combination or similar event, the appropriate adjustment shall be made with respect to the number and kind of shares granted, in the sole discretion of the Board of Directors of GATX, such adjustment in price and other adjustments as it deems equitable may be made.

5) Special Acceleration. Upon the occurrence of an event causing a Special Acceleration of awards as specified in paragraph VIII-1 of the GATX Corporation 1995 Long Term Incentive Stock Plan, all Phantom Restricted Stock Rights on shares of Phantom Restricted Common Stock shall immediately be exchanged for a number of shares of Common Stock equal to the number of Restricted Stock Rights on shares of Phantom Restricted Common Stock so exchanged, and all such shares of Common Stock, and dividend equivalents then held by GATX for you shall then be immediately distributed to you, free of all restrictions in exchange for your Phantom Stock Rights or Phantom Restricted Common Stock as the case may be.

6) Income Tax Obligations. In accordance with current IRS regulations, the grant of Phantom Restricted Stock Rights and subsequent exchange thereof for Phantom Restricted Common Stock will not result in taxable income to you until the lapsing of all restrictions. At that time, GATX will have the right to withhold from any transfer or payment, all federal, state and FICA taxes. You agree to pay GATX in cash or shares, any amount required to be withheld for any applicable employment or withholding taxes. You also agree that GATX may condition delivery of vested and

3

non-restricted Common Stock certificates upon receipt of your payment. Alternatively, you may elect to recognize taxable income under the Internal Revenue Code Section 83(b) upon receipt of the Phantom Restricted Common Stock. The amount of taxable income to be recognized is the fair market value of the Phantom Restricted Common Stock on the date of receipt. You are encouraged to consult with your tax advisor regarding the federal and state income tax implications of the grant of Phantom Rights and Phantom Restricted Common Stock.

7) Binding Effect. This agreement shall be binding on the Company and its successors and on the Employee, the Employee's heirs, executors and personal representatives. Nothing in this agreement confers any right to continued employment with GATX or its subsidiaries, nor does it restrict GATX or its subsidiaries from termination of the employment relationship of Employee at any time.

If all terms and conditions of this Agreement are complied with in full, all restrictions on the Phantom Restricted Common Stock shall lapse and the shares will be released to you.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day, month and year first above written.

GATX CORPORATION

EMPLOYEE

By: /s/ Ronald H. Zech

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Chairman, President and CEO

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Name

4

GATX CORPORATION  
PHANTOM RESTRICTED STOCK AGREEMENT

This Agreement was made and entered into effective January 25, 2001 by and between GATX Corporation and

EMPLOYEE

an employee of GATX or one of its subsidiary companies (the "Employee").

W I T N E S S E T H

The purpose of this Agreement is to attract and retain key personnel possessing outstanding ability, to motivate such individuals to achieve long-range growth goals of GATX Corporation and its subsidiary companies (hereinafter collectively "GATX") by making a portion of their compensation dependent on the accomplishment of these goals, and to align the interests of the shareholders of GATX and its employees by increasing the opportunities for these employees to become shareholders.

The Board of Directors of GATX Corporation has granted to you, # Phantom Restricted Stock Rights (the "Rights") effective January 25, 2001 (the "Grant Date"). The Rights will be automatically exchanged for an equal number of shares of Phantom Restricted Common Stock at the end of six (6) months from the date hereof and held in a book entry account.

GATX and Employee hereby agree that the Grant of Right shall be subject to the following terms, conditions and restrictions:

1) Restrictions and Vesting Period. The grant is contingent upon your continuing employment with GATX through December 31, 2002. During the Vesting Period, neither the Phantom Restricted Stock Rights, nor the shares of Phantom Restricted Common Stock may not be pledged, assigned, sold, transferred or otherwise encumbered. Assuming you have satisfied the requirements stated in the first two sentences of this section, upon the expiration of the Vesting Period, shares of common stock of GATX Corporation ("Common Stock") equal in number to the number of Phantom Restricted Stock Rights granted hereunder will be distributed to you, free of all restrictions in exchange for your shares of Phantom Restricted Common Stock.

2) Rights Prior to Vesting. During the Vesting Period, you will not have any rights as a shareholder of GATX Corporation. During the Vesting Period, and on each common stock dividend date, you will accrue

5

dividend equivalents which shall be credited to your account equal in amount to the dividends paid on the shares of common stock of GATX Corporation. All dividend equivalents will be distributed to you in cash at the end of the Vesting Period.

3) Termination of Rights/Restricted Common Stock. Other than termination for reasons stated in the immediately following sentence, if your employment with GATX and its subsidiaries is terminated for any reason, you will forfeit all Rights, any undistributed Phantom Restricted Common Stock, and any undistributed dividend equivalents credited but not paid to you. If your employment is terminated by reason of death, disability as determined by the Compensation Committee, or retirement under a GATX pension plan, you, or in the event of your death, the person entitled thereto by will or the laws of descent and distribution, will be entitled to receive, free of restrictions, a distribution of Common Stock and any undistributed dividends accrued or undistributed dividend equivalents credited but not paid to you in accord with Section 1 above.

4) Reclassification, Consolidation or Merger. In the event of a change in the capitalization of GATX due to a stock split, stock dividend, recapitalization, merger, consolidation, combination or similar event, the appropriate adjustment shall be made with respect to the number and kind of

shares granted, in the sole discretion of the Board of Directors of GATX, such adjustment in price and other adjustments as it deems equitable may be made.

5) Special Acceleration. Upon the occurrence of an event causing a Special Acceleration of awards as specified in paragraph VIII-1 of the GATX Corporation 1995 Long Term Incentive Stock Plan, all Phantom Restricted Stock Rights on shares of Phantom Restricted Common Stock shall immediately be exchanged for a number of shares of Common Stock equal to the number of Restricted Stock Rights on shares of Phantom Restricted Common Stock so exchanged, and all such shares of Common Stock, and dividend equivalents then held by GATX for you shall then be immediately distributed to you, free of all restrictions in exchange for your Phantom Stock Rights or Phantom Restricted Common Stock as the case may be.

6) Income Tax Obligations. In accordance with current IRS regulations, the grant of Phantom Restricted Stock Rights and subsequent exchange thereof for Phantom Restricted Common Stock will not result in taxable income to you until the lapsing of all restrictions. At that time, GATX will have the right to withhold from any transfer or payment, all federal, state and FICA taxes. You agree to pay GATX in cash or shares, any amount required to be withheld for any applicable employment or withholding taxes. You also agree that GATX may condition delivery of vested and non-restricted Common Stock certificates upon receipt of your payment.

6

Alternatively, you may elect to recognize taxable income under the Internal Revenue Code Section 83(b) upon receipt of the Phantom Restricted Common Stock. The amount of taxable income to be recognized is the fair market value of the Phantom Restricted Common Stock on the date of receipt. You are encouraged to consult with your tax advisor regarding the federal and state income tax implications of the grant of Phantom Rights and Phantom Restricted Common Stock.

