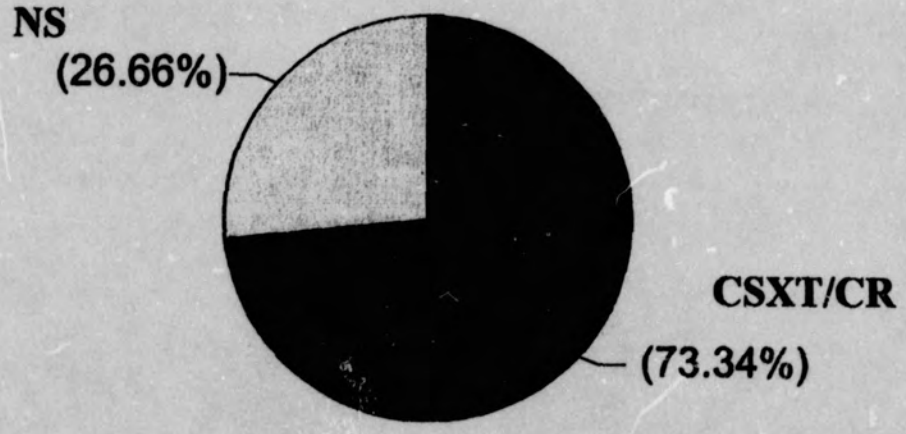
CSXT/CR MERGER

NAMEPLATE CAPACITY (MW)

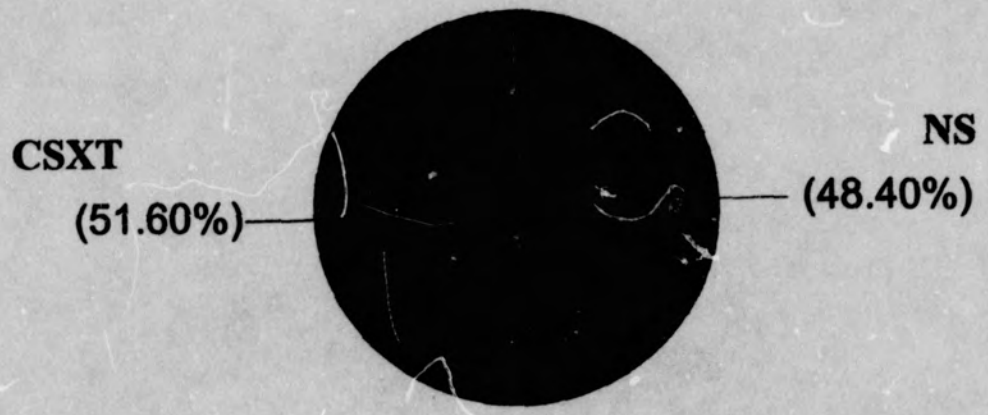
1995



NS/CR MERGER

NET GENERATION (MWh)

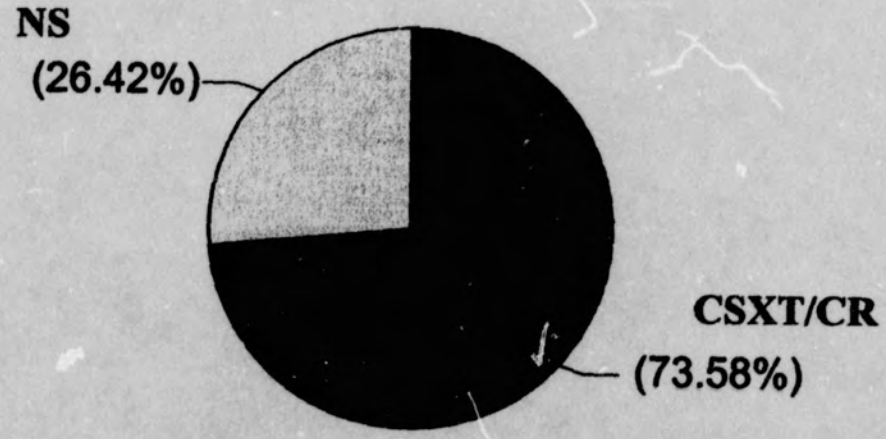
1995



CSXT/CR MERGER

NET GENERATION (MWh)

1995



FOR IMMEDIATE RELEASE
November 1, 1996

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NORFOLK SOUTHERN ASKS COURT TO BLOCK CONRAIL 'POSION PILL'

NORFOLK, VA -- Norfolk Southern (NYSE:NSC) today asked a federal judge in Philadelphia to block Conrail (NYSE:CRR) from executing a "draconian" plan that would effectively force its shareholders to accept CSX's (NYSE:CSX) merger offer and prevent them from even considering Norfolk Southern's higher offer for Conrail.

In its motion for a temporary restraining order, Norfolk Southern said Conrail's plan represents "the most egregious instance of a company hastily 'locking up' a transfer of control to a favored bidder without regard for the best interests of its shareholders or other constituencies."

Norfolk Southern asked the Court to stop Conrail from distributing its "Poison Pill" rights on November 7. The distribution of the rights would essentially trigger Conrail's "poison pill" defense against any potential buyer except CSX. Judge Donald W. Van Artsdalen has tentatively scheduled a hearing on Norfolk Southern's motion for a temporary restraining order for Noon Monday (November 4).

"Conrail's directors have essentially ceded their fiduciary duties" to CSX, Norfolk Southern said in its filing. Execution of the "Rights Plan" would cause an "enormous dilution" of Conrail stock, Norfolk Southern said.

In its filing, Norfolk Southern said that Conrail, its directors and CSX are attempting "to coerce, mislead and fraudulently manipulate Conrail's shareholders to swiftly deliver control of Conrail to CSX pursuant to a tender offer" in stock and cash with a value of slightly more than $85 per Conrail share (as of October 29, 1996).

Norfolk Southern on October 24 made a $100-a-share all-cash offer for all shares of Conrail common stock.

"We believe that Conrail shareholders should have the right to consider our offer, which is clearly better for them and ultimately for shippers, communities, employees and the public interest," said David R. Goode, Chairman, President and Chief Executive Officer of Norfolk Southern.

In an amended complaint filed Wednesday, Norfolk Southern noted that under the terms of Conrail's deal with CSX, Conrail directors are prohibited from terminating the agreement for 180 days even if their fiduciary duties required them to do so. "Conrail directors have agreed to take a six-month leave of absence during what may be the

most critical six months in Conrail's history," Norfolk Southern's complaint said.

Norfolk Southern is a transportation holding company that operates a 14,500-mile rail system in 20 states and a trucking line.

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World Wide Web Site - http://www.nscorp.com

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

NORFOLK SOUTHERN CORPORATION, a Virginia corporation, ATLANTIC ACQUISITION CORPORATION, a Pennsylvania corporation AND KATHRYN B. McQUADE, Plaintiffs, -against- CONRAIL INC., a Pennsylvania corporation, DAVID M. LEVAN, H. FURLONG BALDWIN, DANIEL B. BURKE, ROGER S. HILLAS, CLAUDE S. BRINEGAR, KATHLEEN FOLEY FELDSTEIN, DAVID B. LEWIS, JOHN C. MAROUS, DAVID H. SWANSON, E. BRADLEY JONES, AND RAYMOND T. SCHULER AND CSX CORPORATION, Defendants.	C.A. No. 96-CV-7167

PLAINTIFFS' MEMORANDUM OF LAW
IN OPPOSITION TO DEFENDANTS' MOTIONS TO DISMISS

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DATED: October 31, 1996

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INTRODUCTION

This action arises from the attempt by defendants Conrail Inc. ("Conrail"), its directors and CSX Corporation ("CSX") to coerce, mislead and fraudulently manipulate Conrail's shareholders to swiftly deliver control of Conrail to CSX pursuant to a tender offer for up to 20% of Conrail's stock for $92.50 in cash, a possible second tender offer and a back-end stock-for-stock merger (the "CSX Transaction"). As of the close of business on October 29, 1996, the blended value of the CSX Transaction was slightly more than $85 per Conrail share.

As the plaintiffs' Complaint (and First Amended Complaint filed on October 30, 1996[1]) describe in detail,

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[1] The First Amended Complaint adds additional facts developed since the original Complaint was filed and adds additional claims related to, among other things, (a) a provision in the CSX Merger Agreement that prevents Conrail's directors from withdrawing their recommendation that Conrail's shareholders accept the CSX tender offer, terminating the CSX Merger Agreement and recommending or entering into a competing takeover proposal for at least 180 days even if their fiduciary duty would require them to do so; and (b) provisions in the CSX Merger Agreement and Conrail's poison pill plan that prevent Conrail from redeeming, amending or otherwise taking further action with respect to the poison pill for any transaction other than the current CSX Transaction. The Amended Complaint alleges that, under the

(continued...)

Conrail's directors acted precipitously to accede to CSX's proposal without even attempting to determine if Norfolk Southern Corporation ("Norfolk Southern") -- which had expressed interest in both the distant and very recent past in acquiring Conrail -- would offer a better proposal. Indeed, Conrail's hasty action was specifically designed to forestall any competing, higher bid for Conrail by Norfolk Southern.

On October 23, 1996, Norfolk Southern announced its intention to commence a public tender offer for all shares of Conrail common stock at a price of $100 in cash per share (the "Norfolk Southern Offer"). Norfolk Southern further announced that it intends, as soon as practicable following the closing of its offer, to acquire the entire equity interest in Conrail for cash at the same price per share. The Norfolk Southern Offer and proposed merger represent a 40% premium over the closing market price of Conrail stock on October 14, 1996 (the day prior

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[1](...continued)
terms of Conrail's poison pill plan, Conrail's directors will lose, on November 7, their power to make the poison pill inapplicable to any acquisition transaction other than the CSX Transaction, unless CSX agrees to let them postpone that date. Unless the November 7 date is postponed, Conrail will be unable to be acquired other than through the CSX Transaction, under its current terms, for a period of almost nine years.

to the announcement of the merger with CSX) and a substantial premium over CSX's offer.

The plaintiffs' underlying case presents the most egregious instance of a company hastily "locking up" a transfer of control. While the Pennsylvania Business Corporation Law allows directors substantial leeway in considering change of control issues, it does not permit, contrary to the defendants' protestations otherwise, directors to completely abdicate their fiduciary duties as they have done here.

The egregious nature of the defendants' conduct relies for support on a view of Pennsylvania corporate law that would purport to totally eliminate the concept of fiduciary duty owed by directors as it relates to the issue of who owns and controls the corporation. At the self-interested urging of defendant LeVan, Conrail's directors have agreed to a transaction that they must have known could and would be bettered by Norfolk Southern. From the inferior CSX Transaction, defendant LeVan stands to gain substantially increased compensation and a pledge that he will succeed CSX's Chairman and Chief Executive Officer John W. Snow.

As alleged in the plaintiffs' Complaint (and First Amended Complaint) and as will be discussed in

detail in the plaintiffs' opening brief in support of their motion for preliminary injunction to be filed next week, the defendants' self-serving and distorted view of Pennsylvania corporate law is incorrect. While Pennsylvania's legislature has acted to give directors of Pennsylvania corporations the power to "just say no" to a bidder, it has not given directors the ability to enter into a merger agreement and cede all of their fiduciary duties to the potential acquiror through the merger contract.

In the same way that the Conrail defendants have tried to ignore Norfolk Southern, their motion to dismiss ignores any statute, case or fact that they do not like. Defendants, for example, suggest that plaintiffs rushed to file this lawsuit "in such haste ... that elementary principles of standing were ignored," but have themselves failed to cite the Pennsylvania statute that expressly gives plaintiffs standing to sue. Similarly, defendants argue that a bidder such as Norfolk Southern cannot be an adequate shareholder representative, but neglect to mention the substantial case authority to the contrary. The list goes on:

- Defendants argue that plaintiffs have not made sufficient allegations of fraud to avoid the

demand requirement, but ignore the plain allegations of fraud in plaintiffs' Complaint.

- They argue that Pennsylvania law expressly empowers directors to terminate amendments, but miss the point that the proposed articles amendment distorts and subverts the opt-out provisions of the Pennsylvania Business Corporation Law.

- They argue that plaintiffs breached a confidentiality agreement with CSX, but fail to mention that the agreement was terminated by a signed letter agreement over two years ago.

In addition to being substantively incorrect, the plaintiffs' motions are procedurally deficient in that they rely on numerous alleged facts not taken from the Complaint or the documents incorporated by reference in it. As Rule 12(b)(6) itself makes clear, reliance on matters outside of the Complaint mandates that the motions to dismiss be treated as motions for summary judgment. Given the factual disputes that are apparent from comparison of the allegations of the Complaint with the defendants' briefs, dismissal of the Complaint by motion is inappropriate in this case. Plaintiffs believe the ongoing expedited discovery begun several days ago will result in a record by next week that will provide more than adequate basis for the Court to issue the preliminary injunction sought by the plaintiffs.

COUNTER-STATEMENT OF FACTS

The Plaintiffs

Plaintiff Norfolk Southern is a Virginia corporation "considered by many analysts to be the nation's best-run railroad," according to the New York Times. (Comp. ¶ 3) Norfolk Southern is the beneficial owner of 100 shares of common stock of Conrail. (Id.)

Plaintiff Kathryn B McQuade is, and has been at all times relevant to this action, the owner of Conrail common stock. (Comp. ¶ 5)

Plaintiff Norfolk Southern Had Made Known to Conrail on Numerous Occasions Its Interest in Acquiring Conrail

On numerous occasions prior to 1994, senior management of Norfolk Southern spoke to their counterparts at Conrail concerning a possible business combination between Norfolk Southern and Conrail. By early September 1994, negotiations toward such a transaction were in an advanced stage. Norfolk Southern had proposed an exchange ratio of 1-to-1, but Conrail management was still pressing for a higher premium. On September 23, 1994, Norfolk Southern increased the proposed exchange ratio to 1.1-to-1, and left the door open to an even higher ratio. Conrail discontinued such discussions in September 1994, after the Conrail Board elected defendant

LeVan as Conrail's President and Chief Operating Officer as a step toward ultimately installing him as Chief Executive Officer and Chairman.

The 1.1-to-1 exchange ratio reflected a substantial premium over the market price of Conrail stock at that time. If one applies that ratio to Norfolk Southern's stock price on October 14, 1996 -- the day the Conrail Board approved the CSX Transaction -- it implies a per share acquisition price for Conrail of over $101. Thus, there can be no question that Mr. LeVan, if not Conrail's Board, was well aware that Norfolk Southern likely would be willing and able to offer more -- to Conrail's shareholders, rather than management, that is -- than CSX could offer for an acquisition of Conrail.

During the period following September 1994, Norfolk Southern's Chairman, David R. Goode, from time to time had conversations with Mr. LeVan. During virtually all of these conversations, Mr. Goode expressed Norfolk Southern's strong interest in negotiating an acquisition of Conrail. Mr. LeVan responded that Conrail wished to remain independent. Nonetheless, Mr. Goode was led to believe that if and when the Conrail Board determined to pursue a sale of the company, it would do so through a

process in which Norfolk Southern would have an opportunity to bid.

At its September 24, 1996 meeting, the Norfolk Southern Board reviewed its strategic alternatives and determined that Norfolk Southern should press for an acquisition of Conrail. Accordingly, Mr. Goode again contacted Mr. LeVan to (i) reiterate Norfolk Southern's strong interest in acquiring Conrail and (ii) request a meeting at which he could present a concrete proposal. Mr. LeVan responded that the Conrail Board would be holding a strategic planning meeting that month and that he would be back in contact with Norfolk Southern after that meeting. Mr. Goode emphasized that he wished to communicate Norfolk Southern's position so that Conrail's Board would be aware of it during the strategic planning meeting. Mr. LeVan stated that it was unnecessary to do so.

Following September 24, Mr. LeVan did not contact Mr. Goode. Finally, on Friday, October 4, 1996, Mr. Goode telephone Mr. LeVan. Mr. Goode again reiterated Norfolk Southern's strong interest in making a proposal to acquire Conrail. Mr. LeVan responded that the Conrail Board would be meeting on October 16, 1996, and assumed that he would contact Mr. Goode following that

meeting. Mr. Goode again stated that Norfolk Southern wanted to make a proposal so that the Conrail Board would be aware of it. Mr. LeVan again stated that it was unnecessary to do so.

On the Day Before the Purportedly Scheduled Meeting of Conrail's Board, Defendants Announce the CSX Transaction

To Norfolk Southern's surprise and dismay, on October 15, 1996, Conrail and CSX announced that they had entered into a definitive merger agreement (the "CSX Merger Agreement") pursuant to which control of Conrail would be sold swiftly to CSX and then a merger would be consummated following required regulatory approvals.

The CSX Transaction, the blended value of which was slightly more than $85 per Conrail share as of October 29, 1996, is structured to include (i) a first-step cash tender offer for up to 19.9% of Conrail's stock; (ii) an amendment to Conrail's charter to opt out of coverage under Subchapter 25E of Pennsylvania's Business Corporation Law (the "Charter Amendment"), which requires any person acquiring control of over 20% or more of the corporation's voting power to acquire all other shares of the corporation for a "fair price," as defined in the statute, in cash; (iii) following such amendment, an acquisition of additional shares that, in combination

with other shares already acquired, would constitute at least 40% and up to approximately 50% of Conrail's stock; and (iv) following required regulatory approvals, consummation of a follow-up stock-for-stock merger.

Thus, once the Charter Amendment is approved, CSX will be in a position to acquire either effective or absolute control over Conrail. In its preliminary proxy materials filed with the Securities and Exchange Commission ("SEC"), Conrail states that if CSX acquires 40% of Conrail's stock, approval of the merger will be "virtually certain." CSX could do so either by increasing the number of shares it will purchase by tender offer, or, if tenders are insufficient, by accepting all tendered shares and exercising a stock option granted to it as part of the CSX Transaction (the "Stock Option"). CSX could obtain "approximately 50 percent" of Conrail's shares by purchasing 40% pursuant to tender offer and by exercising its stock options, in which event shareholder approval of the CSX merger will be, according to Conrail's preliminary proxy statement, "certain."

The CSX Transaction includes a breakup fee of $300 million and a lock-up stock option agreement threatening substantial dilution to any rival bidder for control of Conrail. Integral to the CSX Transaction are

covenants substantially increasing Mr. LeVan's compensation and guaranteeing that he will succeed John W. Snow, CSX's Chairman and Chief Executive Officer, as the combined company's CEO and Chairman.

CSX Admits That the Conrail Board Approved the CSX Transaction Rapidly

On October 16, 1996, the New York Times reported that CSX's Mr. Snow, on October 15, 1996, had stated that the CSX Transaction "came together rapidly in the last two weeks." The Wall Street Journal reported on October 16 that Mr. Snow stated that negotiations concerning the CSX Transaction had gone "very quickly," and "much faster than he and Mr. LeVan had anticipated." On October 24, 1996, the Wall Street Journal observed that "[i]n reaching its agreement with CSX, Conrail didn't solicit other bids ... and appeared to complete the accord at breakneck speed."

CSX's Snow Implies That the CSX Transaction Is a Fait Accompli and States That Conrail's Directors Have Almost No Fiduciary Duties

On October 16, 1996, Mr. Goode met in Washington, D.C. with Mr. Snow, CSX's Chairman, to discuss the CSX Transaction and certain regulatory issues that its consummation would raise. Mr. Snow advised Mr. Goode during that meeting that Conrail's counsel and investment

bankers had ensured that the CSX Transaction would be "bulletproof," implying that the sale of control of Conrail to CSX is now a fait accompli. Mr. Snow added that the "Pennsylvania statute," referring to Pennsylvania's Business Corporation Law, was "great" and that Conrail's directors have almost no fiduciary duties.

The Onerous Terms of the CSX/Conrail Merger Agreement: The Poison Pill Lock-In

Consistent with Mr. Snow's remarks that Conrail's advisers had ensured that the CSX Transaction is "bullet-proof" and that Conrail's directors have almost no fiduciary duties, the CSX Merger Agreement contains draconian "lock-up" provisions which are unprecedented.

Perhaps the most onerous of these provisions, in terms of the drastic consequences it threatens to Conrail, its shareholders and its other legitimate constituencies, is the poison pill "lock-in" provision. The CSX Merger Agreement purports to bind the Conrail Board not to take any action with respect to the Conrail poison pill to facilitate any offer to acquire Conrail other than the CSX Transaction. At the same time, the Conrail Board has amended the Conrail poison pill to facilitate

the CSX Transaction. Moreover, Conrail has not disclosed the effect of these provisions to its shareholders.

