

Announcement: Lancaster & Chester Railway

Gulf & Ohio Railways, Inc. and the Lancaster and Chester Railway Company announced today the pending acquisition of the operating assets of the L&C Railway by Gulf & Ohio Railways, Inc. headquartered in Knoxville, Tennessee.

The Lancaster and Chester Railway Company, which originated in 1896, operates 62 route miles serving customers in Chester and Lancaster Counties, South Carolina.

The L&C hauls primarily agricultural products, building supplies, chemicals, minerals, and steel. Customers include ADM, Circle S Feed Mill, Dow Chemical, Gerdau Ameristeel, Guardian Glass, Mississippi Lime, Omnova Solutions, Owens Corning, PPG Industries, and ThyssenKrupp Steel.

Gulf & Ohio Railways, Inc. is a family owned holding company that owns and operates seven shortline railroads in Alabama, North Carolina, and Tennessee. It also owns and operates two locomotive shops; Knoxville Locomotive Works, Inc., located in Knoxville, Tennessee and KLWX, Inc., located in Laurinburg, North Carolina. The G&O's rail properties operate 203 route miles and haul commodities including agricultural products, ethanol, chemicals and lumber products.

Pete Claussen, Chairman of the Board of Gulf & Ohio, commenting on the pending purchase said, "We consider the Lancaster and Chester Railway Company to be one of the premier shortlines in the southeast. We look forward to continuing its tradition of high quality service."

Crandall Bowles, Chairman of the Board of The Springs Company which owns and oversees the operations of the L&C, said, "The L&C Railway has provided freight service to companies operating in Lancaster and Chester counties for 114 years, successfully adapting to the many changes that have affected this region. We are fortunate that a family and company like the Claussens and G&O Railways will continue to operate the L&C and serve their customers and communities. We are also pleased that The Springs Company will continue to work closely with G&O to bring more rail customers to this area. We want to thank all the L&C employees for building and operating a successful railroad that is well positioned to continue to prosper and grow."

William Taylor, Chairman of the Board of the L&C, stated that the Close family will continue to own and oversee the development of the Railway's industrial real estate holdings and will continue to support and provide economic development efforts in both counties to recruit new industry onto the L&C line.

The acquisition is expected to be finalized November of this year subject to STB approval.