7) Binding Effect. This agreement shall be binding on the Company and its successors and on the Employee, the Employee's heirs, executors and personal representatives. Nothing in this agreement confers any right to continued employment with GATX or its subsidiaries, nor does it restrict GATX or its subsidiaries from termination of the employment relationship of Employee at any time.

If all terms and conditions of this Agreement are complied with in full, all restrictions on the Phantom Restricted Common Stock shall lapse and the shares will be released to you.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day, month and year first above written.

GATX CORPORATION

EMPLOYEE

By: /s/ Ronald H. Zech

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Chairman, President and CEO

-----  
Name

7

GATX CORPORATION  
PHANTOM RESTRICTED STOCK AGREEMENT

This Agreement was made and entered into effective January 25, 2001 by and

between GATX Corporation and

EMPLOYEE

an employee of GATX or one of its subsidiary companies (the "Employee").

W I T N E S S E T H

The purpose of this Agreement is to attract and retain key personnel possessing outstanding ability, to motivate such individuals to achieve long-range growth goals of GATX Corporation and its subsidiary companies (hereinafter collectively "GATX") by making a portion of their compensation dependent on the accomplishment of these goals, and to align the interests of the shareholders of GATX and its employees by increasing the opportunities for these employees to become shareholders.

The Board of Directors of GATX Corporation has granted to you, # Phantom Restricted Stock Rights (the "Rights") effective January 25, 2001 (the "Grant Date"). The Rights will be automatically exchanged for an equal number of shares of Phantom Restricted Common Stock at the end of six (6) months from the date hereof and held in a book entry account.

GATX and Employee hereby agree that the Grant of Right shall be subject to the following terms, conditions and restrictions:

1) Restrictions and Vesting Period. The grant is contingent upon your continuing employment with GATX through the Vesting Period. Your Phantom Restricted Stock will lapse in thirds over the Vesting Period. One-third will lapse on the first anniversary of the grant date; one-third will lapse on the second anniversary of the grant date and one-third will lapse on the third anniversary of the grant date. During the Vesting Period, neither the Phantom Restricted Stock Rights, nor the shares of Phantom Restricted Common Stock may not be pledged, assigned, sold, transferred or otherwise encumbered. Assuming you have satisfied the requirements stated in the first two sentences of this section, upon the expiration of each Vesting Period, shares of common stock of GATX Corporation ("Common Stock") equal in number to the number of Phantom Restricted Stock Rights granted hereunder will be distributed to you, free of all restrictions in exchange for your shares of Phantom Restricted Common Stock.

8

2) Rights Prior to Vesting. During the Vesting Period, you will not have any rights as a shareholder of GATX Corporation. During the Vesting Period, and on each common stock dividend date, you will accrue dividend equivalents which shall be credited to your account equal in amount to the dividends paid on the shares of common stock of GATX Corporation. All dividend equivalents will be distributed to you in cash at the end of the Vesting Period.

3) Termination of Rights/Restricted Common Stock. Other than termination for reasons stated in the immediately following sentence, if your employment with GATX and its subsidiaries is terminated for any reason, you will forfeit all Rights, any undistributed Phantom Restricted Common Stock, and any undistributed dividend equivalents credited but not paid to you. If your employment is terminated by reason of death, disability as determined by the Compensation Committee, or retirement under a GATX pension plan, you, or in the event of your death, the person entitled thereto by will or the laws of descent and distribution, will be entitled to receive, free of restrictions, a distribution of Common Stock and any undistributed dividends accrued or undistributed dividend equivalents credited but not paid to you in accord with Section 1 above.

4) Reclassification, Consolidation or Merger. In the event of a change in the capitalization of GATX due to a stock split, stock dividend, recapitalization, merger, consolidation, combination or similar event, the appropriate adjustment shall be made with respect to the number and kind of shares granted, in the sole discretion of the Board of Directors of GATX, such adjustment in price and other adjustments as it deems equitable may be made.

5) Special Acceleration. Upon the occurrence of an event causing a Special Acceleration of awards as specified in paragraph VIII-1 of the GATX Corporation 1995 Long Term Incentive Stock Plan, all Phantom Restricted Stock Rights on shares of Phantom Restricted Common Stock shall immediately be exchanged for a number of shares of Common Stock equal to the number of Restricted Stock Rights on shares of Phantom Restricted Common Stock so exchanged, and all such shares of Common Stock, and dividend equivalents then held by GATX for you shall then be immediately distributed to you, free of all restrictions in exchange for your Phantom Stock Rights or Phantom Restricted Common Stock as the case may be.

6) Income Tax Obligations. In accordance with current IRS regulations, the grant of Phantom Restricted Stock Rights and subsequent exchange thereof for Phantom Restricted Common Stock will not result in taxable income to you until the lapsing of all restrictions. At that time, GATX will have the right to withhold from any transfer or payment, all federal, state

9

and FICA taxes. You agree to pay GATX in cash or shares, any amount required to be withheld for any applicable employment or withholding taxes. You also agree that GATX may condition delivery of vested and non-restricted Common Stock certificates upon receipt of your payment. Alternatively, you may elect to recognize taxable income under the Internal Revenue Code Section 83(b) upon receipt of the Phantom Restricted Common Stock. The amount of taxable income to be recognized is the fair market value of the Phantom Restricted Common Stock on the date of receipt. You are encouraged to consult with your tax advisor regarding the federal and state income tax implications of the grant of Phantom Rights and Phantom Restricted Common Stock.

7) Binding Effect. This agreement shall be binding on the Company and its successors and on the Employee, the Employee's heirs, executors and personal representatives. Nothing in this agreement confers any right to continued employment with GATX or its subsidiaries, nor does it restrict GATX or its subsidiaries from termination of the employment relationship of Employee at any time.

If all terms and conditions of this Agreement are complied with in full, all restrictions on the Phantom Restricted Common Stock shall lapse and the shares will be released to you.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day, month and year first above written.

GATX CORPORATION

EMPLOYEE

By: /s/ Ronald H. Zech  
-----  
Chairman, President and CEO

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NAME

GATX CORPORATION AND SUBSIDIARIES  
 COMPUTATION OF BASIC NET INCOME PER SHARE  
 (IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31		
	2000	1999	1998
Average number of shares of common stock outstanding	47.9	49.3	49.2
Income from continuing operations	\$ 30.8	\$ 126.3	\$ 114.2
Income from discontinued operations	35.8	25.0	17.7
Net income	66.6	151.3	131.9
Deduct - dividends paid and accrued on preferred stock	.1	.1	.1
Net income, as adjusted	\$ 66.5	\$ 151.2	\$ 131.8
Basic net income per share:			
Income from continuing operations	\$ .64	\$ 2.56	\$ 2.32
Income from discontinued operations	.75	.51	.36
Total basic net income per share	\$ 1.39	\$ 3.07	\$ 2.68