The 180-Day Lock-Out

The CSX Merger Agreement also contains an unprecedented provision purporting to bind Conrail's directors not to terminate the CSX Merger Agreement for 180 days regardless of whether their fiduciary duties require them to do so.

The $300 Million Breakup Fee

The CSX Merger Agreement also provides for a $300 million breakup fee. This fee would be triggered if the CSX Merger Agreement were terminated following a competing takeover proposal.

This breakup fee is disproportionately large, constituting over 3.5% of the aggregate value of the CSX Transaction (and approximately 5% if added to the value of the Stock Option Agreement discussed below in the context of Norfolk Southern's offer). The breakup fee unreasonably tilts the playing field in favor of the CSX Transaction -- a transaction that the defendant directors knew, or reasonably should have known, at the time they approved the CSX Transaction, provided less value and other benefits to Conrail and its constituencies than would a transaction with Norfolk Southern.

The Lock-Up Stock Option

Concurrently with the CSX Merger Agreement, Conrail and CSX entered into an option agreement (the "Stock Option Agreement") pursuant to which Conrail granted to CSX an option, exercisable in certain events, to purchase 15,955,477 shares of Conrail common stock at an exercise price of $92.50 per share, subject to adjustment. If, during the time that the option under the Stock Option Agreement is exercisable, Conrail enters into an agreement pursuant to which all of its outstanding common shares are to be purchased for or converted into, in whole or in part, cash, in exchange for cancellation of the option, CSX shall receive an amount in cash equal to the difference (if positive) between the closing market price per Conrail common share on the day immediately prior to the consummation of such transaction and the purchase price. In relation to Norfolk Southern's offer of $100 per share, the dilution attributable to the Stock Option Agreement would be $119,666,077.50.

Selective Discriminatory Treatment of Competing Bids

Finally, the Conrail Board has breached its fiduciary duties by selectively rendering Conrail's poison pill rights plan inapplicable to the CSX Transac-

tion, and approving the CSX Transaction and, thus, exempting it from the 5-year merger moratorium under Pennsylvania's Business Combination Statute.

Norfolk Southern Responds With a Superior Offer for Conrail

On October 23, 1996, Norfolk Southern publicly announced its intention to commence a cash tender offer for any and all shares of Conrail stock for $100 per share, to be followed, after required regulatory approvals, by a cash merger at the same price. Norfolk Southern commenced its offer on October 24, 1996.

ARGUMENT

I. BOTH NORFOLK SOUTHERN AND KATHRYN B. McQUADE HAVE STANDING TO SUE CONRAIL'S BOARD FOR BREACH OF FIDUCIARY DUTY.

A. Section 1782 Of The Business Corporation Law -- Which The Defendants Ignore -- Explicitly Allows Beneficial Owners Of Stock To Bring A Derivative Action.

The defendants argue that the plaintiffs do not have standing to sue under § 1717 because they are not, and never were, record shareholders of Conrail. (Op. Br. at 11). The defendants neglected to bring to the attention of the Court, however, the specific provisions of § 1782 ("Actions Against Directors and Officers") of the Pennsylvania Business Corporation Law (the "BCL") that address this issue in detail. Pursuant to the clear language of § 1782, beneficial ownership of stock is sufficient to give a plaintiff standing to bring a derivative action for breach of fiduciary duty. Section 1782(a) of Subchapter F ("Derivative Actions") specifically relates to actions against directors and officers. It states, in plain English, that:

> in any action or proceeding brought to enforce a secondary right on the part of one or more shareholders of a business corporation against any present or former officer or director of the corporation because the corporation refuses to enforce rights that may properly be asserted by it, each plaintiff must aver and it must be made to appear that each

> plaintiff was a shareholder of the corporation or owner of a beneficial interest in the shares at the time of the transaction of which he complains.... (Emphasis added.)

An additional indication that the legislature intended to provide standing for a broad range of shareholders seeking to bring a breach of fiduciary duty claim is contained in subsection (b) of § 1782, which states, in relevant part:

> [a]ny shareholder or person beneficially interested in shares of the corporation ... who does not meet [the] requirements [of subsection (a)] may, nevertheless in the discretion of the court, be allowed to maintain the action or proceeding... (Emphasis added.)[2]

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[2] The defendants rely on BCL §§ 1103 (a definitional section) and 1717 for the proposition that only record owners have standing to bring a derivative action for breach of fiduciary duty. Section 1103 does define "shareholder" as a "record" shareholder. Section 1782, however, expands the class of individuals who may bring a derivative claim to "shareholder or owner of a beneficial interest in the shares." Section 1717 says only that a shareholder may not bring a direct action against a director for breach of fiduciary duty. It does not say who may bring a derivative claim. Section 1782, quoted in the text above, governs who may bring a derivative claim and expressly gives beneficial owners the right to do so. It is a basic precept of statutory construction that where there is a specific statutory provision relating to an issue, that specific provision controls over a more general provision where the two may be viewed as inconsistent. See, e.g., New Bethlehem Volunteer Fire Co. v. Workmen's Compensation Appeal Bd., 654 A.2d 267, 269-70 (Pa. Commw.), appeal denied, 668 A.2d 1140 (Pa. 1995) (specific statutory provisions control over general provision when they conflict).

While the clear language of the statute is enough to establish that beneficial owners may initiate a derivative action on behalf of the corporation, the case law also supports plaintiffs' position.

In Kusner v. First Pennsylvania Corp., 395 F. Supp. 276 (E.D. Pa. 1975) rev'd in part on other grounds, 531 F.2d 1234 (3d Cir. 1976), this Court found that the holder of subordinated debentures could not maintain a derivative action because he was not the holder of a "proprietary interest" in the business entity. Id. at 280. The Kusner Court recognized that the "right to sue derivatively is an attribute of ownership...." Id. at 281. The Court did not distinguish between record and beneficial ownership because such distinctions are of no accord. It is the claim of ownership of the stock, regardless of the capacity in which that ownership occurs, that gives rise to the right to maintain an action on the corporation's behalf. See also, In re Penn Central Transp. Co., 341 F. Supp. 845 (E.D. Pa. 1972); Murdock v. Follansbee Steel Corp., 213 F.2d 570 (3d Cir. 1954)(cases where a beneficial owner brought a derivative action).

The defendants' argument that only record owners of stock may bring derivative suits is not supported by any provision of the BCL or case law interpret-

ing Pennsylvania law. The clear language of Section 1782 is fatal to the defendants' argument. The defendants' position must be rejected by this Court.

B. The Plaintiffs Brought Their Breach Of Fiduciary Duty Claims As Derivative Claims.

The defendants spend an entire section of their brief arguing that shareholders cannot bring a direct action against the directors of a corporation for breach of fiduciary duty, but must, instead, bring a derivative claim. (Op. Br. at 9-11) But the plaintiffs do not dispute that point. They have brought their breach of fiduciary duty claims as derivative claims. (See Am. Comp. ¶¶ 97-99; Count I (Breach of Fiduciary Duty With Respect to the Charter Amendment), Count II (Breach of Fiduciary Duty With Respect to the Poison Pill), Count III (Breach of Fiduciary Duty With Respect to Pennsylvania Business Combinations Statute), Count V (Breach of Fiduciary Duty With Respect to the Poison Pill Lock-In), Count VII (Breach of Fiduciary Duty With Respect to the 180-Day Lock-Out), and Count VIII (Breach of Fiduciary Duty With Respect to the Lock-Up Provisions)

II. PLAINTIFFS NORFOLK SOUTHERN AND MCQUADE ARE ADEQUATE REPRESENTATIVES OF CONRAIL'S SHAREHOLDERS FOR PURPOSES OF RULE 23.1.

The defendants next argue that even if the plaintiffs have standing to sue pursuant to § 1717, they are not adequate class representatives as required by Rule 23.1, because their interests conflict with those of Conrail's other shareholders. Like the defendants' previous arguments relating to standing, their argument relating to adequacy of representation is not supported by the law or the facts.

The defendants' argument centers around the contention that the economic interests of a shareholder/takeover bidder are "necessarily" divergent from the interests of the target's other shareholders. (Op. Br. at 12) The logic that the defendants use in arriving at this conclusion is faulty, and the case law they cite is inapposite.

First and foremost, the case law is clear on the fact that "every case in which the standing of a shareholder to maintain a derivative suit is disputed must be decided on the basis of what is fair in the particular circumstances and not according to rigid rules." Mobil Corp. v. Marathon Oil Co., No. C-2-81-

1402, 1981 WL 1713 at *27 (S.D. Ohio Dec. 7, 1981), citing Davis v. Comed, Inc., 619 F.2d 588 (6th Cir. 1980). The defendants' attempt to put this case into a box and have it decided upon an unyielding set of factors -- rather than the actual circumstances presented -- should be rejected.

This Court's analysis should start with the fact that the burden of proving inadequacy of representation falls squarely on the shoulders of the defendants challenging the plaintiffs' representation. Air Line Pilots Assoc. Int'l. v. UAL Corp., 717 F. Supp. 575, 579 (N.D. Ill. 1989), aff'd, 897 F.2d 1394 (7th Cir. 1990); Shamrock Assocs. v. Horizon Corp., 632 F. Supp. 566 (S.D.N.Y. 1986); Granada Investments, Inc. v. DWG Corp., 717 F. Supp. 533, 538 (N.D. Ohio 1989), aff'd, 962 F.2d 1203 (6th Cir. 1992). In assessing the defendants' contentions in this context, the Court should also be mindful that the defendants have motives in seeking to disqualify representative plaintiffs that are adverse to those of the corporation; the defendants clearly do not want to be sued, even if it is for the corporation's benefit.

Contrary to the misleading impression left by Conrail's brief, numerous courts have held that tender

offerors may have standing to bring a derivative action. "A [plaintiff] need not necessarily be disqualified from bringing a derivative action against the corporation merely because that shareholder is also a potential acquiror." Newell Co. v Vermont American Corp., 725 F. Supp. 351, 368 (N.D. Ill. 1989); Air Line Pilots Assoc., 717 F. Supp. at 579; MacAndrews & Forbes Holdings, Inc. v. Revlon, Inc., C.A. No. 8126, 1985 WL 21129 (Del. Ch. Oct. 9, 1985).

Additionally, and more generally, a plaintiff should not be disqualified under Rule 23.1 "merely because of the existence of interests beyond those of the class he seeks to represent, so long as he shares a common interest in the subject matter of the suit." G.A. Enters. v. Leisure Living Communities, Inc., 517 F.2d 24 (1st Cir. 1975); Tyco Laboratories, Inc. v. Kimball, 444 F. Supp. 292, 299 (E.D. Pa. 1977). The Court's primary focus should be to "consider any indications that suggest the existence of extrinsic factors which 'render it likely that the representative may disregard the interests of the class members.'" Granada Investments, 717 F. Supp. at 538 (citations omitted).

There are numerous cases where courts have found that the interests of a takeover bidder are not

economically inconsistent with the interests of other shareholders. For example, in Granada, the court found that Granada, a takeover bidder, was an adequate representative of the class. In clear language directly on point here, the Granada Court found that:

> Although derivative plaintiff brings this suit primarily to force the consideration by DWG of a merger proposal, Granada's interests do not appear to be economically antagonistic to the interests of the other shareholders. While Granada is a potential buyer and the other shareholders are potential sellers, their interests are not inevitably in conflict. Both Granada and the other shareholders share an interest in preventing DWG's directors from locking up control of DWG. Moreover, in its proposal, Granada has offered to purchase DWG stock at a price of $22.00 per share, a price significantly higher than the stock's current listing on the exchange. Conceivably, this offering price does not reflect the true value of the DWG stock; yet by bringing this suit, Granada hopes to create an opportunity for the shareholders to make that determination. By either rejecting or accepting Granada's price (or a price offered by another bidder), the shareholders, rather than the Court, ultimately decide whether plaintiff's interests are antagonistic to their own. (Emphasis added; footnote omitted.)

717 F. Supp. at 538. The Granada court's rationale provides compelling support for a finding that Norfolk Southern has standing to pursue its claims here.

The Granada Court's view is accepted by other courts that have considered this issue. In Air Line Pilots Assoc., 717 F. Supp. at 579, and Mobil Corp. v.

Marathon Oil Co., 1981 WL 1713 (S.D. Ohio 1981), for example, the courts came to the same conclusion that the Granada Court reached. In Air Line Pilots and Mobil, the courts rejected the argument that the defendants have advanced here -- namely that the economic interests of the plaintiffs are in conflict because the bidder/shareholder seeks the lowest possible price and the other shareholders desire the highest price they can get for their shares. In both of those cases, the courts reasoned that the bidder/shareholder had the "best opportunity and incentive to see that the target corporation 'plays fair'" and accordingly serves as an adequate representative for the class. Mobil Corp. v. Marathon Oil Co., 1981 WL 1713 (S.D. Ohio 1981)

Even the case that defendants rely most heavily upon to support their argument, Baron v. Strawbridge & Clothier, 646 F. Supp. 690 (E.D. Pa. 1986), in fact supports the view that the plaintiffs urge this Court to adopt. The Baron Court noted that:

> In finding that economic antagonisms exist between the plaintiffs and the other shareholders, the court is not suggesting that interests automatically diverge in all cases where a derivative plaintiff is a potential purchaser and other shareholders are potential sellers. (Emphasis added.)

646 F. Supp. at 695.

Norfolk Southern has the same interests as the other shareholders of Conrail -- prohibiting the Conrail Board from locking up the sale of the company without giving due consideration to the alternatives. For the reasons set forth in the Air Line Pilots, Mobil and Granada cases, this Court should find that the plaintiffs are adequate representatives of the class in this case.[3]

III. PRE-SUIT DEMAND SHOULD BE EXCUSED ON THE FACTS PLED BY THE PLAINTIFFS.

Defendants contend that the plaintiffs' Complaint contains insufficient allegations of "fraud" on the part of individual defendant directors to excuse the formality of a demand on the board of directors under Pennsylvania law. This contention is meritless. The defendants have misread the case law and the plaintiffs' Complaint.

Under Pennsylvania law, a shareholder need not make a demand on the board of directors before filing a derivative action if that demand would be "a vain or useless thing." See Glenn v. Kittanning Brewing Co., 103

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[3] The defendants also argue that plaintiff McQuade is not an adequate representative of the class because she suffers from the same problems the defendants allege Norfolk Southern to have. As described above, Norfolk Southern is an adequate representative. Ms. McQuade, therefore, is also an adequate representative of Conrail's shareholders.

A. 340, 343 (Pa. 1918). In Garber v. Lego, 11 F.3d 1197 (3d Cir. 1993), the Third Circuit recognized that a demand is unnecessary under Pennsylvania law where the defendant directors are alleged to have acted to further their own self-interest at the expense of Conrail's shareholders and other constituencies. Garber, 11 F.3d at 1204-05. See also Glenn, 103 A. at 343 (demand would be "vain or useless" where plaintiff alleged that board members issued stock to one of the defendants to gain control of the corporation); Treat v. Pennsylvania Mut. Life Ins. Co., 52 A. 60 (Pa. 1902) (demand excused where plaintiff challenged managers' conduct in voting themselves unreasonably large salaries and granting the president and treasurer back pay). Similarly, the Pennsylvania Supreme Court has held that a demand would be futile where it was alleged that the board acted to ratify the self-dealing of the corporation's president. See Bailey v. Jacobs, 189 A. 320, 330 (Pa. 1937) (demand would be "futile" where the board "not only took no action to protect the interests of the stockholders but passed resolutions seeking to ratify defendant's acts").

Here, plaintiffs' allegations make it plain that any demand upon the defendant directors would have been a waste of time. Plaintiffs' complaints are packed

with specific allegations that the individual defendant directors engaged in fraudulent activity, acted to further their own interests at the expense of Conrail's shareholders and other constituencies, and stand to benefit personally from the challenged conduct. (See generally Am. Comp. ¶ 98 (a)-(h)) By way of example, plaintiffs allege:

- that the individual directors "acted fraudulently by pursuing defendants' campaign of misinformation, described [in the complaint], in order to coerce, mislead and manipulate Conrail shareholders to swiftly deliver control of Conrail to the low bidder." (Am. Comp. ¶ 98(a))

- that the individual defendant directors were "motivated by their personal interest in entrenchment" to engage in the challenged conduct at the expense of shareholders. (Am. Comp. ¶ 98(c)-(d), (f))

- that, in dealing with CSX, the defendant directors were motivated by the fact that the CSX deal contains "executive succession and compensation guarantees for Conrail management and board composition covenants effectively ensuring Conrail directors of continued board seats." (Am. Comp. ¶ 3)

- that the defendant directors fraudulently adopted extraordinary entrenchment mechanisms, such as the "continuing directors" requirement, designed to further their own personal interests and disenfranchise shareholders. (Am. Comp. ¶¶ 80-88)

Moreover, not only do plaintiffs allege that the individual board members acted to further their own

personal interests, but they also allege that the defendant directors acted to ratify defendant LeVan's individual self-dealing as well. The Complaint sets forth in detail the lucrative deal that defendant LeVan worked out with CSX, which was approved by the defendant directors as part of the CSX Merger Agreement. (Am. Comp. ¶¶ 71-73, 98) Given the plain allegations of the defendant directors' self-dealing, and the allegations of defendant LeVan's own self-dealing that was ratified by the defendant directors, there can be no question that a demand on the Conrail Board would have been futile. In such a situation, the Board could not be expected "to sue for a redress of wrongs which they had sought to validate." Bailey, 189 A. at 330.

Nothing in the cases relied on by defendants changes this conclusion or supports their contention that the allegations in plaintiffs' Complaint are insufficient to excuse a demand. In Garber, for example, the plaintiff challenged the grant of incentive compensation plans to key executives by the corporation's Compensation Committee. Unlike this case, the shareholder plaintiff did not allege fraud or self-dealing by the individual defendant directors.

The Pennsylvania Supreme Court's decision in Wolf v. Pennsylvania R.R., 45 A. 936 (Pa. 1900), is similarly inapposite. In Wolf, the plaintiff' shareholders did not even attempt to allege fraud or self-dealing, but claimed that the defendant directors "allowed themselves to be 'kept in absolute ignorance of [the corporation's] business.'" Wolf, 45 A. at 937 (citations omitted). The Pennsylvania Supreme Court simply held that such allegations of "erroneous judgment" were not sufficient to excuse demand. Id.; see also Kelly v. Thomas, 83 A. 307 (Pa. 1912) (complaint that named only three of seven directors and failed to allege any specific fraudulent conduct was insufficient to excuse demand).

Finally, demand would have been futile here because the defendant directors have set a schedule designed to rush the CSX deal through shareholder approval. The CSX Merger Agreement was announced on October 15, 1996. Defendants scheduled a shareholders meeting for November 14, 1996, only one month after the announcement. At that meeting, defendants intend to ask shareholders to vote on the Charter Amendment that would allow CSX to acquire up to 50% of Conrail's stock without triggering certain provisions of Pennsylvania's anti-takeover law. If that amendment passes, Conrail's own

proposed proxy materials state that approval of the merger is virtually certain. Given the expedited schedule set by defendants, requiring shareholders to make a demand on the Conrail Board would effectively deny them a remedy.

IV. THE CHARTER AMENDMENT IS INVALID UNDER PENNSYLVANIA LAW.

Defendants argue that Pennsylvania law "expressly empower[s]" the directors to withhold at their discretion the filing of the proposed Charter Amendment opting out of Subchapter 25E of the Pennsylvania BCL even if the shareholders approve it. (Op. Br. at 18) Defendants are simply wrong on the law - the Pennsylvania BCL does not authorize a discriminatory, deal-specific opt-out; nor does it contemplate a process in which the directors can initiate a shareholder vote, but only abide by its results if they feel like it. Moreover, while defendants accuse plaintiffs of relying on a "snippet" of the BCL to support their claim, it is defendants that cherry pick a phrase from plaintiffs' allegations and distort plaintiffs' points to fit their arguments.

The CSX Merger Agreement, between CSX and Conrail, provides that CSX will purchase 40% of Conrail stock via a tender offer or offers for $92.50 a share.

CSX also has an option to purchase an additional 15,955,477 shares of common stock that would, in combination with the 40% purchased through the tender offer, bring its holdings to 50% of Conrail stock. Once that happens, according to Conrail's own proposed proxy statement, approval of the merger by the Conrail shareholders would be certain.

One stumbling block stands between CSX and expedited approval of the merger. The Pennsylvania BCL, Subchapter 25E, requires that any person who acquires control over more than 20% of the voting shares of a Pennsylvania corporation must purchase the remaining shares, if tendered, for a "fair price." Fair price is defined as not less than the highest price per share paid by the acquiring person during the 90 days prior to obtaining control over more than 20% of the voting shares plus an increment representing the proportionate value of any control premium. Thus, if CSX purchases more than 20% of Conrail's shares for $92.50 in its initial tender offer, it would have to purchase 100% of the shares for at least $92.50.