GATX CORPORATION AND SUBSIDIARIES  
 COMPUTATION OF DILUTED NET INCOME PER SHARE  
 (IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31		
	2000	1999	1998
Average number of shares used to compute basic net income per share	47.9	49.3	49.2
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	.8	.9	1.1
Common stock issuable upon assumed conversion of preferred stock	.1	.1	.1
<b>Total</b>	<b>48.8</b>	<b>50.3</b>	<b>50.4</b>
Net income, as adjusted per basic computation	\$ 66.5	\$ 151.2	\$ 131.8
Add - dividends paid on preferred stock	.1	.1	.1
<b>Net income, as adjusted</b>	<b>\$ 66.6</b>	<b>\$ 151.3</b>	<b>\$ 131.9</b>
Diluted net income per share:			
Income from continuing operations	\$ .63	\$ 2.51	\$ 2.27
Income from discontinued operations	.74	.50	.35
<b>Total diluted net income per share</b>	<b>\$ 1.37</b>	<b>\$ 3.01</b>	<b>\$ 2.62</b>

The company had approximately 3.5 million, 3.7 million and 3.4 million stock options outstanding at December 31, 2000, 1999 and 1998, respectively, which have been excluded from the computation of diluted earnings per share since they are anti-dilutive.

## GATX CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO COMBINED FIXED CHARGES  
AND PREFERRED STOCK DIVIDENDS

(IN MILLIONS EXCEPT FOR RATIOS)

	2000	1999	1998
	-----	-----	-----
Earnings available for fixed charges:			
Income from continuing operations	\$ 30.8	\$ 126.3	\$ 114.2
Add (deduct):			
Income taxes	22.7	82.8	86.0
Share of affiliates' earnings, net of distributions received	(44.1)	(42.6)	3.5
Interest on indebtedness and amortization of debt discount and expense	242.6	179.9	180.5
Portion of operating lease expense representative of interest factor (deemed to be one-third)	59.6	51.0	46.5
	-----	-----	-----
Total earnings available for fixed charges	\$ 311.6	\$ 397.4	\$ 430.7
	=====	=====	=====
Preferred stock dividends	\$ .1	\$ .1	\$ .1
Ratio to convert preferred dividends to pretax basis	174%	166%	175%
	-----	-----	-----
Preferred dividends on pretax basis	.2	.2	.2
Fixed charges:			
Interest on indebtedness and amortization of debt discount and expense	242.6	179.9	180.5
Capitalized interest	10.4	4.3	2.1
Portion of operating lease expense representative of interest factor (deemed to be one-third)	59.6	51.0	46.5
	-----	-----	-----
Combined fixed charges and preferred stock dividends	\$ 312.8	\$ 235.4	\$ 229.3
	=====	=====	=====
Ratio of earnings to combined fixed charges and preferred stock dividends (A)	.99x	1.69x	1.88x

(A) The ratio of earnings to fixed charges represents the number of times "fixed charges" are covered by "earnings." "Fixed charges" consist of interest on outstanding debt and amortization of debt discount and expense, adjusted for capitalized interest and one-third (the proportion deemed representative of the interest factor) of operating lease expense. "Earnings" consist of consolidated net income before income taxes and fixed charges, less share of affiliates' earnings, net of distributions received.

1  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

21

2  
CONSOLIDATED STATEMENTS OF INCOME

IN MILLIONS, EXCEPT PER SHARE DATA/YEAR ENDED DECEMBER 31	2000	1999	1998
GROSS INCOME			
Lease, interest and			
financing services	\$ 1,308.4	\$ 1,132.5	\$ 1,041.2
Other income	3.4	62.5	173.9
REVENUES	1,311.8	1,195.0	1,215.1
Share of affiliates' earnings	79.0	64.5	48.5
TOTAL GROSS INCOME	1,390.8	1,259.5	1,263.6
OWNERSHIP COSTS			
Depreciation and amortization	334.8	255.5	216.4
Interest	242.6	179.9	180.5
Operating lease expense	178.7	153.0	139.4
TOTAL OWNERSHIP COSTS	756.1	588.4	536.3
OTHER COSTS AND EXPENSES			
Operating expenses	188.8	247.6	327.0
Selling, general and administrative	209.2	203.4	189.1
Provision for possible losses	22.7	11.0	11.0
Provision for litigation	160.5	--	--
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	53.5	209.1	200.2
INCOME TAXES	22.7	82.8	86.0
INCOME FROM CONTINUING OPERATIONS	30.8	126.3	114.2
DISCONTINUED OPERATIONS			
Operating results, net of income taxes	27.4	25.0	17.7
Gain on sale of portion of segment, net of income taxes	8.4	--	--
TOTAL DISCONTINUED OPERATIONS	35.8	25.0	17.7
NET INCOME	\$ 66.6	\$ 151.3	\$ 131.9
PER SHARE DATA			
Basic:			
Income from continuing operations	\$ .64	\$ 2.56	\$ 2.32
Income from discontinued operations	.75	.51	.36
Total	\$ 1.39	\$ 3.07	\$ 2.68

Average number of common shares (in thousands)	47,880	49,296	49,178
Diluted:			
Income from continuing operations	\$ .63	\$ 2.51	\$ 2.27
Income from discontinued operations	.74	.50	.35
-----			
Total	\$ 1.37	\$ 3.01	\$ 2.62
Average number of common shares and common share equivalents (in thousands)	48,753	50,301	50,426
-----			
Dividends declared per common share	\$ 1.20	\$ 1.10	\$ 1.00
-----			

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

22

GATX CORPORATION AND SUBSIDIARIES

3

Management's Discussion and Analysis (continued)

[PERFORMANCE GRAPHS]

GROSS INCOME  
(IN MILLIONS OF DOLLARS)

	98	99	00
	1,263.6	1,259.5	1,390.8

SHARE OF  
AFFILIATES' EARNINGS  
(IN MILLIONS OF DOLLARS)

	98	99	00
	48.5	64.5	79.0

NET INCOME  
(IN MILLIONS OF DOLLARS)

	98	99	00
	131.9	151.3	66.6

DILUTED EARNINGS  
PER SHARE  
(IN DOLLARS)

	98	99	00
	2.62	3.01	1.37

2000 COMPARED TO 1999 GROSS INCOME

\$1,390.8 million

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

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

Gains on the sale of stock derived from warrants received as part of financing and leasing transactions with non-public start-up companies were \$52.3 million, an increase of \$37.6 million from the prior year. Asset remarketing income, which includes gains from the sale of assets from Financial Services' own

portfolio as well as residual sharing fees from the sale of managed assets, was \$57.2 million, \$20.7 million lower than 1999. Gains from the sale of stock and asset remarketing income do not occur evenly between periods.