To remedy this problem, and lock-up CSX's control over Conrail, a November 14, 1996 shareholders meeting has been scheduled. At that meeting, sharehold-

ers will be asked to approve an amendment to Conrail's articles of incorporation "opting out" of this provision of the BCL and paving the way for CSX to purchase a controlling interest in Conrail. The directors, however, are not planning to file the amendment, even if passed by the shareholders, unless the CSX deal is moving forward. Thus, the amendment would pave the way for the CSX deal, but the anti-takeover impediments would remain for competing takeover proposals (that might be less favorable to Mr. LeVan and/or the other defendant directors).

In their motion to dismiss briefing, defendants suggest that plaintiffs' sole support for their argument that the proposed deal-specific opt-out is unlawful is a "snippet" from Section 1914(a) of the BCL that requires an articles amendment to be adopted if it is passed by the shareholders. (Op. Br. at 18) Defendants have missed the point. Plaintiffs' claim is not simply that the proposed Charter Amendment process violates the procedural rules for filing amendments passed upon by the shareholders. Rather, plaintiffs claim that the Charter Amendment is an attempt to subvert the opt-out provisions of the Pennsylvania BCL. (Am. Comp. at ¶¶ 218-221)

The Pennsylvania BCL makes no provision for a discriminatory opt-out as contemplated by defendants.

Section 2541(a) of the Pennsylvania BCL allows corporations to opt out of Subchapter 25E. Nothing in the statute, however, authorizes the type of deal-specific opt-out proposed by the Conrail Board. Indeed, the defendants' proposed procedure undermines the very purpose of the opt-out provision. That provision was designed to allow shareholders to free the corporation from the impediments of the anti-takeover provisions in Subchapter 25E and to loosen the directors' grip of control on the corporation. Here, to the contrary, the discriminatory opt-out provision is being used as part of defendants' plan to tighten that grip.

Defendants' argument that the Pennsylvania BCL gives them the authority to "terminate" amendments if provisions for termination are included in the resolution passed by the shareholders similarly misses the point. The section of the statute upon which they rely -- § 1914(d) - says nothing about the procedure for opting out of Subchapter 25E. Moreover, the so-called "termination" provision here purports to allow the directors to ignore the shareholder vote if they do not like the way things are going (i.e., if too few shareholders tender their shares to CSX). Common sense and logic dictate

that such an outcome cannot be a proper reading of the statute.

In short, defendants are attempting to stand the Pennsylvania BCL on its head. Defendants are using the opt-out rights in the anti-takeover provisions of the BCL, designed to increase shareholder freedom, to further their own personal interests in locking up control over Conrail. It is this misuse of the opt-out procedure -- wholly ignored in defendants' motion to dismiss briefing -- that provides the basis for plaintiffs' claim that the Charter Amendment is unlawful.

V. PLAINTIFFS' FEDERAL CLAIMS BASED ON INADEQUATE DISCLOSURES STATE A VALID CAUSE OF ACTION.

In a classic example of "too little, too late," defendants attempt to argue that the plaintiffs' federal disclosure claims are moot because of subsequent disclosures. Defendants' argument flies directly in the face of case law decided by this Court.

In Klein v. Boyd, No. Civ. A. 95-5410, 1996 WL 230012 (E.D. Pa. May 3, 1996), Judge Yohn denied a motion to dismiss certain federal securities claims and RICO claims based on subsequent curative disclosures. In Klein, the defendant argued that all of the alleged misrepresentations and omissions were corrected with

later written disclosures. 1996 WL 230012, at *7. In rejecting that argument, the Court held that a motion to dismiss is generally based on the information contained in the complaint. Id. The Court found that it was only proper to consider extraneous information if such information was integral to the complaint. Id. Since the documents that formed the basis of the plaintiffs' claims were included in the complaint, the Court saw no reason to consider the defendants' additional documents on the motion to dismiss.

The same logic applies here. The plaintiffs' federal claims are based upon inadequate disclosures in the defendants' Schedule 14D-9 and proxy statement. Those documents are false and materially misleading, and those documents form the basis of the Complaint. Accordingly, this Court should not consider the additional disclosures on a motion to dismiss.

If this Court decides that examining the subsequent disclosure documents is appropriate at this stage of the proceedings, a motion to dismiss must still be denied. An analysis of the content of the defendants' disclosures and whether those additional disclosures adequately inform the Conrail shareholders of the impact of the CSX and Norfolk Southern offers are substantial

questions of fact. See In re Sunrise Sec. Litig., MDL No. 655, 1987 WL 19343 (E.D. Pa. July 7, 1987). Since the motion presently before this Court is a motion to dismiss, and not a motion for summary judgment, defendants' argument is not properly before the Court.

In any event, the Amended Complaint filed on October 30, 1996 adds new disclosure claims relating to, among other things, events since the original Complaint was filed on October 23. The revised claims demonstrate that even the supplemented disclosures made by the defendants are misleading and inadequate.

The defendants' motion to dismiss should be denied.[4]

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[4] In its joinder in Conrail's motion to dismiss, CSX argues that the plaintiffs' civil conspiracy claim must be dismissed based on the United States Supreme Court's decision in Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A, 114 S. Ct. 1439 (1994). The defendants, in yet another blatant oversight, fail to cite In re Towers Financial Corporation Noteholders Litig., 936 F. Supp. 126 (S.D.N.Y 1996). In Towers, the Court noted that Central Bank clearly stands for the proposition that there is no private right of action for an aiding and abetting claim under the federal securities laws. Id. at 128. However, the Towers Court also found that conspiracy liability, which contemplates the intentional wrongdoing of a party, is a separate and distinct concept that is not covered under the precedent set forth in Central Bank. Id. at 130.

VI. THE DEFENDANTS' UNCLEAN HANDS CLAIM IS WITHOUT BASIS.

The defendants' last argument is that the plaintiffs are not entitled to equitable relief because they breached a 1994 Confidentiality Agreement they entered into with Conrail.[5] The defendants' claim is not supported by the facts.

As the defendants correctly state, Norfolk Southern and Conrail entered into an agreement on August 17, 1994 to exchange certain proprietary information in order to facilitate the evaluation of a potential strategic transaction between the companies. The information exchange was subject to a confidentiality agreement whereby the parties agreed not to reveal any of the information to any third party.

However, the story as to the August 17, 1994 agreement does not end with that one document. On October 3, 1994, the parties entered into a brief letter agreement that terminated all of the provisions of the

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[5] Of course, the easy answer to the defendants' unclean hands argument is that unclean hands is an affirmative defense which is not relevant on a motion to dismiss, which looks only to the allegations of the Complaint. However, the plaintiffs respond to the merits of the argument in order to bring to the attention of the Court certain dispositive facts that rebut the defendants' argument in full.

August 17 agreement (Attached as Exhibit A). Despite the fact that the October 3 agreement was executed by Conrail, and in fact initiated by Conrail, the defendants have failed to bring it to the Court's attention. A simple reading of the subsequent October 3 agreement establishes that the defendants' claim of unclean hands is completely meritless.

CONCLUSION

For the reasons stated in this brief, the defendants' motions to dismiss should be denied.

Respectfully submitted,

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DATED: October 31, 1996

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

NORFOLK SOUTHERN CORPORATION, a Virginia corporation, ATLANTIC ACQUISITION CORPORATION, a Pennsylvania corporation, AND KATHRYN B. McQUADE, Plaintiffs, -against- CONRAIL INC., a Pennsylvania corporation, DAVID M. LEVAN, H. FURLONG BALDWIN, DANIEL B. BURKE, ROGER S. HILLAS, CLAUDE S. BRINEGAR, KATHLEEN FOLEY FELDSTEIN, DAVID B. LEWIS, JOHN C. MAROUS, DAVID H. SWANSON, E. BRADLEY JONES, AND RAYMOND T. SCHULER AND CSX CORPORATION, Defendants.	C.A. No. 96-CV-7167

MOTION FOR TEMPORARY RESTRAINING ORDER

Pursuant to Federal Rule of Civil Procedure 65(b), plaintiffs Norfolk Southern Corporation, Atlantic Acquisition Corporation, and Kathryn B. McQuade hereby move this Court for temporary injunctive relief as follows:

1. To temporarily enjoin defendants and all persons acting on their behalf or in concert with them from taking any action to enforce Sections 3.1(n) and 5.13 of the Agreement and Plan of Merger by and among Conrail Inc., Green Acquisition Corp. and CSX Corporation and any other provisions of such Merger Agreement which purport to limit the ability of the Board of

Directors of Conrail to take action or make any determination with regard to Conrail's Rights Agreement, as amended.

2. To temporarily enjoin defendants and all persons acting on their behalf or in concert with them from distributing any rights pursuant to Conrail's Rights Agreement and to require the defendants to take such action as is necessary to prevent a "Distribution Date" from occurring pursuant to such Rights Plan.

The grounds for the relief requested are set forth in the plaintiffs' memorandum of law.

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DATED: November 1, 1996

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

NORFOLK SOUTHERN CORPORATION, a Virginia corporation, ATLANTIC ACQUISITION CORPORATION, a Pennsylvania corporation AND KATHRYN B. McQUADE, Plaintiffs, -against- CONRAIL INC., a Pennsylvania corporation, DAVID M. LEVAN, H. FURLONG BALDWIN, DANIEL B. BURKE, ROGER S. HILLAS, CLAUDE S. BRINEGAR, KATHLEEN FOLEY FELDSTEIN, DAVID B. LEWIS, JOHN C. MAROUS, DAVID H. SWANSON, E. BRADLEY JONES, AND RAYMOND T. SCHULER AND CSX CORPORATION, Defendants.	C.A. No. 96-CV-7167

PLAINTIFFS' OPENING BRIEF IN SUPPORT OF
THEIR MOTION FOR A TEMPORARY RESTRAINING ORDER

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DATED: November 1, 1996

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INTRODUCTION

This case presents the most egregious instance of a company hastily "locking up" a transfer of control to a favored bidder without regard for the best interests of its shareholders and other constituencies. While the matters raised in the plaintiffs' Amended Complaint will be the subject of a preliminary injunction hearing on November 12, plaintiffs now seek immediate injunctive relief with respect to one particularly draconian feature of Conrail's arsenal of defensive weapons which threatens immediate irreparable harm before November 12.

Plaintiffs seek to prevent the occurrence of a "Distribution Date" under defendant Conrail's Rights Plan (the "Rights Plan") and prevent the distribution on November 7 of rights issued pursuant to the Rights Plan. Under the terms of the Rights Plan, the rights certificates are required to be issued on the tenth business day following the commencement of an offer by someone other than CSX (which Conrail has exempted from its Rights Plan). Since Norfolk Southern commenced its tender offer for all of Conrail's shares on October 24, 1996, a Distribution Date will occur on November 7, 1996, unless the Board determines otherwise.

What makes Conrail's attempt to "lock-up" control so particularly egregious in this case is the

fact that Conrail's Board can no longer "determine otherwise." Conrail's directors and CSX have agreed in Section 5.13 of the Conrail/CSX Merger Agreement not to amend the Rights Plan or take any other action with respect to the Rights Plan, such as delaying the date on which the rights would be distributed. Conrail's directors are thus prohibited, as a result of their own misconduct, from taking any action to prevent distribution of the rights to Conrail's shareholders on November 7, 1996. Conrail's directors have essentially ceded their fiduciary duties in this regard to CSX.

If the rights are distributed, any person who thereafter becomes the beneficial owner of 10 percent or more of Conrail's common stock, will trigger the "flip-in" or "flip-over" features of the Rights Plan, thereby causing enormous dilution of the stock interest held by the acquiring person. The practical effect of the occurrence of a Distribution Date and the distribution of the rights is that Conrail's directors will no longer be able to remove the rights as an obstacle to any transaction other than the pending transaction with CSX.

While this Court has scheduled a preliminary injunction hearing for November 12, 1996 to consider Norfolk Southern's request for preliminary injunctive relief, there may be nothing for this Court to decide by

November 12 if the status quo cannot be maintained as to the rights until then. Unless a temporary restraining order is granted, a Distribution Date will occur under Conrail's draconian Rights Plan on November 7, 1996 and the rights will become exercisable. The Conrail Board would then be unable to consider any transaction (other than the favored CSX Transaction) until the Rights Plan expires in 2005. Thus, if a Distribution Date occurs, Conrail will have ensured that no higher offer could be consummated until the year 2005.

Temporary injunctive relief is warranted so that a fuller record may be developed and so that this Court will have a meaningful opportunity on November 12, 1996 to render effective relief on the plaintiffs' claims. Plaintiffs seek, among other relief, an order requiring the defendants to take such action as is necessary to prevent a Distribution Date from occurring and enjoining the defendants from distributing the rights to shareholders pursuant to a Distribution Date related to Norfolk Southern's pending tender offer.

STATEMENT OF FACTS

The Competing Proposals

This action arises from the attempt by defendants Conrail, its directors, and CSX to coerce, mislead, and fraudulently manipulate Conrail's shareholders to swiftly deliver control of Conrail to CSX pursuant to a tender offer for up to 20% of Conrail's stock for $92.50 in cash, a possible second tender offer and a back-end stock-for-stock merger (the "CSX Transaction"). As of the close of business on October 29, 1996, the blended value of the CSX Transaction was slightly more than $85 per Conrail share. The CSX Transaction contains a variety of lock-up devices designed to forestall any competing higher bid for Conrail. Such devices are described in detail in paragraphs 36-70 of the Amended Complaint (filed on October 30, 1996) and at pages 12-15 of the Plaintiffs' Memorandum of Law in Opposition to Defendants' Motions to Dismiss (filed on October 31, 1996).

On October 24, 1996, Norfolk Southern commenced a public tender offer for all shares of Conrail common stock at a price of $100 in cash per share (the "Norfolk Southern Offer").

Conrail's Rights Plan

Poison pill rights plans of the type adopted by Conrail are normally designed to make an unsolicited acquisition prohibitively expensive to an acquiror by diluting the value and proportional voting power of the shares acquired. (V. Am. Comp. ¶ 40)[1]

Under such a plan, stockholders receive a dividend of originally uncertificated, unexercisable rights. The rights become exercisable and certificated on the so-called "Distribution Date," which under the Conrail Rights Plan is defined as the earlier of 10 days following public announcement that a person or group has acquired beneficial ownership of 10% or more of Conrail's stock or 10 days following the commencement of a tender offer that would result in 10% or greater ownership of Conrail stock by the bidder. On the Distribution Date, Conrail would issue certificates evidencing the rights, each of which would allow the holder to purchase a share of stock at a set price. Once rights certificates were issued, the rights could trade separately from the associated shares of stock. (V. Am. Comp. ¶ 41)

The provisions of a rights plan that cause the dilution to an acquiror's position in the corporation are

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[1] "V. Am. Comp." refers to Plaintiffs' Verified First Amended Complaint filed on October 30, 1996.

called the "flip-in" and "flip-over" provisions. Rights typically "flip in" when, among other things, a person or group obtains some specified percentage of the corporation's stock; in the Conrail Rights Plan, 10% is the "flip-in" level. Upon "flipping in," each right would entitle the holder to receive common stock of Conrail having a value of twice the exercise price of the right. That is, each right would permit the holder to purchase newly issued common stock of Conrail at half price (specifically, $410 worth of Conrail stock for $205). The person or group acquiring the 10% or greater ownership, however, would be ineligible to exercise such rights. In this way, a rights plan dilutes the acquiror's equity and voting position. Poison pill rights "flip over" if the corporation engages in a merger in which it is not the surviving entity. Holders of rights, other than the acquiror, would then have the right to buy stock of the surviving entity at half price, again diluting the acquiror's position. The Conrail Rights Plan contains both a "flip-in" provision and a "flip-over" provision. (V. Am. Comp. ¶ 42)

So long as corporate directors retain the power ultimately to eliminate the anti-takeover effects of a rights plan in the event that they conclude that a particular acquisition would be in the best interests of the

corporation, a poison pill plan can be used to promote legitimate corporate interests. Thus, typical rights plans reserve power in a corporation's board of directors to redeem the rights in toto for a nominal payment, or to amend the plan, for instance, to exempt a particular transaction or acquiror from the dilutive effects of the plan. (V. Am. Comp. ¶ 43)

The Effect Of The Merger Agreement On The Conrail's Directors Ability to Make Decisions Relating To The Rights Plan

The Conrail Rights Plan contains provisions for redemption and amendment. However, an unusual aspect of the Conrail Rights Plan is that the power of Conrail's directors to redeem the rights or amend the plan to exempt a particular transaction or bidder terminates on the Distribution Date. While the Conrail Rights Plan gives Conrail's directors the power to effectively postpone the Distribution Date, the CSX Merger Agreement purports to bind them contractually not to do so. Thus, the Distribution Date under Conrail's Rights Plan will occur on November 7, 1996 -- ten business days after the date when Norfolk Southern commenced its Offer -- and Conrail's directors have entered into an agreement which purports to tie their hands so that they cannot do anything to prevent it. (V. Am. Comp. ¶ 44)

Ironically, the specific provisions of the CSX Merger Agreement which purport to prevent the Conrail directors from postponing the Distribution Date are the very same sections which require Conrail to exempt the CSX Transaction from the Conrail Rights Plan -- Sections 3.1(n) and 5.13. Section 3.1(n) provides, in pertinent part:

> Green Rights Agreement and By-laws. (A) The Green Rights Agreement has been amended (the "Green Rights Plan Amendment") to (i) render the Green Rights Agreement inapplicable to the Offer, the Merger and the other transactions contemplated by this Agreement and the Option Agreements and (ii) ensure that (y) neither White nor any of its wholly owned subsidiaries is an Acquiring Person (as defined in the Green Rights Agreement) pursuant to the Green Rights Agreement and (z) a Shares Acquisition Date, Distribution Date or Trigger Event (in each case as defined in the Green Rights Agreement) does not occur by reason of the approval, execution or delivery of this Agreement, and the Green Stock Option Agreement, the consummation of the Offer, the Merger or the consummation of the other transactions contemplated by this Agreement and the Green Stock Option Agreement, and the Green Rights Agreement may not be further amended by Green without the prior consent of White in its sole discretion. (emphasis added)

Section 5.13 provides, in pertinent part:

> The Board of Directors of Green shall take all further action (in addition to that referred to in Section 3.1(n)) reasonably requested in writing by White (including redeeming the Green Rights immediately prior to the Effective Time or amending the Green Rights Agreement) in order to render the Green Rights inapplicable to the Offer, the Merger and the other transactions contemplated by this Agreement and the Green Stock Option Agreement. Except as pro-

> vided above with respect to the Offer, the Merger and the other transactions contemplated by this Agreement and the Green Stock Option Agreement, the Board of Directors of Green shall not (a) amend the Green Rights Agreement or (b) take any action with respect to, or make any determination under, the Green Rights Agreement, including a redemption of the Green Rights or any action to facilitate a Takeover Proposal in respect of Green.

(V. Am. Comp. ¶ 45)

Thus, although under the Conrail Rights Plan the Conrail Board is empowered to "determine[] by action ... prior to such time as any person becomes an Acquiring Person" that the Distribution Date will occur on a date later than November 7, the Conrail board has contractually purported to bind itself not to do so. (V. Am. Comp. ¶ 46)

If the Distribution Date is permitted to occur, Conrail, its shareholders, and its other constituencies face catastrophic irreparable injury.[2] If the Distribution Date occurs and then the CSX Transaction does not occur for any number of reasons -- for instance, because (i) the Conrail shareholders do not tender sufficient shares in the CSX offer, (ii) the Conrail shareholders do not approve the CSX merger, (iii) the merger does not

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[2] Indeed, counsel for plaintiffs are aware of no situation in the ten year history of rights plans in which a distribution of rights actually occurred pursuant to a rights plan of the type adopted by Conrail.

receive required regulatory approvals, or (iv) CSX exercises one of the conditions to its obligation to complete its offer -- Conrail will be essentially incapable of being acquired or engaging in a business combination until 2005. This would be so regardless of the benefits and strategic advantages of any business combination which might otherwise be available to Conrail. In the present environment of consolidation in the railroad industry, such a disability would plainly be a serious irremediable disadvantage to Conrail, its shareholders and all of its constituencies. (V. Am. Comp. ¶¶ 47, 48, see also ¶¶ 18, 38, 121, 126)

ARGUMENT

I. PLAINTIFFS AND CONRAIL'S OTHER STOCKHOLDERS WILL SUFFER IRREPARABLE, IMMINENT INJURY UNLESS THE COURT RESTRAINS THE DISTRIBUTION OF THE RIGHTS.

A. Standards For The Issuance Of A Temporary Restraining Order.

"To obtain a temporary restraining order in this Circuit, the moving party has the burden of showing (a) a reasonable likelihood of success on the merits; (b) that it will suffer irreparable harm absent such relief and (c) that on balance the equities and the public interest favor such relief." Graphic Management Assoc. v. Roger Honegger & Ferag, Inc., 1994 U.S. Dist. LEXIS 1981, at *2 (E.D. Pa. Feb. 25, 1994) (citing American Greetings Corp. v. Dan-Dee Imports, Inc., 807 F.2d 1136, 1140 (3d Cir. 1986)). "[P]roper judgment entails a 'delicate balancing' of all elements.... [W]here factors of irreparable harm, interests of third parties and public considerations strongly favor the moving party, an injunction might be appropriate 'even though plaintiffs did not demonstrate as strong a likelihood of ultimate success as would generally be required.'" Constructors Ass'ns of W. Pa. v. Kreps, 573 F.2d 811, 815 (3d Cir. 1978) (quotations omitted)

B. The Harm Is Irreparable.

If the Distribution Date is permitted to occur, Conrail, its shareholders, and its other constituencies face catastrophic irreparable injury. If the Distribution Date occurs and then the CSX Transaction does not occur for any reason, Conrail will be essentially incapable of being acquired or engaging in a business combination until 2005, regardless of the benefits and strategic advantages of any business combination which might otherwise be available to Conrail. Such a disability would plainly be a serious irremediable disadvantage to Conrail, its shareholders and all of its constituencies.

The commentators and cases have uniformly recognized that no bidder would proceed with a tender offer if a rights plan would thereby be triggered. As one commentator has noted, "[n]o bidder has proceeded, or indeed can proceed, with a tender offer in the face of a poison pill, because if the pill is triggered, the resulting dilution is too great a cost for any bidder to bear." Mark J. Lowenstein, The SEC and the Future of Corporate Governance, 45 Ala. L. Rev. 783, 790 (1994). See also Facet Enters, Inc. v. Prospect Group, Inc., C.A. No. 9746, 1988 WL 36140, at *3 (Del. Ch. Apr. 15, 1988)(noting that poison pill would deter any tender offer for all of target corporation's shares because of

potential loss of $50 million from dilution of shares); Dynamics Corp. of Am. v. CTS Corp, 794 F.2d 250, 258 (7th Cir. 1986)(describing destructive effect of triggering of poison pill on acquiror and target corporations), rev'd on other grounds, 481 U.S. 69 (1987).[3]

Thus, if the rights are distributed on November 7, Norfolk Southern will have lost its opportunity to acquire Conrail, Conrail's shareholders will have lost the opportunity to choose an immediate $100 cash value for their shares, Conrail's other constituencies will have lost the substantial benefits of a merger with a corporation "considered by many analysts to be the nation's best-run railroad" (according to The New York Times) and Conrail will have ensured that it could not take advantage of a merger opportunity until the year 2005. The injuries suffered by Norfolk Southern and Conrail's shareholders constitute irreparable harm. See A. Copeland Enters., Inc. v. Guste, 706 F. Supp. 1283, 1294 (W.D. Tex. 1989)(finding irreparable harm because poison pill prevents plaintiff from making a tender offer). See also Amalgamated Sugar Co. v. NL Indus., 644 F. Supp. 1229, 1239 (S.D.N.Y. 1986)(finding irreparable

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[3] Indeed, for these reasons, as noted above, counsel for plaintiffs knows of no situation in which a distribution of rights has been permitted to occur pursuant to a rights plan of the type adopted by Conrail.

harm because tender offerer "cannot present to the shareholders of [target], in any meaningful way, its offer so long as this rights plan is in place."), aff'd, 825 F.2d 634 (2d Cir. 1987); Buckhorn, Inc. v. Ropak Corp., 656 F. Supp. 209, 235 (S.D. Ohio), aff'd mem., 815 F.2d 76 (6th Cir. 1987); Mills Acquisition Co. v. Macmillan, Inc., C.A. No. 10168, 1988 WL 108332, at *18 (Del. Ch. Oct. 18, 1988) (finding poison pill irreparably harms shareholders by depriving them of right to consider higher bid), aff'd in pertinent part, 559 A.2d 1261 (Del. 1989).

C. The Harm is Imminent.

As things currently stand, the distribution of the rights is set to occur on November 7, 1996. If the rights are distributed, the rights will no longer be redeemable by the Conrail Board, and the Rights Plan will no longer be capable of amendment to facilitate any takeover or merger proposal that Conrail's board might wish to pursue until the Rights Plan expires in 2005. Put simply, once the Distribution Date occurs, Conrail's directors will have no control over the Conrail poison pill's dilutive effect on an acquiror.

Moreover, if the distribution of the rights is not enjoined before November 7, the Court will be unable to unscramble the eggs at the preliminary injunction hearing set for November 12 as the rights will have

been distributed to third parties who are free to trade them in the marketplace.

II. PLAINTIFFS ARE REASONABLY LIKELY TO SUCCEED ON THE MERITS OF THEIR CLAIMS.

A. The Conrail Board of Directors has Contracted Away Its Fiduciary Duties In Violation of Pennsylvania Law.

The "business and affairs of every [Pennsylvania] business corporation shall be managed under the direction of a board of directors." Pa. B.C.L. § 1721 Additionally, a director of a Pennsylvania corporation "shall stand in a fiduciary relation to the corporation and shall perform his duties as a director...in good faith, in a manner he reasonably believes to be in the best interest of the corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances." Pa. B.C.L. § 1721 The Pennsylvania B.C.L. makes perfectly clear that the directors of Pennsylvania corporations must, without exception, manage the business of the corporation and they must do so with due care and in good faith.

The Merger Agreement between Conrail and CSX, which purports to allow Conrail's directors to make a decision with regard to the distribution of rights under the Conrail Rights Plan only with the approval of CSX's directors, is a blatant violation of the mandate of the

Pennsylvania B.C.L. This Court should reject any agreement which allows the directors of a Pennsylvania corporation to contract away their fiduciary obligations, as the Conrail directors have done here.

Case law from across the country makes clear that directors may not contract away their fiduciary duties. See Jewel Cos. v. Pay Less Drug Stores Northwest, Inc., 741 F.2d 1555, 1560 n.5 (9th Cir. 1984)(noting that a number of "[c]ourts have held invalid attempts to curtail the board's traditional management function by contract"); ConAgra, Inc. v. Cargill Inc., 382 N.W.2d 576, 587 (Neb. 1986)(noting that "directors could not enter into an agreement to violate their fiduciary obligations"); Great W. Producers Coop. v. Great W. United Corp., 613 P.2d 873, 878 (Colo. 1980)(holding that where a decision "lies 'at the heart' of the directors' corporate management duties, and the directors may not lawfully agree to abrogate the continuing duty to exercise their independent judgment with respect to that determination").

Perhaps the most recent decision directly on point is Paramount Communications Inc., v. QVC Network, Inc., 637 A.2d 34 (Del. 1994). In Paramount, the directors of Paramount signed a merger agreement with Viacom, Inc. which contained, as defensive provisions, a no-shop

provision, a termination fee and a stock option agreement, as well as an amendment to Paramount's rights plan. Pursuant to the no-shop provision, the Paramount Board was prohibited from soliciting, discussing, or negotiating or endorsing any competing transaction. Soon after the announcement of the Viacom/Paramount merger, QVC sought to enter into a merger with Paramount. QVC was told by the Paramount directors that the Viacom/Paramount merger agreement prohibited them from talking to QVC. In affirming a preliminary injunction granted by the trial court, the Delaware Supreme Court held that

> The No-Shop Provision could not validly define or limit the fiduciary duties of the Paramount directors. To the extent that a contract, or a provision thereof, purports to require a board to act or not act in such a fashion as to limit the exercise of fiduciary duties, it is invalid and unenforceable. Despite the arguments of Paramount and Viacom to the contrary, the Paramount directors could not contract away their fiduciary obligations. (emphasis added)(citations omitted).

637 A.2d at 51. See also Abercrombie v. Davies, 123 A.2d 893, 899 (Del. Ch. 1956)("this Court cannot give legal sanction to agreements which have the effect of removing from directors in a very substantial way their duty to use their own best judgment on management matters"); Grimes v. Donald, C.A. No. 13358, 1995 WL 54441, at *9 (Del. Ch. Jan. 11, 1995), aff'd, 673 A.2d 1207 (Del. 1996)("[t]he board may not either formally or effectively

abdicate its statutory power and its fiduciary duty to manage or direct the management of the business and affairs of this corporation"); Chapin v. Benwood Foundation, Inc., 402 A.2d 1205, 1210 (Del. Ch. 1979), aff'd sub nom, Harrison v. Chapin, 415 A.2d 1068 (Del. 1980)('the directors of a Delaware corporation may not delegate to others those duties which lay at the heart of the management of the corporation").

The case law and the statute mandate that this Court enjoin Conrail's directors from taking a sabbatical from their fiduciary duties.

III. THE BALANCE OF EQUITIES AND THE PUBLIC INTEREST FAVORS THE ISSUANCE OF A TEMPORARY RESTRAINING ORDER.

A balancing of the equities and the public interest demonstrably favors the issuance of a temporary restraining order. If interim relief is denied, the plaintiffs and Conrail's other stockholders and constituencies will suffer immediate, irreparable harm. On the other hand, a temporary restraining order would impose no substantial hardship on Conrail. As noted, Conrail has numerous other defensive weapons in its arsenal. As the court recognized in Hanson Trust PLC v. ML SCM Acquisition, Inc., 781 F.2d 264, 283 (2d Cir. 1986), in granting a preliminary injunction, "[t]his remedy, of course, does

not preclude [the target company] from renewing its defensive efforts on other legitimate terms, or on a basis that is beyond challenge...." Here, Conrail will not be prejudiced in any way by maintenance of the status quo until plaintiffs' application for a preliminary injunction can be heard as scheduled on November 12, 1996 after the development of an adequate record.

A temporary restraining order in the form requested is warranted and should be issued.

CONCLUSION

For the foregoing reasons, the plaintiffs respectfully request that their Motion for a Temporary Restraining Order be granted.

Mary A. McLaughlin
(I.D. No. 24923)
George G. Gordon
(I.D. No. 63072)
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One Rodney Square
P.O. Box 636
Wilmington, DE 19899
(302) 651-3000

DATED: November 1, 1996

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

NORFOLK SOUTHERN CORPORATION, a Virginia corporation, ATLANTIC ACQUISITION CORPORATION, a Pennsylvania corporation, AND KATHRYN B. McQUADE, Plaintiffs, -against- CONRAIL INC., a Pennsylvania corporation, DAVID M. LEVAN, H. FURLONG BALDWIN, DANIEL B. BURKE, ROGER S. HILLAS, CLAUDE S. BRINEGAR, KATHLEEN FOLEY FELDSTEIN, DAVID B. LEWIS, JOHN C. MAROUS, DAVID H. SWANSON, E. BRADLEY JONES, AND RAYMOND T. SCHULER AND CSX CORPORATION, Defendants.	C.A. No. 96-CV-7167

TEMPORARY RESTRAINING ORDER

AND NOW, on this ___ day of November ___, 1996, having heard argument from counsel for the parties on Plaintiffs' Motion for a Temporary Restraining Order and upon review of Plaintiffs' Motion and supporting brief, and it appearing to the Court that Plaintiffs have satisfied the standards necessary for the granting of a temporary restraining order, and that unless the temporary

restraining order sought by Plaintiffs is granted, irreparable harm will result to the Plaintiffs and shareholders of Conrail before the matter can be heard at the preliminary injunction hearing set for November 12, 1996, it is hereby ORDERED that plaintiffs' motion is GRANTED and that:

1. Defendants and all persons acting on their behalf or in concert with them are enjoined from taking any action to enforce Sections 3.1(n) and 5.13 of the Agreement and Plan of Merger by and among Conrail Inc., Green Acquisition Corp. and CSX Corporation and any other provisions of such Merger Agreement which purport to limit the ability of the Board of Directors of Conrail to take action or make any determination with regard to Conrail's Rights Agreement, as amended.

2. Defendants and all persons acting on their behalf or in concert with them are enjoined from distributing any rights pursuant to Conrail's Rights Agreement and required to take such action as is necessary to prevent a "Distribution Date" from occurring pursuant to such Rights Plan.

3. This temporary restraining order shall expire on _____, unless extended.

BY THE COURT:

_____
J.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14D-1

(Amendment No. 4)
Tender Offer Statement Pursuant to Section 14(d)(1)
of the Securities Exchange Act of 1934

Conrail Inc.

(Name of Subject Company)

Norfolk Southern Corporation
Atlantic Acquisition Corporation

(Bidders)

Common Stock, par value $1.00 per share
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

208368 10 0
(CUSIP Number of Class of Securities)

Series A ESOP Convertible Junior
Preferred Stock, without par value
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

Not Available
(CUSIP Number of Class of Securities)

James C. Bishop, Jr.
Executive Vice President-Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: (757) 629-2750
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidder)

with a copy to:
Randall H. Doud, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Telephone: (212) 735-3000

This Amendment No. 4 amends the Tender Offer Statement on Schedule 14D-1 filed on October 24, 1996, as amended (the "Schedule 14D-1"), by Norfolk Southern Corporation, a Virginia corporation ("Parent"), and its wholly owned subsidiary, Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser"), relating to Purchaser's offer to purchase all outstanding shares of (i) Common Stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc. (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase dated October 24, 1996 (the "Offer to Purchase") and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer"), copies of which were filed as Exhibits (a)(1) and (a)(2) to the Schedule 14D-1, respectively. Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given such terms in the Offer to Purchase or the Schedule 14D-1.

Item 4. Source and Amount of Funds or Other Consideration.

Item 4 is hereby amended to add the following:

(a) As of November 4, 1996, Parent had received signed commitment letters from banks for over $15 billion to fund its proposed acquisition of the Company. Receipt by Parent of such commitments satisfies the Financing Condition to the Offer.

Item 5. Purpose of the Tender Offer and Plans or Proposals of the Bidder.

Item 5 is hereby amended to add the following:

(b) On November 4, 1996, Parent announced that it was having discussions with CSX concerning the Offer and the Proposed CSX Transaction consistent with Parent's previously announced position that the Company cannot be acquired by either CSX or Parent without a plan to maintain a balanced competitive structure for Eastern railroad service.

Item 7. Contracts, Arrangements, Understandings or Relationships With Respect to the Subject Company's Securities.

Item 7 is hereby amended to add the following:

On November 4, 1996, Parent filed its definitive proxy statement with the SEC relating to its solicitation of proxies against the adoption of the Articles Amendment at the Pennsylvania Special Meeting and provided copies of the proxy statement to the Company for dissemination to the Company's shareholders.

Item 10. Additional Information.

Item 10 is hereby amended to add the following:

At the hearing scheduled by the District Court on November 4, 1996 to hear arguments concerning the TRO Motion, counsel to the Company advised the District Court that the Company Board had on that date adopted a resolution deferring the "Distribution Date" under the Rights Agreement "until such date as the Rights become exercisable (i.e., ten days after a party other than CSX Corporation acquires more than 10% of Conrail's shares)." Counsel to CSX advised the District Court that CSX had consented to the terms of such resolution. In view of the fact that the Company and CSX had taken the action that Norfolk Southern requested be ordered by the District Court, the District Court stated that it was not necessary for the District Court to take action concerning the TRO Motion.

Item 11. Material to be Filed as Exhibits.

Item 11 is hereby amended to add the following:

(a)(21) Press Release issued by Parent on November 4, 1996

(a)(22) Press Release issued by Parent on November 4, 1996

(a)(23) Press Release issued by Parent on November 4, 1996

(a)(24) Corrected Competitive Analysis dated November 4, 1996

SIGNATURE

After due inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: November 5, 1996

NORFOLK SOUTHERN CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Executive Vice President-Law

ATLANTIC ACQUISITION CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description	Page
(a)(21)	Press Release issued by Parent on November 4, 1996	
(a)(22)	Press Release issued by Parent on November 4, 1996	
(a)(23)	Press Release issued by Parent on November 4, 1996	
(a)(24)	Corrected Competitive Analysis dated November 4, 1996	

FOR IMMEDIATE RELEASE
November 4, 1996

News Media Contact: Robert C. Fort
(757) 629-2714

NORFOLK, VA -- Norfolk Southern CEO David R. Goode said today that it is fully committed to its $100 per share tender offer in cash for all the outstanding shares of Conrail. He added, "Our willingness to talk to CSX at its suggestion is consistent with my previously announced position that Conrail cannot be acquired by either CSX or NS without a plan to maintain a balanced competitive structure for Eastern railroad service. While I am heartened by CSX's willingness to discuss these matters, we have no reason to believe that Conrail is prepared to accept that reality. These discussions are consistent with a transaction which would deliver $100 cash per share to Conrail shareholders."

Norfolk Southern is fully committed to its $100 per share all cash offer for Conrail and has received signed commitment letters from banks for over $15 billion dollars to fund its current offer. Accordingly, the financing condition of the Norfolk Southern offer has been satisfied.

###

World Wide Web Site - http://www.nscorp.com

FOR IMMEDIATE RELEASE
November 4, 1996

Contact: Robert C. Fort
(757) 629-2714

NORFOLK, VA -- Norfolk Southern announced today that it is having discussions with CSX about their respective offers for Conrail. A Norfolk Southern spokesman said that the basis for NS's participation in these discussions is its commitment to provide strong competitive service in the East for rail customers.

###

World Wide Web Site - http://www.nscorp.com

FOR IMMEDIATE RELEASE
November 4, 1996

News Media Contact: Robert C. Fort
(757) 629-2714

FACED WITH NS COURT CHALLENGE, CONRAIL AND CSX CONSENT TO DELAY DISTRIBUTION OF "POISON PILL"

NORFOLK, VA -- Norfolk Southern announced today that, at a hearing before the federal district court in Philadelphia in which Norfolk Southern was seeking a temporary restraining order, the Conrail Board informed the court that both Conrail and CSX had consented to a delay of the Distribution Date of rights under the Conrail poison pill.

A Norfolk Southern spokesman stated that "Faced with our legal action, Conrail and CSX were forced to postpone the triggering of this outrageous lockup device. We remain committed to our superior offer of $100 in cash per share, and believe that this is an important step on the way to giving Conrail shareholders a fair choice."

# # #

World Wide Web Site - http://www.nscorp.com

CSX/CR Is NOT UP/SP

Facts

western railroads balanced

A. In the West most major markets already were served by both BNSF and UP before UP/SP.
   1. only exceptions: New Orleans and Salt Lake City

B. Existing traffic flows and train schedules were in place to form the critical mass necessary for efficient BNSF operations.
   1. competitive service hampered by low volumes
   2. costs per unit higher with low volumes

C. The competitive rail infrastructure was largely in place.
   1. yard facilities
   2. management
   3. customer service
   4. communications
   5. repair facilities

D. Competition could be enhanced by providing shorter, more efficient routes and industry access.

I. ***no balance in East***

A. Competitive alternatives do not exist in most northeastern markets.
   1. In many markets, CR is the only Class 1 rail carrier.
      a) New York City
      b) Northern New Jersey
      c) Boston
   2. At many points in the East, CSXT is the alternative network to Conrail. CSXT and CR are the only Class 1 rail carriers in many major markets.
      a) Baltimore
      b) Dayton
      c) Indianapolis
      d) Philadelphia (despite CP's minor presence)
      e) Pittsburgh
      f) Wilmington
      g) Youngstown

B. Most rail competition that does exist in the Northeast is fragile.
   1. CP/D&H and NYS&W/DO into Northern New Jersey
   2. Wheeling and Lake Erie into Pittsburgh

C. CSXT has the competitive infrastructure and traffic base to give it the best starting point to provide competitive enhancements through trackage rights, etc. Anyone else would be non-viable.

D. CSXT already is significantly larger than NS:
   1. 1995 operating revenues
      a) CSXT 22% larger than NS
   2. 1995 carloads handled
      a) CSXT 21% larger than NS

CSX/CR Is NOT UP/SP

Results

II. ***limited trackage rights provide adequate western solution***

A. BNSF can use its existing infrastructure to support the trackage/haulage rights and switching granted to it in UP/SP and can build on its existing traffic base.