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

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

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

OWNERSHIP COSTS \$756.1 million

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

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

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

GATX CORPORATION AND SUBSIDIARIES 23

4

Management's Discussion and Analysis (continued)

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

OPERATING EXPENSES \$188.8 million

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

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

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

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES \$209.2 million

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

PROVISION FOR POSSIBLE LOSSES \$22.7 million

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

PROVISION FOR LITIGATION \$160.5 million

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

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

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

INCOME TAXES \$22.7 million

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

INCOME FROM CONTINUING OPERATIONS \$30.8 million

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

DISCONTINUED OPERATIONS \$35.8 million

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

## Management's Discussion and Analysis (continued)

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

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

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

## 1999 COMPARED TO 1998

GROSS INCOME \$1,259.5 million

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

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

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

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

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

OWNERSHIP COSTS \$588.4 million

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

OPERATING EXPENSES \$247.6 million

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

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES \$203.4 million

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

development and information systems initiatives.

INCOME TAXES \$82.8 million

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

INCOME FROM CONTINUING OPERATIONS \$126.3 million

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

DISCONTINUED OPERATIONS 25.0 million

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

GATX CORPORATION AND SUBSIDIARIES 25

6  
CONSOLIDATED BALANCE SHEETS

IN MILLIONS/DECEMBER 31	2000	1999
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 173.6	\$ 84.5
<b>RECEIVABLES</b>		
Trade accounts	93.7	80.8
Finance leases	878.3	645.7
Secured loans	634.1	358.0
Less--allowance for possible losses	(95.2)	(113.5)
	1,510.9	971.0
<b>OPERATING LEASE ASSETS AND FACILITIES</b>		
Railcars and service facilities	2,695.3	2,698.7
Operating lease investments and other	1,490.4	1,332.4
Less--allowance for depreciation	(1,531.6)	(1,503.4)
	2,654.1	2,527.7
INVESTMENTS IN AFFILIATED COMPANIES	951.2	757.5
OTHER ASSETS	343.0	386.2
NET ASSETS OF DISCONTINUED OPERATIONS	630.9	702.3
	\$6,263.7	\$5,429.2
<b>LIABILITIES, DEFERRED ITEMS AND SHAREHOLDERS' EQUITY</b>		
ACCOUNTS PAYABLE	\$ 317.3	\$ 284.0
ACCRUED EXPENSES	141.7	41.7
<b>DEBT</b>		
Short-term	557.2	377.0
Long-term:		
Recourse	3,093.9	2,685.2
Nonrecourse	494.2	418.8
Capital lease obligations	164.2	176.2
	4,309.5	3,657.2
DEFERRED INCOME TAXES	410.8	388.1
OTHER DEFERRED ITEMS	294.9	222.2
TOTAL LIABILITIES AND DEFERRED ITEMS	5,474.2	4,593.2

SHAREHOLDERS' EQUITY		
Preferred stock	--	--
Common stock	35.0	34.5
Additional capital	366.1	338.7
Reinvested earnings	552.2	543.0
Accumulated other comprehensive (loss) income	(34.4)	1.2
-----		
	918.9	917.4
Less--cost of common shares in treasury	(129.4)	(81.4)
-----		
TOTAL SHAREHOLDERS' EQUITY	789.5	836.0
-----		
	\$6,263.7	\$5,429.2
=====		

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

26 GATX CORPORATION AND SUBSIDIARIES

7

Management's Discussion and Analysis (continued)

ASSETS \$6,263.7 million

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

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

[PERFORMANCE GRAPH]  
ASSETS  
(IN MILLION OF DOLLARS)

98	99	00
4,581.1	5,429.2	6,263.7

RECEIVABLES \$1,510.9 million

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

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

OPERATING LEASE ASSETS AND FACILITIES \$2,654.1 million

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

INVESTMENTS IN AFFILIATED COMPANIES \$951.2 million

Investments in affiliated companies grew 25.6% in 2000 with significant

increases in air and technology joint ventures. In 2000, GATX invested \$244.4 million in joint ventures and recognized \$79.0 million of equity income. Cash distributions from affiliates increased \$51.4 million from 1999 due to increased distributions from air, technology and real estate joint ventures.

[PERFORMANCE GRAPH]

INVESTMENTS IN AFFILIATED COMPANIES  
(IN MILLIONS OF DOLLARS)

98	99	00
632.5	757.5	951.2

OTHER ASSETS \$343.0 million

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

NET ASSETS OF DISCONTINUED OPERATIONS \$630.9 million

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

ACCRUED EXPENSES \$141.7 million

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

DEBT \$4,309.5 million

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

TOTAL SHAREHOLDERS' EQUITY \$789.5 million

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

[PERFORMANCE GRAPH]

TOTAL SHAREHOLDERS' EQUITY  
(IN MILLIONS OF DOLLARS)

98	99	00
732.9	836.0	789.5

GATX CORPORATION AND SUBSIDIARIES

27

8

CONSOLIDATED STATEMENTS OF CASH FLOWS

IN MILLIONS/YEAR ENDED DECEMBER 31	2000	1999	1998
<b>OPERATING ACTIVITIES</b>			
Income from continuing operations	\$ 30.8	\$ 126.3	\$ 114.2
Adjustments to reconcile income from continuing operations to net cash provided by continuing operations:			
Realized gains on remarketing of leased equipment	(58.9)	(72.6)	(72.9)
Depreciation and amortization	334.8	255.5	216.4
Provision for possible losses	22.7	11.0	11.0
Deferred income taxes	26.8	53.0	35.6

Provision for litigation	160.5	--	--
Net change in trade receivables, inventories, accounts payable and accrued expenses	--	15.3	(17.1)
Other	(66.6)	(100.7)	10.6
-----			
Net cash provided by continuing operations	450.1	287.8	297.8
INVESTING ACTIVITIES			
Additions to equipment on lease, net of nonrecourse financing for leveraged leases	(700.8)	(697.0)	(501.6)
Additions to operating lease assets and facilities	(394.5)	(366.4)	(390.9)
Secured loans extended	(436.1)	(268.8)	(161.6)
Investments in affiliated companies	(244.4)	(168.0)	(147.0)
Other investments and progress payments	(152.6)	(105.8)	(34.6)
-----			
Portfolio investments and capital additions	(1,928.4)	(1,606.0)	(1,235.7)
Portfolio proceeds	575.5	503.0	805.1
Proceeds from sale of GATX Logistics, Inc.	74.7	--	--
Proceeds from other asset sales	304.3	208.7	252.5
-----			
Net cash used in investing activities of continuing operations	(973.9)	(894.3)	(178.1)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	1,587.4	981.5	360.1
Repayment of long-term debt	(1,072.2)	(351.6)	(347.2)
Net increase (decrease) in short-term debt	180.2	95.6	(69.2)
Repayment of capital lease obligations	(15.7)	(16.3)	(14.6)
(Repurchase) issuance of common stock and other	(20.1)	(27.3)	9.0
Cash dividends	(57.4)	(54.3)	(49.3)
-----			
Net cash provided by (used in) financing activities of continuing operations	602.2	627.6	(111.2)
NET TRANSFERS FROM (TO) DISCONTINUED OPERATIONS	10.7	(19.6)	2.7
-----			
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	89.1	1.5	11.2
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	(5.5)	6.5	5.5
-----			
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 83.6	\$ 8.0	\$ 16.7
-----			

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

28

GATX CORPORATION AND SUBSIDIARIES

9

Management's Discussion and Analysis (continued)

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

NET CASH PROVIDED BY CONTINUING OPERATIONS \$450.1 million

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

[PERFORMANCE GRAPH]

NET CASH PROVIDED BY CONTINUING OPERATIONS  
(IN MILLIONS OF DOLLARS)

98

99

00



## Management's Discussion and Analysis (continued)

## LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

## RISK MANAGEMENT AND MARKET SENSITIVE INSTRUMENTS

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

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

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

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

## ENVIRONMENTAL MATTERS

Certain operations of GATX's subsidiaries (collectively GATX) present potential environmental risks principally through the transportation or storage of various commodities. Recognizing that some risk to the environment is intrinsic to its

operations, GATX is committed to protecting the environment as well as complying with applicable environmental protection laws and regulations. GATX, as well as its competitors, is subject to extensive regulation under federal, state and local environmental laws which have the effect of increasing the costs and liabilities associated with the conduct of its operations. In addition, GATX's foreign operations are subject to environmental laws in effect in each respective jurisdiction.