B. Even with an existing base of operations and traffic, implementation of the UP/SP conditions is moving slowly.

C. The western rail system will be reasonably balanced.

1. 1995 operating revenues
   a) 54% UP $9.54 billion
   b) 46% BNSF $8.17 billion
2. 1995 carloads handled
   a) 58% UP 10,097,760 carloads
   b) 42% BNSF 7,244,418 carloads
3. route miles
   a) 55% UP 38,366 miles
   b) 45% BNSF 31,326 miles

III. ***overwhelming CSX/CR dominance in East***

A. CR's existing lock on parts of the Northeast will be strengthened.
   New York -- CR handled 83% of 1994 NY rail revenue
   New Jersey -- CR handled 64% of 1994 NJ rail revenue
   Massachusetts -- CR handled 63% of 1994 MA rail revenue

B. CSX/CR would control Class I track in most overlap states.

1. Maryland -- 98%
2. Ohio -- 73%
3. Pennsylvania -- 99%
4. West Virginia -- 78%
5. Delaware -- 100%

C. CSX/CR would completely dominate the eastern rail system.

1. 1995 operating revenues
   a) 68% CSX/CR $8.4 billion
   b) 32% NS $4.0 billion
2. 1995 carloads handled
   a) 67% CSX/CR 9,284,027 carloads
   b) 33% NS 4,459,808 carloads
3. route miles
   a) 67% CSX/CR 29,346 miles
   b) 33% NS 14,415 miles

D. CSX/CR is comparable to BNSF and UP merging in the Gulf Coast with KCS as the only competitive alternative.

November 4, 1996

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14D-1

(Amendment No. 5)

Tender Offer Statement Pursuant to Section 14(d)(1)
of the Securities Exchange Act of 1934

Conrail Inc.

(Name of Subject Company)

Norfolk Southern Corporation
Atlantic Acquisition Corporation

(Bidders)

Common Stock, par value $1.00 per share
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

208368 10 0
(CUSIP Number of Class of Securities)

Series A ESOP Convertible Junior
Preferred Stock, without par value
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

Not Available
(CUSIP Number of Class of Securities)

James C. Bishop, Jr.
Executive Vice President–Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: (757) 629-2750
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidder)

with a copy to:

Randall H. Doud, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Telephone: (212) 735-3000

Calculation of Filing Fee

Transaction Valuation*	Amount of Filing Fee**
$12,282,193,550	$2,456,439

* For purposes of calculating the filing fee only. This calculation assumes the purchase of all outstanding shares of Common Stock, par value $1.00 per share (the "Common Shares"), and Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares"), of Conrail Inc. (the "Company") at $110 net per share in cash. According to information included in the Solicitation/Recommendation Statement on Schedule 14D-9, dated October 16, 1996, filed by the Company with the Securities and Exchange Commission, on October 10, 1996, 80,178,281 Common Shares and 9,571,086 ESOP Preferred Shares were outstanding and 5,951,461 Common Shares were reserved for issuance pursuant to the Company's Long-Term Incentive Plans. Also according to such Schedule 14D-9, pursuant to a Stock Option Agreement, dated as of October 14, 1996, by and between the Company and CSX Corporation ("CSX"), the Company has granted CSX the option to purchase in certain circumstances up to 15,955,477 Common Shares.

** The amount of the filing fee, calculated in accordance with Rule 0-11(d) of the Securities Exchange Act of 1934, as amended, equals 1/50th of one percent of the aggregate value of cash offered by Atlantic Acquisition Corporation for such number of Shares.

☒ Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

Amount Previously Paid: $2,233,127	Filing Party: Norfolk Southern Corporation and Atlantic Acquisition Corporation
Form or Registration No.: Schedule 14D-1	Date Filed: October 24, 1996

This Amendment No. 5 amends the Tender Offer Statement on Schedule 14D-1 filed on October 24, 1996, as amended (the "Schedule 14D-1"), by Norfolk Southern Corporation, a Virginia corporation ("Parent"), and its wholly owned subsidiary, Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser"), relating to Purchaser's offer to purchase all outstanding shares of (i) Common Stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc. (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated November 8, 1996 (the "Supplement"), and in the revised Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer"). Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given such terms in the Offer to Purchase, the Supplement or the Schedule 14D-1.

Item 1. ***Security and Subject Company.***

Item 1 is hereby amended and supplemented by the following:

(b) The information set forth in the Introduction and Section 1 ("Terms of the Offer; Expiration Date") of the Supplement is incorporated herein by reference.

(c) The information set forth in Section 3 ("Price Range of Shares; Dividends") of the Supplement is incorporated herein by reference.

Item 3. ***Past Contacts, Transactions or Negotiations with the Subject Company.***

Item 3 is hereby amended and supplemented by the following:

(a) and (b) The information set forth in the Introduction, Section 5 ("Background of the Offer; Contacts with the Company") and Section 6 ("Purpose of the Offer and the Merger; Plans for the Company; Certain Considerations") of the Supplement is incorporated herein by reference.

Item 4. ***Source and Amount of Funds or Other Consideration.***

Item 4 is hereby amended and supplemented by the following:

(a) and (b) The information set forth in Section 4 ("Source and Amount of Funds") of the Supplement is incorporated herein by reference.

Item 5. ***Purpose of the Tender Offer and Plans or Proposals of the Bidder.***

Item 5 is hereby amended and supplemented by the following:

The information set forth in the Introduction, Section 5 ("Background of the Offer; Contacts with the Company") and Section 6 ("Purpose of the Offer and Merger; Plans for the Company; Certain Considerations") of the Supplement is incorporated herein by reference.

Item 7. ***Contracts, Arrangements, Understandings or Relationships with Respect to the Subject Company's Securities.***

Item 7 is hereby amended and supplemented by the following:

The information set forth in the Introduction, Section 5 ("Background of the Offer; Contacts with the Company") and Section 6 ("Purpose of the Offer and the Merger; Plans for the Company; Certain Considerations") and Section 8 ("Certain Legal Matters; Regulatory Approvals; Certain Litigation") of the Supplement is incorporated herein by reference.

Item 10. ***Additional Information.***

Item 10 is hereby amended and supplemented by the following:

(b) The information set forth in the Introduction and Section 10 ("Purpose of the Offer and the Merger; Plans for the Company; Certain Considerations") of the Supplement is incorporated herein by reference.

(e) The information set forth in Section 8 ("Certain Legal Matters; Regulatory Approvals; Certain Litigation") of the Supplement is incorporated herein by reference.

The information set forth in the Supplement and the revised Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(30) and (a)(31), respectively, is incorporated herein by reference.

Item 11. ***Material to be Filed as Exhibits.***

Item 11 is hereby amended to add the following:

(a)(25) Charts sent on November 5, 1996 to certain coal customers of Parent

(a)(26) Intermodal Presentation made on November 5, 1996 to The Port Authority of New York and New Jersey and the New York State Department of Transportation

(a)(27) Text of Press Release issued by Parent on November 5, 1996

(a)(28) Text of Advertisement published on November 5, 1996

(a)(29) Text of Press Release issued by Parent on November 6, 1996

(a)(30) Supplement to Offer to Purchase, dated November 8, 1996

(a)(31) Revised Letter of Transmittal

(a)(32) Revised Notice of Guaranteed Delivery

(a)(33) Revised Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees

(a)(34) Revised Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees

(a)(35) Summary Advertisement, dated November 8, 1996

(a)(36) Text of Press Release issued by Parent on November 8, 1996

SIGNATURE

After due inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: November 8, 1996

NORFOLK SOUTHERN CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Executive Vice President-Law

ATLANTIC ACQUISITION CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description	Page
(a)(25)	Charts sent on November 5, 1996 to certain coal customers of Parent	
(a)(26)	Intermodal Presentation made on November 5, 1996 to the Port Authority of New York and New Jersey and the New York State Department of Transportation	
(a)(27)	Text of Press Release issued by Parent on November 5, 1996	
(a)(28)	Text of Advertisement published on November 5, 1996	
(a)(29)	Text of Press Release issued by Parent on November 6, 1996	
(a)(30)	Supplement to Offer to Purchase, dated November 8, 1996	
(a)(31)	Revised Letter of Transmittal	
(a)(32)	Revised Notice of Guaranteed Delivery	
(a)(33)	Revised Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees	
(a)(34)	Revised Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees	
(a)(35)	Summary Advertisement dated November 8, 1996	
(a)(36)	Text of Press Release issued by Parent on November 8, 1996	

Exhibit (a)(25)

<TEXT>

<PAGE>

NS SERVED UTILITY PLANTS

<TABLE>
<CAPTION>

	UTILITY	PLANT	CITY	ST
<S>		<C>	<C>	<C>
1	ALABAMA ELECTRIC COOP INC	LOWMAN (TOMBIGBEE)	LEROY	AL
2	ALABAMA POWER CO.	GASTON	WILSONVILLE	AL
3	APPALACHIAN POWER CO.	CLINCH RIVER	CLEVELAND	VA
4	APPALACHIAN POWER CO.	GLEN LYN	GLEN LYN	VA
5	CAROLINA POWER & LIGHT CO.	ROXBORO	ROXBORO	NC
6	CAROLINA POWER & LIGHT CO.	MAYO	ROXBORO	NC
7	CAROLINA POWER & LIGHT CO.	LEE(NC)	GOLDSBORO	NC
8	CAROLINA POWER & LIGHT CO.	ASHEVILLE	ARDEN	NC
9	CAROLINA POWER & LIGHT CO.	CAPE FEAR	MONCURE	NC
10	CENTRAL ILLINOIS PUBLIC SERVICE CO	COFFEEN	COFFEEN	IL
11	CLEVELAND ELECTRIC ILLUM CO	AVON LAKE	AVON LAKE	OH
12	COLUMBIA WATER & LIGHT DEPT	COLUMBIA-MO	COLUMBIA	MO
13	DUKE POWER CO.	BELEWS CREEK	WALNUT COVE	NC
14	DUKE POWER CO.	MARSHALL (NC)	TERRELL	NC
15	DUKE POWER CO.	DAN RIVER	EDEN	NC
16	DUKE POWER CO.	BUCK	SPENCER	NC
17	DUKE POWER CO.	ALLEN (NC)	BELMONT	NC
18	EAST KENTUCKY POWER COOP, INC.	COOPER	SOMERSET	KY
19	GEORGIA POWER CO.	WANSLEY	ROOPVILLE	GA
20	GEORGIA POWER CO.	YATES	NEWNAN	GA
21	GEORGIA POWER CO.	SCHERER	JULIETTE	GA
22	GEORGIA POWER CO.	HAMMOND	COOSA	GA
23	GEORGIA POWER CO.	ARKWRIGHT	MACON	GA
24	GEORGIA POWER CO.	HARLEE BRANCH	MILLEDGEVILLE	GA
25	GEORGIA POWER CO.	MCDONOUGH	SMYRNA	GA
26	ILLINOIS POWER CO.	WOOD RIVER	FEDERAL	IL
27	KENTUCKY UTILITIES CO.	BROWN (KY)	BURGIN	KY
28	LOUISVILLE GAS & ELECTRIC CO.	CANE RUN	LOUISVILLE	KY
29	POTOMAC ELECTRIC POWER CO.	POTOMAC RIVER	ALEXANDRIA	VA
30	PSI ENERGY, INC.	GIBSON	OWENSVILLE	IN
31	SAVANNAH ELECTRIC & POWER CO.	PLANT KRAFT	PORT WENTWOR	[illegible]
32	SOUTH CAROLINA ELECTRIC & GAS	WATEREE	EASTOVER	SC
33	SOUTH MISSISSIPPI EL PWR ASSN	MORROW	PURVIS	MS
34	TENNESSEE VALLEY AUTHORITY	KINGSTON	KINGSTON	TN
35	TENNESSEE VALLEY AUTHORITY	JOHN SEVIER	ROGERSVILLE	TN
36	TOLEDO EDISON CO.	BAY SHORE	OREGON	OH
37	VIRGINIA ELECTRIC & POWER CO	CHESAPEAKE ENERGY C	NORFOLK	VA
38	VIRGINIA ELECTRIC & POWER CO	CLOVER POWER STATION	CLOVER	VA
	TOTALS			

</TABLE>

<PAGE>

(RESTUBBED TABLE CONTINUED FROM ABOVE)

<TABLE>
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	UTILITY	NAME PLATE	NET GENERATION MWH	CAPACITY FACTOR BASED ON NAME-PLATE CAPACITY	PROVEN CAPACITY	CAPACITY FACTOR BASED ON PROVEN CAPACITY
<S>		<C>	<C>	<C>	<C>	<C>
1	ALABAMA ELECTRIC COOP INC	538.00	3,283,232	69.67	549.00	68.19%
2	ALABAMA POWER CO.	2,912.00	8,414,622	47.72	1,884.00	50.99%
3	APPALACHIAN POWER CO.	712.50	4,081,107	65.39	705.00	66.08%
4	APPALACHIAN POWER CO.	337.50	1,500,298	50.75	335.00	51.12%
5	CAROLINA POWER & LIGHT CO.	2,558.25	12,846,995	57.33	2,489.87	58.96%
6	CAROLINA POWER & LIGHT CO.	735.84	4,063,224	63.04	750.28	61.82%
7	CAROLINA POWER & LIGHT CO.	482.45	862,837	24.4[illegible]	421.00	23.48%
8	CAROLINA POWER & LIGHT CO.	413.64	2,689,136	72.5[illegible]	394.00	75.68%
9	CAROLINA POWER & LIGHT CO.	328.48	1,559,748	54.21	357.00	49.87%
10	CENTRAL ILLINOIS PUBLIC SERVICE CO	1,005.48	3,087,677	35.06	885.00	39.83%
11	CLEVELAND ELECTRIC ILLUM CO	852.00	4,043,963	54.18	788.00	58.58%
12	COLUMBIA WATER & LIGHT DEPT	86.00	75,372	10.00	86.00	10.00%
13	DUKE POWER CO.	2,160.14	12,063,195	63.75	2,240.00	61.48%
14	DUKE POWER CO.	1,996.00	12,561,314	71.84	2,000.00	68.61%
15	DUKE POWER CO.	290.00	342,329	13.48	276.00	14.16%
16	DUKE POWER CO.	370.00	383,902	11.84	369.00	11.88%
17	DUKE POWER CO.	1,155.00	3,350,614	33.12	1,140.00	33.55%
18	EAST KENTUCKY POWER COOP, INC.	320.85	1,748,383	62.2	336.00	59.48%
19	GEORGIA POWER CO.	1,994.00	8,344,477	50.03	1,692.00	56.36%
20	GEORGIA POWER CO.	1,487.50	2,702,018	20.74	1,246.00	24.76%
21	GEORGIA POWER CO.	3,564.00	21,813,273	69.87	3,337.00	74.62%
22	GEORGIA POWER CO.	953.00	2,487,592	29.8	810.00	35.06%
23	GEORGIA POWER CO.	181.25	188,514	11.87	172.00	12.51%
24	GEORGIA POWER CO.	1,746.24	8,693,356	56.63	1,526.00	65.03%
25	GEORGIA POWER CO.	598.48	2,943,693	56.16	496.00	67.75%
26	ILLINOIS POWER CO.	650.10	1,675,138	29.41	616.00	31.04%
27	KENTUCKY UTILITIES CO.	739.54	2,378,139	36.71	661.00	41.07%
28	LOUISVILLE GAS & ELECTRIC CO.	645.00	2,398,923	42.46	678.00	45.29%
29	POTOMAC ELECTRIC POWER CO.	514.00	1,972,332	43.8	482.00	46.71%
30	PSI ENERGY, INC.	3,339.92	16,885,532	64.28	3,161.91	67.89%
31	SAVANNAH ELECTRIC & POWER CO.	333.00	438,338	14.99	383.00	18.51%
32	SOUTH CAROLINA ELECTRIC & GAS	771.00	4,127,259	61.05	720.00	65.44%
33	SOUTH MISSISSIPPI EL PWR ASSN	400.00	1,661,646	53.7	400.00	53.70%
34	TENNESSEE VALLEY AUTHORITY	1,700.00	10,192,073	68.44	1,456.00	79.91%
35	TENNESSEE VALLEY AUTHORITY	800.00	5,097,839	72.74	712.00	81.73%
36	TOLEDO EDISON CO.	639.49	3,177,345	56.72	631.00	57.48%
37	VIRGINIA ELECTRIC & POWER CO	649.64	3,195,553	56.15	605.00	60.36%
38	VIRGINIA ELECTRIC & POWER CO	424.64	1,258,524	33.67	416.00	34.32%
	TOTALS	38,316.73	188,641,432	53.82%	36,216.66	56.94%

</TABLE>

BLUE--NS/CR JOINT PLANT (CR HAS TRACKAGE RIGHTS OVER NS LINE)

GREEN--NS/CSX JOINT PLANTS

1

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CR SERVED UTILITY PLANTS

<TABLE>
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	UTILITY	PLANT	CITY
<S>	<C>	<C>	<C>
1	ATLANTIC CITY ELECTRIC CO	DEEPWATER	PENNSVILLE
2	ATLANTIC CITY ELECTRIC CO	ENGLAND	MARMORA
3	BALTIMORE GAS & ELECTRIC CO.	CRANE	BALTIMORE
4	CENTRAL HUDSON GAS & ELECTRIC	DANSKAMER	ROSETON
5	CLEVELAND ELECTRIC ILLUM CO	ASHTABULA	ASHTABULA
6	CLEVELAND ELECTRIC ILLUM CO	EASTLAKE	EAST LAKE
7	CLEVELAND ELECTRIC ILLUM CO	LAKE SHORE	CLEVELAND
8	CONSUMERS POWER CO.	WEADOCK	ESSEXVILLE
9	DAYTON POWER & LIGHT CO	HUTCHINGS	MIAMISBURG
10	DELMARVA POWER & LIGHT CO.	EDGE MOOR	WILMINGTON
11	DELMARVA POWER & LIGHT CO.	INDIAN RIVER	MILLSBORO
12	DETROIT EDISON CO.	MONROE	MONROE
13	DETROIT EDISON CO.	RIVER ROUGE	RIVER ROUGE
14	DETROIT EDISON CO.	TRENTON CHANNEL	TRENTON
15	INDIANAPOLIS POWER & LIGHT CO.	PRITCHARD	CAMPBELL
16	JAMESTOWN BOARD OF PUBLIC UTIL	CARLSON	JAMESTOWN
17	METROPOLITAN EDISON CO.	PORTLAND	PORTLAND
18	METROPOLITAN EDISON CO.	TITUS	READING
19	NEW YORK STATE ELEC & GAS CORP.	GOUDEY	JOHNSON CITY
20	NEW YORK STATE ELEC & GAS CORP.	GREENIDGE	DRESDEN
21	NEW YORK STATE ELEC & GAS CORP.	HICKLING	EAST CORNING
22	NEW YORK STATE ELEC & GAS CORP.	KINTIGH (SOMERSET)	BARKER
23	NEW YORK STATE ELEC & GAS CORP.	MILLIKEN STATION	LANSING
24	NIAGARA MOHAWK POWER CORP.	DUNKIRK	DUNKIRK
25	NIAGARA MOHAWK POWER CORP.	HUNTLEY	TONAWANDA
26	N. INDIANA PUBLIC SERVICE CO	MICHIGAN CITY	MICHIGAN CITY
27	N. INDIANA PUBLIC SERVICE CO	SCHAHFER	WHEATFIELD
28	ORANGE & ROCKLAND UTILITIES INC.	LOVETT	TOMKINS COVE
29	PECO ENERGY CO.	CROMBY	PHOENIXVILLE
30	PECO ENERGY CO.	EDDYSTONE	EDDYSTONE
31	PENNSYLVANIA ELECTRIC CO.	CONEMAUGH	NEW FLORENCE
32	PENNSYLVANIA ELECTRIC CO.	KEYSTONE	SHELOCTA
33	PENNSYLVANIA POWER & LIGHT CO.	BRUNNER ISLAND	YORK HAVEN
34	PENNSYLVANIA POWER & LIGHT CO.	MARTINS CREEK	MARTINS CREEK
35	PENNSYLVANIA POWER & LIGHT CO.	MONTOUR	WASHINGTONVILLE
36	PENNSYLVANIA POWER & LIGHT CO.	SUNBURY	SHAMOKIN DAM
37	POTOMAC ELECTRIC POWER CO.	CHALK POINT	AQUASCO
38	POTOMAC ELECTRIC POWER CO.	MORGANTOWN	NEWBURG
39	PSI ENERGY, INC.	GIBSON	OWENSVILLE
40	ROCHESTER GAS & ELECTRIC CORP.	ROCHESTER 3 (BEEBEE)	ROCHESTER
41	ROCHESTER GAS & ELECTRIC CORP.	ROCHESTER 7 (RUSSELL)	ROCHESTER
42	VINELAND MUNICIPAL ELEC UTILITY	H.M. DOWN	VINELAND
	TOTALS		