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

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

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

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

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

#### FORWARD-LOOKING STATEMENTS

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

include, but are not limited to, changes in the U.S. economy, changes in interest rates and changes in the markets served by GATX and its customers such as the aircraft, petroleum, chemical, rail, technology and steel industries.

12  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

IN MILLIONS, EXCEPT NUMBER OF SHARES/DECEMBER 31	2000 DOLLARS	1999 DOLLARS	1998 DOLLARS	2000 SHARES	1999 SHARES	1998 SHARES
<b>PREFERRED STOCK</b>						
Balance at beginning of period	\$ --	\$ --	\$ --	25,311	26,065	26,365
Conversion of preferred stock into common stock	--	--	--	(1,697)	(754)	(300)
Balance at end of period	--	--	--	23,614	25,311	26,065
<b>COMMON STOCK</b>						
Balance at beginning of period	34.5	34.3	34.1	55,198,346	54,822,163	54,480,556
Issuance of common stock	.5	.2	.2	813,905	372,413	340,107
Conversion of preferred stock into common stock	--	--	--	8,485	3,770	1,500
Balance at end of period	35.0	34.5	34.3	56,020,736	55,198,346	54,822,163
<b>TREASURY STOCK</b>						
Balance at beginning of period	(81.4)	(46.8)	(46.8)	(6,599,047)	(5,538,230)	(5,539,440)
Purchase of common stock	(48.0)	(34.6)	--	(1,407,900)	(1,065,010)	--
Issuance of common stock	--	--	--	4,352	4,193	1,210
Balance at end of period	(129.4)	(81.4)	(46.8)	(8,002,595)	(6,599,047)	(5,538,230)
<b>ADDITIONAL CAPITAL</b>						
Balance at beginning of period	338.7	331.6	322.6			
Issuance of common stock	27.4	7.1	9.0			
Balance at end of period	366.1	338.7	331.6			
<b>REINVESTED EARNINGS</b>						
Balance at beginning of period	543.0	446.0	363.4			
Net income	66.6	151.3	131.9			
Dividends declared	(57.4)	(54.3)	(49.3)			
Balance at end of period	552.2	543.0	446.0			
<b>ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME</b>						
Balance at beginning of period	1.2	(32.2)	(17.9)			
Foreign currency translation (loss) gain	(28.6)	5.1	(16.3)			
Unrealized (loss) gain on securities, net	(7.0)	28.3	2.0			
Balance at end of period	(34.4)	1.2	(32.2)			
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$789.5</b>	<b>\$836.0</b>	<b>\$ 732.9</b>			

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

IN MILLIONS/YEAR ENDED DECEMBER 31	2000	1999	1998
Net income	\$ 66.6	\$151.3	\$ 131.9
Other comprehensive (loss) income, net of tax:			
Foreign currency translation (loss) gain	(28.6)	5.1	(16.3)
Unrealized (loss) gain on securities, net of reclassification adjustments (a)	(7.0)	28.3	2.0
Other comprehensive (loss) income	(35.6)	33.4	(14.3)
<b>COMPREHENSIVE INCOME</b>	<b>\$ 31.0</b>	<b>\$184.7</b>	<b>\$ 117.6</b>
(a) Reclassification adjustments:			
Unrealized gain on securities	\$ 24.6	\$ 37.3	\$ 2.8
Less--reclassification adjustments for gains realized included in net income	(31.6)	(9.0)	(.8)
Net unrealized (loss) gain on securities	\$ (7.0)	\$ 28.3	\$ 2.0

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

13  
MANAGEMENT AND AUDITORS LETTERS

TO OUR SHAREHOLDERS

The management of GATX Corporation has prepared the accompanying consolidated financial statements and related information included in this 2000 Annual Report

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

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

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

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

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

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF GATX CORPORATION

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of GATX Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

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

/s/ ERNST & YOUNG LLP  
ERNST & YOUNG LLP

GATX CORPORATION AND SUBSIDIARIES

33

14  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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

CONSOLIDATION -- The consolidated financial statements include the accounts of GATX and its majority-owned subsidiaries. Investments in 20 to 50 percent-owned

companies and joint ventures are accounted for under the equity method and are shown as investments in affiliated companies, with pretax operating results shown as share of affiliates' earnings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GATX CORPORATION AND SUBSIDIARIES

35

16

Notes to Consolidated Financial Statements (continued)

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

As of December 31, 2000, a total of \$27.9 million of unrealized gains, net of tax, was recorded in accumulated other comprehensive (loss) income. Of this

amount, \$2.5 million is from warrants and will be subject to SFAS No. 133 while the remaining \$25.4 million represents stock held in the available-for-sale securities portfolio that will continue to be accounted for in accordance with SFAS No. 115.

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

NOTE 2 ACCOUNTING FOR LEASES

The following information pertains to GATX as a lessor:

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

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

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

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

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

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

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

GATX CORPORATION AND SUBSIDIARIES

37

18

Notes to Consolidated Financial Statements (continued)

The following information pertains to GATX as a lessee:

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

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

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

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

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

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

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

NOTE 3 SECURED LOANS

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

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

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

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

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

NOTE 4 INVESTMENTS IN AFFILIATED COMPANIES

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

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

YEAR ENDED DECEMBER 31	2000	1999	1998
------------------------	------	------	------

Gross income	\$ 717.2	\$ 603.5	\$ 448.5
Pretax income	203.4	145.4	116.1

GATX CORPORATION AND SUBSIDIARIES

39

20

Notes to Consolidated Financial Statements (continued)

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

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

NOTE 5 FOREIGN OPERATIONS

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

IN MILLIONS, YEAR ENDED OR AT DECEMBER 31	2000	1999	1998
REVENUES			
Foreign	\$ 212.9	\$ 164.1	\$ 183.2
United States	1,098.9	1,030.9	1,031.9
	\$1,311.8	\$1,195.0	\$1,215.1
SHARE OF AFFILIATES' EARNINGS			
Foreign	\$ 44.7	\$ 29.3	\$ 19.9
United States	34.3	35.2	28.6
	\$ 79.0	\$ 64.5	\$ 48.5
IDENTIFIABLE ASSETS FOR CONTINUING OPERATIONS			
Foreign	\$1,200.3	\$ 943.9	\$ 702.2
United States	4,432.5	3,783.0	3,217.8
	\$5,632.8	\$4,726.9	\$3,920.0

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

NOTE 6 SHORT-TERM DEBT AND LINES OF CREDIT

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

DECEMBER 31	2000 AMOUNT	2000 RATE	1999 AMOUNT	1999 RATE
Commercial paper	\$ 345.6	7.62%	\$ 261.5	6.65%

Other short-term borrowings	211.6	7.86%	115.5	6.53%
-----				
	\$ 557.2		\$ 377.0	
=====				

40 GATX CORPORATION AND SUBSIDIARIES

21 Notes to Consolidated Financial Statements (continued)

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

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

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

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

NOTE 7 Long-Term Debt

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

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

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

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

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

## Notes to Consolidated Financial Statements (continued)

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

## NOTE 8 OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

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

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

	NOTIONAL AMOUNT	PAY RATE/ INDEX	RECEIVE RATE/INDEX	MATURITY
INTEREST RATE SWAPS				
GATX pays fixed, receives floating	\$384.3	4.93-7.54%	libor-libor+1.57%	2001-2011
GATX pays floating, receives fixed	285.0	libor-libor+.75%	5.90-7.20%	2001-2006

	RECEIVE	DELIVER	MATURITY
CURRENCY SWAPS AND FORWARDS			
Canadian dollar swaps	\$137.8	c\$188.9	2001-2013
Euro forward	\$ 28.7	Euro 24.5	2011
Deutsche mark forwards	\$ 46.8	84.3DM	2002

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

	PAY FIXED	PAY FLOATING
INTEREST RATE SWAPS		
Balance at January 1, 1999	\$ 772.8	\$ 702.0
Additions	85.3	--
Maturities	(262.9)	(10.0)
Balance at December 31, 1999	595.2	692.0
Additions	206.7	150.0
Maturities	(417.6)	(557.0)
Balance at December 31, 2000	\$ 384.3	\$ 285.0

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

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

the long-term. GCC uses interest rate swaps in addition to commercial paper and floating rate medium-term notes to match fund its floating rate lease and loan portfolio with floating rate borrowings.

Notes to Consolidated Financial Statements (continued)

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

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

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

NOTE 9 FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

NOTE 10 PENSION AND OTHER POSTRETIREMENT BENEFITS

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

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

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

	2000	1999	2000	1999
	PENSION	PENSION	RETIREE HEALTH	RETIREE HEALTH
	BENEFITS	BENEFITS	AND LIFE	AND LIFE
-----				
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of period	\$312.2	\$304.6	\$ 50.3	\$ 51.0
Service cost	8.3	7.4	.3	.3
Interest cost	21.8	20.6	3.4	3.4
Plan amendments	.7	--	--	--
Actuarial loss	(8.7)	1.6	(1.6)	.9
Benefits paid	(22.0)	(22.0)	(4.9)	(5.3)
-----				
Benefit obligation at end of period	\$312.3	\$312.2	\$ 47.5	\$ 50.3
-----				
CHANGE IN FAIR VALUE OF PLAN ASSETS				
Plan assets at beginning of period	\$353.5	\$325.8	\$ --	\$ --
Actual return on plan assets	(7.5)	49.2	--	--
Company contributions	.5	.5	4.9	5.3
Benefits paid	(22.0)	(22.0)	(4.9)	(5.3)
-----				
Plan assets at end of period	\$324.5	\$353.5	\$ --	\$ --
=====				
FUNDED STATUS				
Funded status of the plan	\$ 12.2	\$ 41.3	\$(47.5)	\$(50.3)
Unrecognized net gain	(22.3)	(46.9)	(14.7)	(14.7)
Unrecognized prior service cost	2.0	1.8	--	--
Unrecognized net transition (asset) obligation	(.1)	(.2)	.4	.4
-----				
Accrued cost	\$ (8.2)	\$ (4.0)	\$(61.8)	\$(64.6)
=====				
AMOUNT RECOGNIZED				
Prepaid benefit cost	\$ 1.4	\$ 3.6	\$ --	\$ --
Accrued benefit liability	(9.6)	(9.3)	(56.2)	(65.0)
Intangible asset	--	1.7	(5.6)	.4
-----				
Total recognized	\$ (8.2)	\$ (4.0)	\$(61.8)	\$(64.6)
=====				

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

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

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

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

Assumptions as of December 31:

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

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

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

GATX CORPORATION AND SUBSIDIARIES

45

26

Notes to Consolidated Financial Statements (continued)

NOTE 11 INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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

DECEMBER 31	2000	1999
-------------	------	------

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

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

46

GATX CORPORATION AND SUBSIDIARIES

27

Notes to Consolidated Financial Statements (continued)

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

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

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

YEAR ENDED DECEMBER 31	2000	1999	1998
------------------------	------	------	------

Federal statutory income tax rate	35.0%	35.0%	35.0%
Add effect of:			
State income taxes	1.3	3.0	3.6
Foreign income	4.4	1.5	2.1
Other	1.7	.1	2.3
Effective income tax rate	42.4%	39.6%	43.0%

GATX CORPORATION AND SUBSIDIARIES

47

28

Notes to Consolidated Financial Statements (continued)

NOTE 12 SHAREHOLDERS' EQUITY

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

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

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

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

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

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

NOTE 13 INCENTIVE COMPENSATION PLANS

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

## Notes to Consolidated Financial Statements (continued)

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

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

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

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

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

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

## Notes to Consolidated Financial Statements (continued)

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

NUMBER OF SHARES UNDER STOCK OPTION PLANS	2000	1999	PRICE PER SHARE
Outstanding at January 1	3,651,100	3,388,275	\$9.97-39.75

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

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

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

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

50 GATX CORPORATION AND SUBSIDIARIES

31

Notes to Consolidated Financial Statements (continued)

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

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

NOTE 14 COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS OF CREDIT RISK

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

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

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

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

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

GATX CORPORATION AND SUBSIDIARIES

51

32

Notes to Consolidated Financial Statements (continued)

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

#### NOTE 15 DISCONTINUED OPERATIONS

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

The overall sale of ISG is expected to generate a net gain. Losses on individual asset sales incurred after the measurement date have been deferred and will be recognized as a reduction of the overall gain realized on the sale. The sale of

Logistics generated an after-tax gain, of which \$8.4 million was recognized in 2000. The Logistics gain was recognized in the current period as the transaction occurred prior to the measurement date for discontinued operations treatment. An additional \$4.2 million after-tax gain will be recognized in the first quarter of 2001 on the sale of Logistics.