</TABLE>

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(RESTUBBED TABLE CONTINUED FROM ABOVE)

<TABLE>
<CAPTION>

	ST	NAME PLATE	NET GENERATION MWH	CAPACITY FACTOR BASED ON NAME-PLATE CAPACITY	PROVEN CAPACITY	CAPACITY FACTOR BASED ON PROVEN CAPACITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1	NJ	250.10	480,443	21.93	220	24.93%
2	NJ	475.60	1,780,644	42.74	449	45.27%
3	MD	399.84	1,631,798	46.59	388	49.82%
4	NY	537.00	2,113,927	44.90	505	47.79%
5	OH	440.00	1,272,819	33.02	420	34.59%
6	OH	1,257.00	6,220,296	56.49	1,233	57.59%
7	OH	256.00	0	0.00	245	0.00%
8	MI	312.50	1,976,526	72.27	310	72.86%
9	OH	414.00	354,511	9.78	371	10.91%
10	DE	698.20	2,811,601	45.97	674	47.62%
11	DE	782.40	3,877,482	44.90	763	46.04%
12	MI	3,270.00	19,960,000	69.48	3,000	75.95%
13	MI	933.23	3,223,200	39.43	517	71.17%
14	MI	775.50	3,730,602	54.92	725	58.74%
15	IN	393.64	688,635	19.97	341	23.05%
16	NY	57.70	156,033	30.87	50	35.62%
17	PA	426.70	1,360,174	36.39	401	38.72%
18	PA	225.00	1,036,202	52.58	249	47.51%
19	NY	75.00	548,735	83.52	84	74.57%
20	NY	162.50	685,441	48.15	107	73.13%
21	NY	86.50	290,879	38.39	44	75.47%
22	NY	655.11	4,573,001	79.69	675	77.34%
23	NY	322.40	1,907,740	70.36	300	75.04%
24	NY	620.00	3,497,400	63.58	570	69.32%
25	NY	835.20	3,343,040	45.70	730	52.29%
26	IN	600.04	2,705,924	46.43	589	53.61%
27	IN	1,943.40	7,503,431	44.07	1,025	52.71%
28	NY	495.00	1,707,440	40.70	494	40.04%
29	PA	417.50	1,622,002	44.37	350	51.75%
30	PA	1,409.20	3,002,210	29.04	1,359	32.69%
31	PA	1,072.00	11,770,050	71.03	1,712	70.55%
32	PA	1,072.00	11,572,440	70.57	1,072	70.01%
33	PA	1,550.73	7,704,322	56.06	1,400	60.34%
34	PA	2,013.50	1,000,132	10.20	1,002	10.02%
35	PA	1,041.70	0,045,001	02.20	1,525	00.00%
36	PA	400.70	2,350,050	05.40	300	00.00%
37	MD	2,040.00	5,170,005	20.00	1,007	31.00%
30	MD	1,252.00	0,037,070	00.52	1,104	05.10%
39	IN	3,330.02	10,005,532	04.20	3,102	07.00%
40	NY	01.00	431,524	00.37	00	01.50%
41	NY	252.00	1,200,400	54.25	200	52.70%
42	NJ	70.50	02,470	10.12	02	11.50%
		30,114.33	100,005,400	0.51	33,000	55.51%

</TABLE>

RED --CR/CSX JOINT PLANT
BLUE --CR/NS JOINT PLANT (CR HAS TRACKAGE RIGHTS OVER NS LINE)

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(RESTUBBED TABLE CONTINUED FROM ABOVE)

<TABLE>
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	ST	NAME PLATE	NET GENERATION MWH	CAPACITY FACTOR BASED ON NAME-PLATE CAPACITY	PROVEN CAPACITY	CAPACITY FACTOR BASED ON PROVEN CAPACITY	
<S><C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1	AL	2,012.00	8,414,622	47.72	1,884.00	50.99%	
2	AL	2,822.00	18,212,869	73.67	2,883	74.16%	
3	WV	2,932.60	11,734,823	45.68	2,900	46.19%	
4	WV	1,300.00	5,410,832	47.51	1,300	47.51%	
5	KY	354.70	1,763,232	56.75	315	63.99%	
6	KY	440.03	3,007,139	78.01	420	81.73%	
7	NC	328.48	1,559,748	54.21	357.00	49.87%	
8	NC	402.45	862,837	24.47	421.00	23.48%	
9	SC	206.64	753,344	41.62	185	46.49%	
10	NC	671.62	1,692,913	28.77	629	30.72%	
11	NC	185.50	252,092	17.39	177	16.26%	
12	MI	1,420.00	7,262,801	58.39	1,404	59.06%	
13	MI	1,761.30	3,634,012	23.55	1,791	23.16%	
14	MI	312.50	1,978,526	72.27	310	72.86%	
15	MI	200.00	43,004	2.46	167	2.94%	
16	MI	1,905.01	7,225,501	43.38	1,379	59.81%	
17	NC	780.00	2,403,835	35.14	760	36.11%	
18	SC	355.00	496,201	15.96	370	15.31%	
19	NC	1,900.00	12,501,314	71.04	2,000.00	68.61%	
20	NC	466.00	787,647	19.29	454.00	19.00%	
21	KY	176.00	756,325	49.06	172.00	50.20%	
23	KY	813.51	5,504,810	78.37	800.00	79.60%	
23	FL	2,442.07	13,595,755	63.53	2,270.00	68.19%	
24	FL	325.75	1,020,777	57.00	299.00	62.13%	
25	GA	3,403.00	20,222,352	65.00	3,040.00	75.94%	
26	GA	1,740.24	8,003,350	50.03	1,520.00	65.03%	
27	GA	500.40	2,043,003	50.10	400.00	67.75%	
28	GA	210.32	335,303	17.54	103.00	10.04%	
29	FL	00.00	142,002	10.04	05	17.20%	
30	IN	1,073.00	4,045,470	51.55	1,010	54.44%	
31	FL	1,350.00	0,130,770	70.75	1,250	03.30%	
32	KY	1,000.00	7,317,557	70.10	1,000	70.01%	
33	FL	503.37	2,203,044	42.30	541	40.52%	
34	WV	2,052.00	12,420,500	00.14	1,020	73.00%	
35	WV	1,300.00	0,105,553	00.14	1,252	74.45%	
36	WV	213.20	050,001	45.04	243	40.22%	
37	OH	200.00	1,120,375	40.34	210	50.53%	
38	OH	2,000.00	14,135,000	02.00	2,000	02.00%	
39	WV	1,032.00	0,441,300	50.02	1,000	00.23%	
40	OH	1,520.01	5,500,000	41.05	1,425	44.71%	

CSXT SERVED UTILITY PLANTS

<TABLE>
<CAPTION>

	UTILITY	PLANT	CITY
<S><C>		<C>	<C>
1	ALABAMA POWER CO.	GASTON	WILSONVILLE
2	ALABAMA POWER CO.	MILLER	GRAYSVILLE
3	APPALACHIAN POWER CO.	AMOS	ST. ALBANS
4	APPALACHIAN POWER CO.	MOUNTAINEER	NEW HAVEN
5	BIG RIVERS ELECTRIC CORP.	HENDERSON II	SEBREE
6	BIG RIVERS ELECTRIC CORP.	WILSON	CENTERTOWN
7	CAROLINA POWER & LIGHT CO.	CAPE FEAR	MONCURE
8	CAROLINA POWER & LIGHT CO.	LEE (NC)	GOLDSBORO
9	CAROLINA POWER & LIGHT CO.	ROBINSON	HARTSVILLE
10	CAROLINA POWER & LIGHT CO.	SUTTON	WILMINGTON
11	CAROLINA POWER & LIGHT CO.	WEATHERSPOON	LUMBERTON
12	CONSUMERS POWER CO.	CAMPBELL	WEST OLIVE
13	CONSUMERS POWER CO.	KARN	ESSEXVILLE
14	CONSUMERS POWER CO.	WEADOCK	ESSEXVILLE
15	DETROIT EDISON CO.	MARYSVILLE	MARYSVILLE
16	DETROIT EDISON CO.	ST. CLAIR	EAST CHINA
17	DUKE POWER CO.	CLIFFSIDE	CLIFFSIDE
18	DUKE POWER CO.	LEE (SC)	PELZER
19	DUKE POWER CO.	MARSHALL (NC)	TERRELL
20	DUKE POWER CO.	RIVERBEND	MT. HOLLY
21	EAST KENTUCKY POWER COOP, INC.	DALE	FORD
22	EAST KENTUCKY POWER COOP, INC.	SPURLOCK	MAYSVILLE
23	FLORIDA POWER CORP.	CRYSTAL RIVER	CRYSTAL RIVER
24	GAINESVILLE REGIONAL UTILITIES	DEERHAVEN	HAGUE
25	GEORGIA POWER CO.	BOWEN	TAYLORVILLE
26	GEORGIA POWER CO.	HARLEE BRANCH	MILLEDGEVILLE
27	GEORGIA POWER CO.	MCDONOUGH	SMYRNA
28	GEORGIA POWER CO.	MITCHELL (GA)	ALBANY
29	GULF POWER CO.	SCHOLZ	CHATTAHOOCHEE
30	HOOSIER ENERGY RURAL ELECTRIC	MEROM	MEROM
31	JACKSONVILLE ELECTRIC AUTH	ST. JOHNS RIVER POWER	JACKSONVILLE
32	KENTUCKY POWER CO.	BIG SANDY	LOUISA
33	LAKELAND DEPT OF ELEC. & WATER	MCINTOSH-FL	LAKELAND
34	MONONGAHELA POWER CO.	HARRISON	HAYWOOD
35	MONONGAHELA POWER CO.	PLEASANTS	WILLOW ISLAND
36	MONONGAHELA POWER CO.	WILLOW ISLAND	WILLOW ISLAND
37	OHIO EDISON CO.	NILES	NILES
38	OHIO POWER CO.	GAVIN	CHESHIRE
39	OHIO POWER CO.	MITCHELL (WV)	MOUNDSVILLE
40	OHIO POWER CO.	MUSKINGUM RIVER	BEVERLY
41	ORLANDO UTILITIES COMMISSION	STANTON ENERGY CE	ORLANDO
42	POTOMAC ELECTRIC POWER CO.	DICKERSON	DICKERSON
43	PSI ENERGY, INC.	CAYUGA	CAYUGA
44	SAVANNAH ELECTRIC & POWER CO.	MCINTOSH (GA)	RINCON
45	SEMINOLE ELECTRIC COOP, INC.	SEMINOLE	PALATKA
46	SOUTH CAROLINA ELECTRIC & GAS	CANADYS	CANADYS
47	SOUTH CAROLINA ELECTRIC & GAS	MCMEEKIN	IRMO
48	SOUTH CAROLINA ELECTRIC & GAS	URQUHART	BEECH ISLAND
49	SOUTH CAROLINA ELECTRIC & GAS	WATEREE	EASTOVER
50	SOUTH CAROLINA GENER. CO, INC.	WILLIAMS STATION	GOOSE CREEK
51	SOUTH CAROLINA PUB SERV AUTH	CROSS	CROSS
52	SOUTH CAROLINA PUB SERV AUTH	GRAINGER	CONWAY
53	SOUTH CAROLINA PUB SERV AUTH	JEFFERIES	MONCKS CORNER
54	SOUTH CAROLINA PUB SERV AUTH	WINYAH	GEORGETOWN
55	SOUTHERN INDIANA GAS & ELEC. CO.	BROWN (IN)	WEST FRANKLIN
56	TAMPA ELECTRIC CO.	GANNON	TAMPA
57	TENNESSEE VALLEY AUTHORITY	BULL RUN	OAK RIDGE
58	TENNESSEE VALLEY AUTHORITY	GALLATIN	GALLATIN
59	TENNESSEE VALLEY AUTHORITY	KINGSTON	KINGSTON
60	TENNESSEE VALLEY AUTHORITY	PARADISE	DRAKESBORO
61	TENNESSEE VALLEY AUTHORITY	WIDOWS CREEK	STEVENSON
62	VIRGINIA ELECTRIC & POWER CO	BREMO BLUFF	BREMO BLUFF
63	VIRGINIA ELECTRIC & POWER CO	CHESTERFIELD	CHESTER
64	VIRGINIA ELECTRIC & POWER CO	MOUNT STORM	MT. STORM
65	VIRGINIA ELECTRIC & POWER CO	POSSUM POINT	DUMFRIES
66	VIRGINIA ELECTRIC & POWER CO	YORKTOWN	YORKTOWN
	TOTALS		
	RED --CSX/CR JOINT PLANT GREEN --CSX/NS JOINT PLANTS		
	OTHER		
	P&L RAILROAD --CSXT HOLDS A MINORITY INTEREST & SPECIAL MARKETING ARRANGEMENT		
	LOUISVILLE GAS & ELECTRIC CO.	CANE RUN	LOUISVILLE
	LOUISVILLE GAS & ELECTRIC CO.	MILL CREEK	KOSMOSDALE
	TENNESSEE VALLEY AUTHORITY	SHAWNEE	PADUCAH
	INRD RAILROAD --CSXT HOLDS AN INTEREST		
	CENTRAL ILLINOIS PUBLIC SERVICE CO	NEWTON	NEWTON
	INDIANAPOLIS POWER & LIGHT CO.	STOUT	INDIANAPOLIS
	PSI ENERGY, INC.	NOBLESVILLE	NOBLESVILLE

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	ST	NAME PLATE	NET GENERATION MWH	CAPACITY FACTOR BASED ON NAME-PLATE CAPACITY	PROVEN CAPACITY	CAPACITY FACTOR BASED ON PROVEN CAPACITY
41	FL	464.56	3,093,116	76.00	438	80.62%
42	MD	588.00	3,462,953	67.23	546	72.46%
43	IN	1,062.00	5,928,872	63.73	1,005	67.34%
44	GA	177.66	592,967	38.16	155	43.67%
45	FL	1,316.00	8,018,748	77.26	1,238	82.76%
46	SC	489.00	2,195,841	51.19	438	58.29%
47	SC	293.76	1,518,441	59.01	254	68.24%
48	SC	250.00	1,427,763	65.19	254	64.17%
49	SC	771.00	4,127,258	61.05	720.00	65.44%
50	SC	632.70	3,142,442	56.70	565	63.49%
51	SC	1,147.12	6,673,625	66.41	1,000	71.87%
52	SC	163.20	297,700	20.82	170	19.99%
53	SC	445.00	1,489,297	38.15	398	42.72%
54	SC	1,120.00	4,321,812	44.05	1,000	45.68%
55	IN	530.46	2,441,530	52.54	500	55.74%
56	FL	1,301.68	5,010,306	50.95	1,206	55.00%
57	TN	950.00	5,265,585	63.27	873	38.85%
58	TN	1,255.20	5,892,431,	53.59	1,010	66.88%
59	TN	1,700.00	10,102,073	68.44	1,455.00	79.01%
60	KY	2,556.20	14,001,420	66.32	2,240	75.74%
61	AL	1,000.70	9,530,001	55.20	1,013	87.45%
62	VA	254.20	1,327,251	59.50	234	64.75%
63	VA	1,352.04	7,154,327	60.37	1,200	63.00%
64	WV	1,002.40	11,251,056	77.20	1,022	70.10%
65	VA	1,373.00	2,403,120	20.05	1,272	22.20%
66	VA	1,257.00	2,520,770	22.07	1,003	27.17%
		69,022.02	344,123,020	56.42%	64,010	60.01%
	KY	645.00	2,300,023	42.40	070	40.30%
	KY	1,717.20	7,300,357	40.00	1,450	57.77%
	KY	1,750.00	0,070,002	50.50	1,242	70.70%
	IL	1,234.00	5,027,031	53.07	1,114	50.71%
	IN	773.13	2,700,000	41.15	720	44.10%
	IN	100.00	117,535	13.42	00	14.01%

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Exhibit (a)(26)

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CONRAIL-CSX-NORFOLK SOUTHERN
THE INTERMODAL STORY

INTERMODAL, THE MOVEMENT OF TRAILERS AND CONTAINERS ON RAIL CARS, IS NOW THE SECOND LARGEST RAIL COMMODITY - BEHIND COAL AND IS THE FASTEST GROWING RAIL COMMODITY. THE MAJOR POLICY IMPLICATIONS FOR RAIL INTERMODAL ARE THAT IT IS LESS POLLUTING PER TON MILE BY AN ORDER OF MAGNITUDE THAN TRUCK TRANSPORTATION, IT REQUIRES LESS FUEL THAN TRUCKS AND THAT IT TAKES HEAVY TRUCKS AND CONTAINERS OFF THE HIGHWAY, SOLVING CONGESTION PROBLEMS AND ALLEVIATING WEAR AND TEAR ON PUBLIC HIGHWAYS.

2

ONE OF THE LARGEST, IF NOT THE LARGEST, TRUCK AND INTERMODAL MARKETS IN THE COUNTRY IS NORTH AND EAST OF THE MARYLAND/VIRGINIA BORDER. INTERMODAL ACCESS TO AND SERVICE IN THIS AREA ARE CRITICAL TO THE FUTURE OF THE COUNTRY AND TO THE REGION. BY INVESTIGATING HOW THE RAIL CARRIERS HAVE MANAGED THEIR INTERMODAL FRANCHISES IN THE PAST WE CAN ACCURATELY PREDICT THE FUTURE IN THE NORTHEAST BASED ON WHICH OF THE THREE CARRIERS HAS GOOD COMPETITIVE ACCESS.

3

RELATIVE INTERMODAL GROWTH BY CARRIER
1988 BASE YEAR

(GRAPHICS CHART OMITTED)

4

RELATIVE INTERMODAL GROWTH BY CARRIER
[illegible]8 BASE YEAR

	CR	CSX	CR/CSX	NS	INDUSTRY
88	100%	100%	100%	100%	100%
89	104	82	94	120	104
90	106	84	96	121	106
91	104	81	94	127	106
92	113	88	102	136	114
93	125	93	110	147	122
94	146	102	127	167	138
95	136	99	120	187	141
96*	143	101	124	194	143

*PROJECTION THROUGH 42 WEEKS
SOURCE: CS54/AAR DATA ORIGINATED AND RECEIVED

5

INTERMODAL SHIPMENTS BY YEAR

	CR	CSX	CR/CSX	NS	INDUSTRY
88	1,188,849	872,486	1,973,335	877,154	7,889,984
89	1,144,231	716,818	1,861,841	818,118	8,119,346
90	1,164,823	733,842	1,897,885	822,199	8,272,558
91	1,140,414	706,833	1,847,217	888,275	8,294,887
92	1,247,161	764,341	2,011,502	992,885	8,563,412
93	1,372,787	887,696	2,188,485	992,858	8,494,483
94	1,611,852	889,168	2,501,021	1,127,385	10,887,825
95	1,588,634	885,181	2,385,795	1,285,582	11,832,417
96*	1,574,634	878,138	2,432,383	1,316,582	11,184,417

* PROJECTION THROUGH 42 WEEKS
SOURCE: CS54/AAR DATA ORIGINATED AND RECEIVED

NORFOLK INTERNATIONAL VOLUME

(GRAPHICS CHART OMITTED)

AVERAGE ANNUAL INCREASE = 9.3%

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NORFOLK INTERNATIONAL VOLUME

YEAR	VOLUME	% INCREASE
85	79,393	
86	88,493	11.4
87	91,455	3.3
88	113,037	23.6
89	124,849	10.3
90	137,778	10.5
91	145,535	5.6
92	152,588	4.8
93	154,134	1.3
94	170,156	10.4
95	200,557	17.9
96	208,786	4.1

AVERAGE ANNUAL INCREASE = 9.3%

8

NS REVENUE SHIPMENTS WITH NORTHEAST ORIGINS
AND TERMINATIONS

	TRAILERS & CONTAINERS	TRIPLE CROWN	NSCS54/ TOTAL	%TOTAL NS	CP HAULAGE*	TOTAL W/ HAULAGE
86	23,896					
87	24,516					
88	24,868			3.7		
89	48,454	5,700	54,154	6.7		
90	66,567	8,809	75,376	9.1		
91	72,945	10,115	83,060	9.7		
92	77,150	10,685	87,835	9.5	2,531	
93	89,624	41,842	131,466	13.2	39,734	171,200
94	139,694	58,968	198,662	17.6	52,284	250,946
95	178,466	49,051	227,517	18	45,493	273,010
96	163,332	54,100	217,432	16.5	5,831	223,263

* CP HAULAGE LOADS WERE NOT INCLUDED IN CS54 DATA

9

NS REVENUE SHIPMENTS WITH NORTHEAST ORIGINS
AND TERMINATIONS

(GRAPHICS CHART OMITTED)

* CP HAULAGE LOADS WERE NOT INCLUDED IN CS54 DATA

18

- USING 1988 AS THE BASE YEAR (BECAUSE CSX AND NS INTERMODAL INITIATIVES BEGIN IN THAT YEAR), WE SEE THAT NS HAS GROWN ITS VOLUME BY 94% VERSUS 43% FOR CONRAIL AND NO GROWTH FOR CSX OVER THE EIGHT YEAR PERIOD. NS MORE THAN DOUBLES THE GROWTH OF THE INDUSTRY AVERAGE WHILE CONRAIL REACHES THE MEAN AND CSX FALLS BEHIND. THESE ARE ACCURATE MEASURES OF HOW THE RAILROADS MANAGE THEIR FRANCHISES.