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

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

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

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

DECEMBER 31	2000	1999
Accounts receivable, net	\$ 41.5	\$ 70.6
Tank storage terminals, pipelines and other, net	856.6	754.3
Investment in affiliated companies	73.9	199.8
Other assets	67.5	115.2
Accounts payable and accrued expenses	64.9	112.4
Long-term debt	147.8	152.8
Deferred items	195.9	172.4
<b>NET ASSETS OF DISCONTINUED OPERATIONS</b>	<b>\$630.9</b>	<b>\$702.3</b>

52 GATX CORPORATION AND SUBSIDIARIES

33 Notes to Consolidated Financial Statements (continued)

NOTE 16 FINANCIAL DATA OF BUSINESS SEGMENTS

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

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

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

IN MILLIONS	FINANCIAL SERVICES	GATX RAIL	CORPORATE AND OTHER	INTER-SEGMENT	TOTAL
2000					
PROFITABILITY					
Revenues	\$ 736.4	\$ 572.0	\$ 7.3	\$ (3.9)	\$1,311.8
Share of affiliates' earnings	75.9	3.0	.1	--	79.0

Gross income	812.3	575.0	7.4	(3.9)	1,390.8
Interest expense	(182.6)	(52.8)	(7.9)	.7	(242.6)
Depreciation and amortization	(230.5)	(100.5)	(1.6)	(2.2)	(334.8)
(Loss) income from continuing operations before taxes	(23.1)	105.9	(29.3)	--	53.5
(Loss) income from continuing operations	(13.7)	65.7	(21.2)	--	30.8

#### FINANCIAL POSITION

Debt	2,938.9	760.3	648.4	(38.1)	4,309.5
Equity	333.4	359.7	101.5	(5.1)	789.5
Investments in affiliated companies	866.8	83.9	.5	--	951.2
Identifiable assets	3,950.7	1,669.6	718.9	(75.5)	6,263.7

#### ITEMS AFFECTING CASH FLOW

Net cash provided by continuing operations	297.1	151.8	1.2	--	450.1
Portfolio proceeds	575.5	--	--	--	575.5

Total cash provided	872.6	151.8	1.2	--	1,025.6
Portfolio investments and capital additions	1,552.8	374.8	.8	--	1,928.4

### GATX CORPORATION AND SUBSIDIARIES

53

34

#### Notes to Consolidated Financial Statements (continued)

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

Total cash provided (used)	960.0	166.1	(16.8)	(6.4)	1,102.9
Capital additions and portfolio investments	857.8	384.8	.8	(7.7)	1,235.7

## Notes to Consolidated Financial Statements (continued)

## NOTE 17 SUBSEQUENT EVENTS

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

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

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

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

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

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

## CONSOLIDATED QUARTERLY FINANCIAL DATA (UNAUDITED) AND COMMON STOCK INFORMATION

IN MILLIONS, EXCEPT PER SHARE DATA	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER (b)	TOTAL
------------------------------------	------------------	-------------------	------------------	-----------------------	-------

Gross income	\$309.0	\$342.5	\$364.3	\$375.0	\$1,390.8
Ownership costs and operating expenses from continuing operations	204.4	233.7	244.4	262.4	944.9
Income (loss) from continuing operations	37.6	32.4	37.6	(76.8)	30.8
Income from discontinued operations	3.0	9.1	7.5	16.2	35.8
Net income (loss)	\$ 40.6	\$ 41.5	\$ 45.1	\$(60.6)	\$ 66.6

PER SHARE DATA: (a)

Basic:					
Income (loss) from continuing operations	\$ .78	\$ .68	\$ .79	\$(1.61)	\$ .64
Income from discontinued operations	.06	.19	.16	.34	.75
Total	\$ .84	\$ .87	\$ .95	\$(1.27)	\$ 1.39
Diluted:					
Income (loss) from continuing operations	\$ .76	\$ .67	\$ .78	\$(1.60)	\$ .63
Income from discontinued operations	.06	.19	.15	.33	.74
Total	\$ .82	\$ .86	\$ .93	\$(1.27)	\$ 1.37

1999					
Gross income	\$303.1	\$331.1	\$314.1	\$311.2	\$1,259.5
Ownership costs and operating expenses from continuing operations	202.1	220.0	201.7	212.2	836.0
Income from continuing operations	31.6	32.6	36.4	25.7	126.3
Income from discontinued operations	7.6	5.5	5.8	6.1	25.0
Net income	\$ 39.2	\$ 38.1	\$ 42.2	\$ 31.8	\$ 151.3

PER SHARE DATA: (a)

Basic:					
Income from continuing operations	\$ .63	\$ .66	\$ .74	\$ .53	\$ 2.56
Income from discontinued operations	.16	.11	.11	.12	.51
Total	\$ .79	\$ .77	\$ .85	\$ .65	\$ 3.07
Diluted:					
Income from continuing operations	\$ .63	\$ .64	\$ .72	\$ .52	\$ 2.51
Income from discontinued operations	.15	.11	.11	.12	.50
Total	\$ .78	\$ .75	\$ .83	\$ .64	\$ 3.01

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

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

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

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

YEAR ENDED OR AT DECEMBER 31	2000 (a)	1999	1998	1997 (b)	1996
<b>RESULTS OF OPERATIONS</b>					
Gross income	\$ 1,390.8	\$ 1,259.5	\$ 1,263.6	\$ 1,197.0	\$ 889.4
Costs and expenses	1,337.3	1,050.4	1,063.4	1,027.6	740.2
Income from continuing operations before income taxes	53.5	209.1	200.2	169.4	149.2
Income taxes	22.7	82.8	86.0	66.8	60.1
Income from continuing operations	30.8	126.3	114.2	102.6	89.1
Income from discontinued operations	35.8	25.0	17.7	(153.5)	13.6
NET INCOME (LOSS)	\$ 66.6	\$ 151.3	\$ 131.9	\$ (50.9)	\$ 102.7
<b>PER SHARE DATA</b>					
Basic:					
Income from continuing operations	\$ .64	\$ 2.56	\$ 2.32	\$ 2.15	\$ 1.93
Income (loss) from discontinued operations	.75	.51	.36	(3.43)	.29
TOTAL	\$ 1.39	\$ 3.07	\$ 2.68	\$ (1.28)	\$ 2.22
Average number of common shares (in thousands)					
Diluted:					
Income from continuing operations	\$ .63	\$ 2.51	\$ 2.27	\$ 2.06	\$ 1.82
Income (loss) from discontinued operations	.74	.50	.35	(3.34)	.28
TOTAL	\$ 1.37	\$ 3.01	\$ 2.62	\$ (1.28)	\$ 2.10
Average number of common shares and common share equivalents (in thousands)					
Dividends declared per share of common stock	\$ 1.20	\$ 1.10	\$ 1.00	\$ .92	\$ .86
<b>FINANCIAL CONDITION</b>					
Assets	\$ 6,263.7	\$ 5,429.2	\$ 4,581.1	\$ 4,583.8	\$ 4,307.6
Long-term debt and capital lease obligations	3,752.3	3,280.2	2,663.1	2,674.1	2,493.9
Shareholders' equity	789.5	836.0	732.9	655.4	774.9