- IN FACT, NS WHILE CARRYING ONLY 13% OF THE VOLUME OF THE INDUSTRY ACCOUNTS FOR 52% OF INDUSTRY GROWTH IN 1995 AND 1996.

- CONRAIL HAS ENTERED AND ABANDONED MARKETS RANDOMLY, AS IN 1994 WHEN THEY DROPPED SHORT HAUL MARKETS IN THE MIDDLE OF THE FALL BUSY SEASON. THE STRONG GROWTH THAT THEY SHOW IN 1996 IS THE RETURN OF THIS BUSINESS AND THEIR 1996 VOLUME WILL BARELY MEET 1994 LEVELS.

- CSX HAS DONE MUCH THE SAME, INCREASING TRANSIT TIMES OUT OF ATLANTA, THEIR BIGGEST MARKET, IN THE MIDDLE OF THE FALL BUSY SEASON IN 1996.

CAPITAL EXPENDITURES ON INTERMODAL RELATED PROJECTS
(COSTS IN MILLIONS\

	CONV I/M TERMINALS	CLEARANCE PROJECTS	TCS TERMINALS	TCS EQUIPMENT	TOTAL
88	$4.48	$0.25	$2.36	$33.96	$41.05
89	$4.99	$0.60	$0.97	$0.26	$6.82
90	$1.50	$2.93	$0.00	$0.00	$4.43
91	$3.50	$2.14	$8.11	$19 91	$33.67
92	$10.10	$3.65	N/A	N/A	$13.75
93	$9.70	$1.62	$1.77	$23.45	$36.55
94	$25.72	$0.00	$0.00	$0.00	$25.72
95	$26.23	$4.00	$0.00	N/A	$30.29
96	$18.04	$0.00	$0.00	N/A	$18.04
TOTAL	$104.06	$15.18	$13.22	$77.59	$210.25

- AT NORFOLK, NS HAS HAD A SIGNIFICANT ROLE IN THE GROWTH OF INTERNATIONAL TRAFFIC. INTERNATIONAL INTERMODAL BUSINESS AT NORFOLK HAS GROWN AT TWICE THE AVERAGE RATE OF INTERNATIONAL BUSINESS IN THE U.S. DURING THAT PERIOD OF TIME.

- THIS VOLUME, ALONG WITH INTERNATIONAL INTERMODAL BUSINESS MOVED AT CHARLESTON, SAVANNAH, JACKSONVILLE AND MIAMI, MAKES NS THE LEADER IN ATLANTIC PORT INTERMODAL TRAFFIC IN THE U.S.

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- WHILE NS DOES NOT HAVE TRACKS INTO THE NORTHEAST, WE DO HAVE SEVERAL INITIATIVES THAT HAVE GIVEN US A SIGNIFICANT NORTHEAST PRESENCE.

- UNFORTUNATELY, THE ERRATIC NATURE OF THE GROWTH PROVES OUR POINT ABOUT COMPETITION. WHILE THERE REMAINS SIGNIFICANT DEMAND FOR ANOTHER RAIL INTERMODAL CARRIER IN THE NORTHEAST, SERVICE VIA TRACKAGE OR HAULAGE RIGHTS IS TOO ERRATIC TO SUSTAIN.

- CP DEVELOPED A SIGNIFICANT BUSINESS INTO THE NORTHEAST ONLY TO ABANDON THE MARKET BECAUSE OF INCONSISTENT HAULAGE SERVICE.

NS SPECIFIC INTERMODAL PROPOSAL FOR THE NORTHEAST

- COMPETE FOR THE "LOCAL" DOMESTIC MARKET VIA ROADRAILERS.
- USE THE NORTHEAST CORRIDOR FOR NORTH/SOUTH AND BOSTON ACCESS. ROADRAILER PROFILE FITS THIS CORRIDOR WELL.
- AGGRESSIVELY USE THE HAGERSTOWN GATEWAY, THE ONLY NORTH/SOUTH DOUBLESTACK ROUTE BETWEEN THE ATLANTIC OCEAN AND CINCINNATI FOR CONTAINER TRAFFIC.
- DEVELOP HUB CENTERS AT MAJOR NORTHEAST PORTS WITH INLAND ROUTINGS TO ALL POINTS EAST OF THE MINNEAPOLIS, KANSAS CITY, DALLAS, HOUSTON, LINE IN LESS THAN 72 HOURS.

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Exhibit (a)(27)

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FOR IMMEDIATE RELEASE
November 5, 1996

News Media Contact: Robert C. Fort
(757) 629-2714

NORFOLK SOUTHERN CONFIRMS OFFER FOR CONRAIL

NORFOLK, VA -- Norfolk Southern late today reaffirmed its all-cash $100 per share offer for Conrail. As originally announced, the offer will close to a voting trust, providing immediate cash payment to all shareholders.

The company also said that it had terminated the discussions begun by CSX.

"Let there be no misunderstanding and no disinformation: We are committed to taking every necessary step to provide Conrail shareholders with the choice of our better offer," said David R. Goode, Chairman and Chief Executive Officer of Norfolk Southern Corporation.

"It is clear to us that CSX and Conrail intend to continue their joint efforts to railroad Conrail shareholders into accepting a proposal significantly inferior to Norfolk Southern's $100 per share all cash tender offer. Until CSX acknowledges that all Conrail shareholders are entitled to the $100 cash that they can only receive from Norfolk Southern's offer, any discussions between us are a waste of time."

The company made its statement in advance of the expected announcement by Conrail's Board of Directors following a meeting held Tuesday.

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World Wide Web Site - http://www.nscorp.com

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Exhibit (a)(28)

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TO CONRAIL SHAREHOLDERS:

ACT NOW TO PROTECT
YOUR INVESTMENT

NORFOLK SOUTHERN URGES YOU TO VOTE NO ON THE GOLD PROXY CARD

Norfolk Southern Corporation has offered $100 per share in cash for each of your Conrail shares. This exceeds by more than $[illegible] the blended value per share offered under the ill advised merger agreement which Conrail has signed with CSX Corporation (based upon the closing sale price of CSX stock on November 1, 1996).

But you may not have the chance to accept this more valuable offer unless you vote NO on the GOLD proxy card. The Conrail Board wants you to "opt out" of the "Fair Value Statute" of the Pennsylvania Business Corporation Law. Essentially, this law protects the rights of shareholders to receive fair value for their shares in the company. You must vote NO to preserve your rights!

DON'T BE FORCED INTO
ACCEPTING AN INFERIOR OFFER!

Look at the lockup devices and sweetheart deals that Conrail has given to CSX:

CONRAIL HAD AGREED TO "SWALLOW" ITS "POISON PILL" SO THAT NO ONE OTHER THAN CSX COULD ACQUIRE CONRAIL UNTIL 2005. FOLLOWING NORFOLK SOUTHERN'S LEGAL ACTION, THE CONRAIL BOARD BACKED DOWN.

CONRAIL HAS AGREED TO PAY APPROXIMATELY $420 MILLION IN "BREAK-UP" FEES AND OPTION BENEFITS (BASED ON OUR CURRENT OFFER) TO CSX IF THE MERGER AGREEMENT IS TERMINATED. THESE GIVEAWAYS AMOUNT TO MORE THAN $4.60 PER SHARE OF YOUR STOCK.

THE CONRAIL BOARD HAS AGREED NOT TO TERMINATE THE CSX MERGER AGREEMENT FOR SIX MONTHS, EVEN IF ITS FIDUCIARY DUTIES TO YOU REQUIRE OTHERWISE.

Clearly, it's up to you to protect your legal rights. Don't opt out of the chance to get "fair value" for your shares.

ASK YOURSELF,
WHY IS CONRAIL:

Putting up roadblock after roadblock in an attempt to prevent you from receiving the benefit of our higher offer?

Asking you to "opt out" of the "Fair Value Statute," one of the few protections you have left?

Not negotiating in your interests for a higher price?

Ignoring our superior $100 per share offer?

VOTE NO ON THE "OPT-OUT" AND ADJOURNMENT PROPOSALS BY SIGNING, DATING AND RETURNING THE GOLD PROXY CARD TODAY.

Important: If you have any questions, please call our soliciter, Georgeson & Company Inc. toll free at 1 800-223-2064. Banks and brokers call 212-440-9800.

NS 1000

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Exhibit (a)(29)

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FOR IMMEDIATE RELEASE
November 6, 1996

News Media Contact: Robert C. Fort
(757) 629-2714

NORFOLK SOUTHERN CALLS NEW CSX OFFER INFERIOR

NORFOLK, VA -- Norfolk Southern today issued the following statement in response to Conrail's decision to approve an amended merger offer from CSX:

"The action by CSX and Conrail comes as no surprise. The fact remains that CSX has not provided an overall price comparable to Norfolk Southern's $100 per-share cash offer. Furthermore, CSX's coercive two-tiered front-end loaded tender offer is all the more abusive for having been aided and abetted by Conrail's board."

"Norfolk Southern will review all of its options and intends to take all steps necessary to ensure that Conrail shareholders are offered a fair deal."

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World Wide Web Site - http://www.nscorp.com

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Exhibit (a)(30)

Supplement to the Offer to Purchase for Cash Dated October 24, 1996

Atlantic Acquisition Corporation,

a wholly owned subsidiary of

Norfolk Southern Corporation

Has Increased the Price of its Offer to Purchase for Cash

All Outstanding Shares

of

Common Stock and Series A ESOP Convertible Junior Preferred Stock

(including, in each case, the associated Common Stock Purchase Rights)

of

Conrail Inc.

to

$110 Net Per Share

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, NOVEMBER 22, 1996, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, PRIOR TO THE EXPIRATION OF THE OFFER, (1) THE RECEIPT BY ATLANTIC ACQUISITION CORPORATION ("PURCHASER"), A WHOLLY OWNED SUBSIDIARY OF NORFOLK SOUTHERN CORPORATION ("PARENT"), OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO PURCHASER FROM THE STAFF OF THE SURFACE TRANSPORTATION BOARD (THE "STB"), WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO PURCHASER, THAT THE USE OF A VOTING TRUST IN CONNECTION WITH THE OFFER AND THE PROPOSED MERGER IS CONSISTENT WITH THE POLICIES OF THE STB AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER, (2) THE RECEIPT BY PURCHASER OF AN INFORMAL STATEMENT FROM THE PREMERGER NOTIFICATION OFFICE OF THE FEDERAL TRADE COMMISSION THAT THE TRANSACTIONS CONTEMPLATED BY THE OFFER AND THE PROPOSED MERGER ARE NOT SUBJECT TO, OR ARE EXEMPT FROM, THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"), OR, IN THE ABSENCE OF THE RECEIPT OF SUCH INFORMAL STATEMENT, ANY APPLICABLE WAITING PERIOD UNDER THE HSR ACT HAVING EXPIRED OR BEEN TERMINATED, (3) PARENT AND PURCHASER HAVING OBTAINED, ON TERMS REASONABLY ACCEPTABLE TO PARENT, SUFFICIENT FINANCING TO ENABLE CONSUMMATION OF THE OFFER AND THE PROPOSED MERGER, (4) THERE BEING VALIDLY TENDERED AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF COMMON SHARES AND ESOP PREFERRED SHARES WHICH TOGETHER CONSTITUTE AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS, (5) PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SUBCHAPTER F OF CHAPTER 25 OF THE PENNSYLVANIA BUSINESS CORPORATION LAW HAS BEEN

(continued)

The Dealer Managers for the Offer are:

J.P. Morgan & Co. **Merrill Lynch & Co.**

November 8, 1996

COMPLIED WITH OR IS INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER, (6) THE COMMON STOCK PURCHASE RIGHTS HAVING BEEN REDEEMED BY THE BOARD OF DIRECTORS OF CONRAIL INC. OR PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SUCH COMMON STOCK PURCHASE RIGHTS ARE INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER, AND (7) PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE PREVIOUSLY ANNOUNCED AGREEMENT AND PLAN OF MERGER, AS AMENDED, BETWEEN THE COMPANY AND CSX CORPORATION HAS BEEN TERMINATED IN ACCORDANCE WITH ITS TERMS OR OTHERWISE. SEE THE INTRODUCTION TO THE OFFER TO PURCHASE AND TO THE SUPPLEMENT.

IMPORTANT

Purchaser is currently reviewing its options with respect to the Offer and may consider, among other things, changes to the material terms of the Offer. In addition, Parent and Purchaser intend to continue to seek to negotiate with the Company with respect to the acquisition of the Company by Parent or Purchaser. Purchaser reserves the right to amend the Offer (including amending the number of shares to be purchased, the purchase price and the proposed merger consideration) upon entering into a merger agreement with the Company or to negotiate a merger agreement with the Company not involving a tender offer pursuant to which Purchaser would terminate the Offer and the Common Shares (as defined herein) and ESOP Preferred Shares (as defined herein, and together with the Common Shares, the "Shares") would, upon consummation of such merger, be converted into cash, common stock of Parent and/or other securities in such amounts as are negotiated by Parent and the Company.

Any shareholder desiring to tender all or any portion of such shareholder's Shares should either (i) complete and sign one of the Letters of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letters of Transmittal, have such shareholder's signature thereon guaranteed if required by Instruction 1 to the Letters of Transmittal, mail or deliver one of the Letters of Transmittal (or such facsimile thereof) and any other required documents to the Depositary and either deliver the certificates for such Shares and, if separate, the certificates representing the associated Rights (as defined herein) to the Depositary along with one of the Letters of Transmittal (or a facsimile thereof) or deliver such Shares (and Rights, if applicable) pursuant to the procedure for book-entry transfer set forth in Section 3 of the Offer to Purchase (as defined herein) prior to the expiration of the Offer or (ii) request such shareholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such shareholder. A shareholder having Shares (and, if applicable, Rights) registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such shareholder desires to tender such Shares (and, if applicable, Rights). Unless and until Purchaser declares that the Rights Condition (as defined herein) is satisfied, shareholders will be required to tender one Right for each Share tendered in order to effect a valid tender of such Share. The tender of Rights is also required for the valid tender of ESOP Preferred Shares.

Participants in the Company's Matched Savings Plan (the "ESOP") desiring that Fidelity Management Trust Company, as trustee under the ESOP (the "ESOP Trustee"), tender the ESOP Preferred Shares allocated to their accounts, which will be converted into Common Shares upon consummation of the Offer, should so instruct the ESOP Trustee by completing the form that will be provided to participants for that purpose. ESOP participants cannot tender shares allocated to their ESOP accounts by executing one of the Letters of Transmittal.

Any shareholder who desires to tender Shares (and, if applicable, Rights) and whose certificates for such Shares (and, if applicable, Rights) are not immediately available, or who cannot comply with the procedures for book-entry transfer described in this Offer to Purchase on a timely basis, may tender such Shares (and, if applicable, Rights) by following the procedures for guaranteed delivery set forth in Section 3 of the Offer to Purchase.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Managers at their respective addresses and telephone numbers set forth on the back cover of this Supplement. Additional copies of the Offer to Purchase, this Supplement, the revised Letter of Transmittal or other tender offer materials may be obtained from the Information Agent.

TABLE OF CONTENTS

TO THE HOLDERS OF COMMON STOCK AND
SERIES A ESOP CONVERTIBLE JUNIOR PREFERRED STOCK OF CONRAIL INC.:

INTRODUCTION

The following information amends and supplements the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), of Atlantic Acquisition Corporation ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of Norfolk Southern Corporation, a Virginia corporation ("Parent"), pursuant to which Purchaser is offering to purchase all outstanding shares of (i) common stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of July 19, 1989, as amended, between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agreement"). Purchaser has increased the price to be paid in the Offer (as defined below) to $110 per Share, net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase, this Supplement, and in the revised Letter of Transmittal (which, as amended from time to time, together constitute the "Offer"). Unless the context otherwise requires, all references to Common Shares, ESOP Preferred Shares or Shares shall include the associated Rights, and all references to the Rights shall include the benefits that may enure to holders of the Rights pursuant to the Rights Agreement, including the right to receive any payment due upon redemption of the Rights.

The purpose of the Offer is to acquire control of, and the entire equity interest in, the Company. Parent is seeking to negotiate with the Company a definitive merger agreement pursuant to which the Company would, as soon as practicable following consummation of the Offer, consummate a merger or similar business combination with Purchaser or another direct or indirect subsidiary of Parent (the "Proposed Merger"). In the Proposed Merger, each Common Share and ESOP Preferred Share then outstanding (other than Shares held by the Company or any subsidiary of the Company and Shares owned by Parent, Purchaser or any direct or indirect subsidiary of Parent) would be converted into the right to receive an amount in cash equal to the price per Common Share and ESOP Preferred Share paid pursuant to the Offer. If Purchaser acquires 80% or more of the outstanding Shares in the Offer, Purchaser intends to effect the Proposed Merger as a "short-form" merger under the Pennsylvania Business Corporation Law (the "PBCL"), without a vote of the Company's shareholders or the Board of Directors of the Company (the "Company Board"). See Section 11 and Section 12 of the Offer to Purchase and Sections 5 and 6 of this Supplement.

This Supplement should be read in conjunction with the Offer to Purchase. Except as set forth in this Supplement and the revised Letter of Transmittal, the terms and conditions previously set forth in the Offer to Purchase and the Letter of Transmittal mailed with the Offer to Purchase, remain applicable in all respects to the Offer. Terms used but not defined herein have the meanings set forth in the Offer to Purchase.

According to the Company's Solicitation/Recommendation Statement on Schedule 14D-9 (the "Schedule 14D-9") filed on November 6, 1996 with the SEC, the Board of Directors of the Company (the "Company Board") recommended that shareholders of the Company reject Purchaser's initial offer of $100 per Share and not tender any of their Shares pursuant thereto. In addition, on November 5, 1996, the Company Board approved an amendment to the CSX Merger Agreement (the "Amendment") pursuant to which CSX increased the price per Share payable under the CSX Offer to $110 and agreed that the per Share cash consideration to be paid in the Proposed CSX Merger, if any, would be $110, while leaving unchanged the number of Shares sought to be purchased or otherwise acquired for cash pursuant to the CSX Offer and the Proposed CSX Merger. The provision of the CSX Merger Agreement providing that 60% of the outstanding Shares will be exchanged for CSX Common Stock at a rate of 1.85619 Shares of CSX Common Stock for each Share remained unchanged. Based on the closing sale price of the CSX Common Stock on the New York Stock Exchange (the "NYSE") on November 7, 1996, 1.85619 shares of CSX Common Stock were worth approximately $82.14.

By reason of the increase in the Offer Price, the increased punitive effect of the CSX Lockup Option on Parent will be approximately $160 million. On such basis, in the event that the CSX Termination Fee is paid and the CSX Lockup Option Agreement is exercised by CSX, the aggregate additional cost to an acquiror of the Company (including Parent) by reason of the CSX Lockup Option Agreement and the CSX Termination Fee will amount to approximately $580 million (assuming an acquisition of the Company at $110 per Share). In the Pennsylvania Litigation, Parent and Purchaser are contesting the validity of both the CSX Lockup Option Agreement and the CSX Termination Fee. See Section 15 of the Offer to Purchase and Section 8 of this Supplement.