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

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

GATX CORPORATION AND SUBSIDIARIES

57

38

GATX LOCATIONS OF OPERATIONS

FINANCIAL SERVICES

Hearne, Texas  
Tierra Blanca, Mexico

HEADQUARTERS

Red Deer, Alberta  
Sarnia, Ontario  
Montreal, Quebec  
Moose Jaw, Saskatchewan

San Francisco, California

OFFICES

MINI SERVICE CENTERS

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

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

AFFILIATES

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

GATX RAIL

HEADQUARTERS

Chicago, Illinois

BUSINESS OFFICES

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

MAJOR SERVICE CENTERS

Colton, California  
Waycross, Georgia  
East Chicago, Indiana

Monterrey, Mexico  
Orizaba, Mexico  
Tlalnepantla, Mexico

MOBILE SERVICE UNITS

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

AFFILIATES

Vienna, Austria  
Hamburg, Germany  
Zug, Switzerland

GATX DIRECTORS AND OFFICERS

GATX BOARD OF DIRECTORS

ROD F. DAMMEYER (2,4)  
President,  
CAC llc

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

RICHARD FAIRBANKS(1,3)  
Counselor,  
Center for Strategic & International Studies

WILLIAM C. FOOTE(1,3)  
Chairman, President and Chief Executive Officer,  
USG Corporation

DEBORAH M. FRETZ(1,4)  
Senior Vice President,  
Mid-Continent Refining, Marketing & Logistics,  
Sunoco, Inc.

GATX OFFICERS

(left to right)

MILES L. MARSH(2,3)  
Former Chairman and Chief Executive Officer,  
Fort James Corporation

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

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

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

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

RONALD J. CIANCIO  
Vice President, General Counsel and Secretary

CLIFFORD J. PORZENHEIM

WILLIAM J. HASEK  
Treasurer

WILLIAM M. MUCKIAN  
Controller and Chief Accounting Officer

GAIL L. DUDDY  
Vice President, Human Resources

Vice President, Corporate Strategy

(pictured on page 5)

RONALD H. ZECH  
Chairman, President and Chief Executive Officer

BRIAN A. KENNEY  
Vice President and Chief Financial Officer

GATX CORPORATION AND SUBSIDIARIES

59

40

GATX CORPORATE INFORMATION

ANNUAL MEETING

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

FINANCIAL INFORMATION AND PRESS RELEASES

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

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

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

INQUIRIES

Inquiries regarding dividend checks, the dividend reinvestment plan, stock certificates, replacement of lost certificates, address changes, account consolidation, transfer procedures and year end tax information should be addressed to GATX Corporation's Transfer Agent and Registrar:

Mellon Investor Services LLC  
Overpeck Centre  
85 Challenger Road  
Ridgefield Park, NJ 07660  
Telephone: (800) 851-9677  
TDD for Hearing Impaired: (800) 231-5469  
Foreign Shareholders: (201) 329-8660  
TDD Foreign Shareholders: (201) 329-8354  
Internet: <http://www.mellon-investor.com>

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

Lisa M. Ibarra, Assistant Secretary  
Telephone: (312) 621-6603  
Fax: (312) 621-6647  
E-mail: [lmibarra@gatx.com](mailto:lmibarra@gatx.com)

GATX Corporation welcomes and encourages questions and comments from its shareholders, potential investors, financial professionals and the public at large. To better serve interested parties, the following GATX personnel may be contacted by letter, telephone, e-mail and/or fax.

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

TO REQUEST PUBLISHED FINANCIAL INFORMATION  
AND FINANCIAL REPORTS, CONTACT:

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

AUTOMATED REQUEST LINE FOR MATERIALS:  
(312) 621-6300

ANALYSTS, INSTITUTIONAL SHAREHOLDERS AND  
FINANCIAL COMMUNITY PROFESSIONALS:

Robert C. Lyons, Director of Investor Relations  
Telephone: (312) 621-6633  
E-mail: [rcl Lyons@gatx.com](mailto:rcl Lyons@gatx.com)

INDIVIDUAL INVESTORS' INQUIRIES:

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

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

E-mail: [cs@gatx.com](mailto:cs@gatx.com)  
GATX Rail: (312) 621-6564  
GATX Capital: (415) 955-3200

INDEPENDENT AUDITORS  
Ernst & Young LLP

Design by Addison [www.addison.com](http://www.addison.com)  
Executive Photography by Charlie Westerman  
Origami Photography by Howard Bjornson  
Printing by Lithographix, Inc.

[RECYCLING LOGO] This annual report is printed on recycled papers.

60

GATX CORPORATION AND SUBSIDIARIES

## 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:

## GATX Rail

GATX Rail Corporation (New York) - includes 7 domestic subsidiaries, 4 foreign subsidiaries and interests in 2 foreign affiliates.

## Financial Services

GATX Financial Services, Inc. (Delaware) - 61 domestic subsidiaries (which includes GATX Capital Corporation), 33 foreign subsidiaries, interests in 22 domestic affiliates and 29 foreign affiliates.

American Steamship Company (New York) - 13 domestic subsidiaries.

## Integrated Solutions Group

GATX Terminals Corporation (Delaware) - 4 domestic subsidiaries, 3 foreign subsidiaries, interests in 1 domestic affiliates and 11 foreign affiliates.

GATX Chemical Logistics, Inc. (Delaware)

GATX Rail Logistics, Inc. (Delaware)

Bonilog, S.A. (Brazil) - 1 foreign affiliate.

## 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; (vii) Registration Statement No. 333-78037 on Form S-8 filed May 7, 1999; (viii) Registration Statement No. 333-81173 on Form S-8 filed June 21, 1999, and (ix) Registration Statement No. 333-91865 on Form S-8 filed December 1, 1999, of GATX Corporation, of our report dated January 23, 2001 (except with respect to Note 17, as to which the date is March 5, 2001) 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, 2000.

ERNST &amp; YOUNG LLP

March 28, 2001  
Chicago, Illinois

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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/ Rod F. Dammeyer  
-----  
Rod F. Dammeyer  
Director

Date: March 16,2001

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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. Denney  
-----  
James M. Denney  
Director

Date: March 13, 2001

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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  
-----  
Richard Fairbanks  
Director

Date: March 13, 2001

4

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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  
-----  
William C. Foote  
Director

Date: March 14, 2001

5

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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  
-----  
Miles L. Marsh  
Director

Date: March 13, 2001

6

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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  
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Michael E. Murphy  
Director

Date: March 13, 2001

7

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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/ John W. Rogers, Jr.  
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John W. Rogers, Jr.  
Director

Date: March 14, 2001

8

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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  
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Ronald H. Zech  
Director

Date: March 12, 2001

9

POWER OF ATTORNEY

The undersigned director of GATX Corporation, a New York corporation, does hereby constitute and appoint Brian A. Kenney, Ronald J. Ciancio and William M. Muckian 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 2000 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

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Deborah M. Fretz  
Director

Date: March 16, 2001