Pursuant to the Amendment, the Company and CSX also agreed, among other things, to a provision (the "No Discussions Provision") providing that, subject to certain exceptions, neither the Company nor CSX will, nor will they permit any of their subsidiaries to, nor will they authorize or permit any of their officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by them or any of their subsidiaries to, directly or indirectly through another person, participate in any conversations, discussions or negotiations, or enter into any agreement, arrangement or understanding, with any other company engaged in the operation of railroads (including Parent) with respect to the acquisition by any such other company (including Parent) of any securities or assets of the Company and its subsidiaries or CSX and its subsidiaries, or any trackage rights or other concessions relating to the assets or operations of the Company and its subsidiaries or CSX and its subsidiaries, other than with respect to certain sales, leases, licenses, mortgages or other disposals of assets or properties.

In the Amendment, the Company also agreed to extend the term of the No Negotiation Provision from 180 days to 270 days, with the intended effect of preventing the Company from considering or otherwise facilitating until July 1997 any competing proposal to acquire the Company, such as the Offer. See Section 5 of this Supplement.

On November 6, 1996, the Company announced that the special meeting of the Company's shareholders (the "Pennsylvania Special Meeting") to seek approval of an amendment (the "Articles Amendment") to the Company's Articles of Incorporation (the "Company Articles") to "opt out" of Subchapter E of Chapter 25 of the PBCL had been cancelled, and a new record date of December 5, 1996 had been set for a new Pennsylvania Special Meeting expected to be held in mid-December. Parent is currently soliciting proxies against the adoption of the Articles Amendment and intends to continue to solicit proxies against the Articles Amendment at any meeting of the Company's shareholders held to consider the Articles Amendment.

This Supplement does not constitute a solicitation of proxies for any meeting of the Company's shareholders. Any such solicitation which Parent or Purchaser might make would be made only pursuant to separate proxy materials complying with the requirements of Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Offer to Purchase, this Supplement and the revised Letter of Transmittal contain important information which should be read carefully before any decision is made with respect to the Offer.

1. Terms of the Offer; Expiration Date. The discussion set forth in Section 1 of the Offer to Purchase is hereby amended and supplemented as follows:

The price to be paid for Shares purchased pursuant to the Offer has been increased from $100 to $110 per Share, net to the seller in cash without interest thereon, upon the terms and subject to the conditions of the Offer.

The term "Expiration Date" has been amended to mean 12:00 Midnight, New York City time, on Friday, November 22, 1996, unless and until Purchaser, in its sole discretion, shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer, as so extended by Purchaser, shall expire.

2. Procedures for Tendering Shares. The discussion set forth in Section 3 of the Offer to Purchase is hereby amended and supplemented as follows:

The revised Letter of Transmittal and the revised Notice of Guaranteed Delivery distributed with this Supplement may be used to tender Shares. Tendering shareholders may also continue to use the Letter of Transmittal and the Notice of Guaranteed Delivery previously distributed with the Offer to Purchase to tender Shares.

Shareholders who have previously validly tendered Shares pursuant to the Offer and not properly withdrawn such Shares have validly tendered such Shares for purposes of the Offer, as amended, and need not take any further action in order to receive the increased price of $110 net per Share pursuant to the Offer.

3. Price Range of Shares; Dividends. The discussion set forth in Section 6 of the Offer to Purchase is hereby amended and supplemented as follows:

According to public sources, the high and low closing sale prices per Common Share on the NYSE for the Fourth Quarter of 1996 (through November 7, 1996) were $98¼ and $68½, respectively. On November 7, 1996, the last full trading day prior to Parent's announcement that it was amending the terms of the Offer upon the terms set forth in this Supplement, the reported closing sale price per Common Share on the NYSE Composite Tape was $93. **Shareholders are urged to obtain a current market quotation for the Common Shares.**

4. Source and Amount of Funds. The discussion set forth in Section 10 of the Offer to Purchase is hereby amended and supplemented as follows:

Purchaser estimates that the total amount of funds now required to acquire Shares pursuant to the Offer and the Proposed Merger (in each case as amended as described in this Supplement), to pay all related costs and expenses, to refinance Parent's and the Company's existing debt and for working capital purposes will be approximately $12.5 billion.

As of November 7, 1996, signed commitments (including the commitments of the Arrangers and their affiliates as Lenders) in excess of $15 billion had been received by the Arrangers from banks and other financial institutions (the "Potential Syndicate Members") in respect of the $11.5 billion financing for Parent's $100 per Share Offer described in the Summary of Terms and Conditions previously filed as an exhibit to the Schedule 14D-1. The respective commitments of the Potential Syndicate Members will expire on March 1, 1997 if a satisfactory definitive credit agreement is not entered into on or prior to such date.

In order to finance the Offer and the Proposed Merger at the $110 per Share Offer Price, Parent has begun the process of seeking confirmations from the Potential Syndicate Members that their respective commitments may apply to a $12.5 billion (as opposed to an $11.5 billion) financing for Parent in connection with the $110 per Share Offer Price. Parent has already received oral confirmations from the Arrangers (and their affiliates as Lenders) in respect of their original commitments of $2 billion each, and Parent and the Arrangers are highly confident that such confirmations will also be received from the other Potential Syndicate Members in respect of their original commitments in the near future. The terms and conditions on which the Potential Syndicate Members would be willing to make such confirmations, as well as the structure and pricing they may require for a larger financing, may vary from those set forth in the Financing Commitment, the related Summary of Terms and Conditions and Section 10 of the Offer to Purchase.

It is anticipated that the indebtedness incurred by Parent and Purchaser under the Credit Facility will be repaid from funds generated internally by Parent and its subsidiaries (including, after the Proposed Merger, if consummated, funds generated by the Company and its subsidiaries), through additional borrowings, or through a combination of such sources. No final decisions have been made concerning the method Parent will employ to repay such indebtedness. Such decisions when made will be based on Parent's review from time to time of the advisability of particular actions, as well as on prevailing interest rates and financial and other economic conditions.

5. Background of the Offer; Contacts with the Company. The discussion set forth in Section 11 of the Offer to Purchase is hereby amended and supplemented as follows:

During the weekend of November 2 and November 3, 1996, representatives of Parent and CSX met to discuss matters related to their respective offers to acquire the Company. Such discussions were commenced at the suggestion of CSX, were represented by CSX to have been held with the knowledge of the Company and were pursued by Parent consistent with Parent's previously announced position of favoring a balanced competitive structure for Eastern railroad service. These discussions included an exchange of term sheets, first from CSX to Parent and then from Parent to CSX. Parent announced on November 4, 1996 that it had terminated such discussions and reaffirmed its $100 per Share offer for all Shares.

On November 4, 1996, Parent filed its definitive proxy statement with the SEC relating to its solicitation of proxies against the adoption of the Articles Amendment at the Pennsylvania Special Meeting and provided copies of the proxy statement to the Company for dissemination to the Company's shareholders. Also on November 4, 1996, the Company provided a shareholder list and a substantial portion of the other information requested by Parent and Purchaser pursuant to Pennsylvania law.

On November 7, 1996, the Company issued a news release in the form of a letter purportedly from the "Independent Directors" of the Company and ostensibly addressed to the Parent Board. The letter reiterated such directors' publicized commitment to the Proposed CSX Transaction and to Mr. LeVan. Also on November 7, 1996, the Parent Board met to review events surrounding the Offer and the revised CSX Offer and authorized the increase in the Offer Price to $110 per Share. On November 8, 1996, Parent publicly announced the increased Offer Price.

The Amendment

On November 5, 1996, the Company and CSX entered into the Amendment. The Amendment effects certain changes to the CSX Merger Agreement. Other than as amended by the Amendment, the provisions of the CSX Merger Agreement remain in full force and effect.

The CSX Offer. Pursuant to the Amendment, CSX has amended the CSX Offer for 19.9% of the outstanding Shares to increase the price to be paid to $110 per Share, net to the seller in cash. The obligations of CSX and the Company set forth in the CSX Merger Agreement with respect to the CSX Offer apply with respect to the CSX Offer as so amended.

The Amendment provides that, at any time prior to eleven business days before the then-scheduled expiration date of the CSX Offer if the Pennsylvania Control Transaction Law is inapplicable to the Company by such time, CSX will, at the written request of the Company, amend the CSX Offer to increase the number of Shares sought to 40% of the outstanding Shares on a fully diluted basis as of the date of the CSX Merger Agreement (excluding Shares that would be outstanding upon exercise of the CSX Lockup Option). In addition, at any time following seven business days after consummation of the CSX Offer, if CSX and its subsidiaries do not already own at such time 40% or more of the Shares outstanding as of the date of the CSX Merger Agreement (excluding Shares that would be outstanding upon exercise of the CSX Lockup Option), CSX may, and at the written request of the Company is required to, commence a second tender offer (the "CSX Second Offer") to purchase up to that number of Shares which, when added to the aggregate number of Shares then beneficially owned by CSX (other than pursuant to the CSX Lockup Agreement) equals 40% of such outstanding Shares, at a price of not less than $110 and on other terms no less favorable to shareholders of the Company than the CSX Offer, provided that CSX will not be required to consummate the Second CSX Offer until after the Pennsylvania Control Transaction Law is inapplicable to the Company. The Company has agreed that it will not make any such written request at any time that the CSX Offer is outstanding and the expiration date of such CSX Offer is within 10 business days thereof.

The Proposed CSX Merger. The Amendment provides that the per Share cash consideration to be paid in the Proposed CSX Merger, if any, will be $110. The provision of the CSX Merger Agreement

providing that 60% of the outstanding Shares will be exchanged for CSX Common Stock at a rate of 1.85619 Shares of CSX Common Stock for each Share remains unchanged. Based on the closing sale price of CSX Common Stock on the NYSE on November 7, 1996, 1.85619 shares of CSX Common Stock were worth approximately $82.14.

Shareholders' Meetings. The Amendment provides that the Company will not convene, adjourn or postpone the Pennsylvania Special Meeting without CSX's prior consent, and such consent will not be unreasonably withheld. In the event that the matters to be considered at the meetings of the shareholders of the Company and CSX to be held to consider the Proposed CSX Merger are not approved, from time to time the Company or CSX, as applicable, may, and will at the request of CSX or the Company, as applicable, duly call one or more meeting(s) of shareholders for such purposes. Subject to the foregoing, the Amendment further provides that the Company shall convene any such shareholder meetings as soon as practicable after receipt of any request to do so by CSX (and, in the case of the Pennsylvania Special Meeting, as soon as practicable after December 5, 1996).

The Amendment also provides that, following the approval of the Articles Amendment, the Company will take all necessary or advisable action to cause the Articles Amendment to become effective.

No Discussions. In the Amendment, the Company and CSX agreed to the No Discussion Provision which provides that during the term of the CSX Merger Agreement, neither the Company nor CSX, will, nor will they permit any of their subsidiaries to, nor will they authorize or permit any of their officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by them or any of their subsidiaries to, directly or indirectly through another person, participate in any conversations, discussions or negotiations, or enter into any agreement, arrangement or understanding, with any other company engaged in the operation of railroads (including Parent) with respect to the acquisition by any such other company (including Parent) of any securities or assets of the Company and its subsidiaries or CSX and its subsidiaries, or any trackage rights or other concessions relating to the assets or operations of the Company and its subsidiaries or CSX and its subsidiaries, other than with respect to certain sales, leases, licenses, mortgages or other disposals of assets or properties. Notwithstanding the foregoing, however, CSX and the Company will be permitted to engage in conversations, discussions and negotiations with other companies engaged in the operation of railroads (including Parent) to the extent reasonably necessary or reasonably advisable in connection with obtaining regulatory approval of the transactions contemplated by the CSX Merger Agreement in accordance with the terms set forth in the CSX Merger Agreement, and in each case so long as (i) a representative of each party is present at any such conversation, discussion or negotiation, (ii) the general subject matter of any such conversation, discussion or negotiation has been agreed to in advance by the Company and Parent and (iii) the Company, CSX and such other company have previously agreed to appropriate confidentiality arrangements, on terms reasonably acceptable to the Company and CSX (which terms shall in any event permit disclosure to the extent required by law), relating to the existence and subject matter of any such conversation, discussion or negotiation. Provisions of the Amendment described in this paragraph will terminate and be of no further force and effect in certain circumstances if the Board of Directors of the Company or CSX, as the case may be, determines in the good faith exercise of its fiduciary duties that it is necessary to so terminate these provisions.

No Negotations. The Amendment extends to 270 days the original 180 day limitation on negotiations in the No Negotiation Provision described in Section 11 of the Offer to Purchase.

Termination. The Amendment provides that the right to terminate the CSX Merger Agreement in connection with certain shareholder meetings will be exercisable only to the extent that such shareholder meetings are held after the earlier of (i) 270 days after the date of the CSX Merger Agreement or (ii) the purchase of an aggregate of 40% of the fully diluted shares under the CSX Offer or, if applicable, the CSX Second Offer.

The foregoing is a summary of certain provisions of the Amendment. This summary is qualified in its entirety by reference to the Amendment, which has been filed as an exhibit to Amendment No. 4 to CSX's Schedule 14D-1, dated November 6, 1996, and is incorporated herein by reference.

6. Purpose of the Offer and the Merger; Plans for the Company; Certain Considerations. The discussion set forth in Section 12 of the Offer to Purchase is hereby amended and supplemented as follows:

Following a motion by the plaintiffs in the Pennsylvania Litigation seeking to compel such action, on November 4, 1996, the Company Board adopted a resolution extending the Distribution Date with respect to the Rights (as so extended, the "Distribution Date") so that it will occur only on the tenth business day after the acquisition by any Person (such as Purchaser pursuant to the Offer), together with all Affiliates and Associates of such Person (as such terms are defined in the Rights Agreement), of beneficial ownership of at least 10% of the outstanding Shares. Absent such resolution, the Distribution Date with respect to the Rights would have occurred on November 7, 1996. See Section 8 of this Supplement.

7. Conditions of the Offer. The Offer remains subject to the terms and conditions contained in the Offer to Purchase. See the Introduction and Sections 1 and 14 of the Offer to Purchase and the Introduction to this Supplement.

8. Certain Legal Matters; Regulatory Approvals; Certain Litigation. The discussion set forth in Section 15 of the Offer to Purchase is hereby amended and supplemented as follows:

STB Matters; The Voting Trust. As previously disclosed, Parent has requested the staff of the STB to issue an informal, nonbinding opinion that the use of the Voting Trust is consistent with the policies of the STB against unauthorized acquisitions of control of a regulated carrier, and the staff of the STB has done so in a letter dated November 1, 1996. On November 6, 1996, Parent requested that the STB staff clarify certain aspects of its informal nonbinding opinion of November 1, 1996. Also on November 6, 1996, the Company submitted a letter to the STB staff objecting to the staff's November 1, 1996 letter of informal nonbinding approval of the Voting Trust. On November 7, 1996, Parent submitted to the STB staff its response to the Company's letter of November 6, 1996 in which Parent vigorously took issue with the objections raised by the Company and noted that the CSX Merger Agreement already gives CSX far more control of the Company then Parent could ever achieve under the terms of the proposed Voting Trust.

The Voting Trust Agreement submitted to the staff of the STB for approval provides that the Voting Trustee will have sole power to vote the Shares in the Voting Trust, will vote those Shares in favor of the Proposed Merger, and in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, the Proposed Merger, and against any other acquisition transaction, and will vote the Shares in favor of any permitted disposition of the Shares. The Voting Trust Agreement contains other terms and conditions designed to ensure that neither Purchaser nor Parent will control the Company during the pendency of the STB proceedings. In addition, the Voting Trust Agreement provides that Purchaser or its successor in interest will be entitled to receive any cash dividends paid by the Company.

It is possible that the Department of Justice or railroad competitors of Parent and the Company, or others, may argue that Purchaser should not be permitted to use the voting trust mechanism to acquire Shares prior to the final STB approval of the acquisition of control of the Company. Purchaser believes it is unlikely that such arguments will prevail, but there can be no assurance in this regard, nor can there be an assurance that if such arguments are made, the STB staff will not rescind their opinion regarding the Voting Trust Agreement.

STB Matters; Acquisition of Control. On November 6, 1996, Parent and Purchaser filed with the STB a Notice of Intent to File Railroad Control Application. On or before May 1, 1997 (but not before February 6, 1997), Parent and various of its affiliates plan to file an application seeking approval of the STB for the acquisition of control over the Company and its affiliates by Parent and its affiliates.

Certain Litigation. On October 28, 1996, defendants in the litigation (the "Pennsylvania Litigation") brought by Parent, Purchaser and a company shareholder (collectively, the "Plaintiffs") against the Company, its directors and CSX (collectively, the "Defendants") in the United States District Court for the Eastern District of Pennsylvania (the "District Court") filed a motion to dismiss the Pennsylvania Litigation alleging that the Plaintiffs failed to state a claim in the Complaint for which relief could be

granted based upon, among other things, Defendants' allegations that shareholders are not permitted to sue directors directly for breach of fiduciary duty under Pennsylvania law; and that, as a result of Parent's breach of its confidentiality agreement with the Company, the Plaintiffs' claims for equitable relief are barred.

On October 30, 1996, the Plaintiffs amended the Complaint. In addition to the allegations cited in the original Complaint, the amended Complaint alleges, among other things, that the provisions in the CSX Merger Agreement which prohibit the Company Board from redeeming the Rights, and amending or otherwise taking further action with respect to the Rights Agreement, are ultra vires under Pennsylvania law and constitute a breach of the Company directors' fiduciary duties of loyalty and care; that the tender offer materials disseminated by the Company and CSX misrepresent key terms of the Rights Agreement necessary to an understanding of the effects of the Rights Agreement; that the provisions of the CSX Merger Agreement which prohibits the Company Board from withdrawing their recommendation that the Company's shareholders accept and approve the Proposed CSX Transaction and from terminating the CSX Merger Agreement for a period of 180 days from execution of the CSX Merger Agreement is ultra vires under Pennsylvania law and constitutes a breach of the Company directors' fiduciary duties of loyalty and care; and that CSX has knowingly participated in the illegal conduct of the Company and its directors.

In the amended Complaint, in addition to the relief sought pursuant to the original Complaint, the Plaintiffs seek declaratory relief and an order preliminarily and permanently enjoining the Defendants, their directors, officers, partners, employees, agents, subsidiaries and affiliates, and all other persons acting in concert with or on behalf of the Defendants directly or indirectly from, among other things: (a) taking any action to enforce the provisions in the CSX Merger Agreement regarding the Rights Agreement described in the immediately preceding paragraph; (b) failing to take such action as is necessary to postpone the occurrence of a Distribution Date under the Rights Agreement; and (c) taking any action to enforce the provisions of the CSX Merger Agreement regarding the 180-day lock-out restrictions described in the immediately preceding paragraph.

On October 30, 1996, Parent and Purchaser filed with the District Court a Complaint for Injunctive Relief against the Commissioners of the Pennsylvania Securities Commission, the Attorney General of Pennsylvania and the Company, together with a Consent Order agreed to by all parties, seeking to enjoin enforcement of the Pennsylvania Takeover Disclosure Law as it would relate to the Offer.

On October 31, 1996, the Plaintiffs filed a memorandum of law with the District Court in opposition to the Defendants' motion to dismiss the Pennsylvania Litigation. The memorandum of law sets forth, among other things, Plaintiffs' arguments that (i) they have standing to sue the Company Board for breach of fiduciary duty, (ii) they are adequate representatives of the Company's shareholders for purposes of Federal Rule of Civil Procedure 23.1, (iii) pre-suit demand upon the Company Board should be excused since such a demand would have been futile, (iv) the Company's proposed amendment to the Company Articles to "opt-out" of the Pennsylvania Control Transaction Law is invalid under Pennsylvania law, (v) Plaintiffs' federal claims state a cause of action, and (vi) Defendants' unclean hands claim lacks merit.

On November 1, 1996, the Plaintiffs filed a motion, supporting brief and proposed form of order with the District Court seeking a temporary restraining order in the Pennsylvania Litigation (the "TRO Motion"). In the TRO Motion, the Plaintiffs requested that the District Court temporarily enjoin the Defendants and all persons acting on their behalf or in concert with them from taking any action to enforce Sections 3.1(n) and 5.13 of the CSX Merger Agreement and any other provisions of the CSX Merger Agreement which purport to limit the ability of the Company Board to take action or make any determination with regard to the Rights Agreement and temporarily enjoin the Defendants and all persons acting on their behalf or in concert with them from distributing any Rights pursuant to the Rights Agreement. The Plaintiffs also requested that the District Court require the Defendants to take such action as necessary to prevent a "Distribution Date" from occurring pursuant to the Rights Agreement. At the hearing on November 4, 1996 to hear arguments concerning the TRO Motion, counsel to the Company advised the District Court that the Company Board had on that date adopted a resolution

deferring the "Distribution Date" under the Rights Agreement until such date as the Rights become exercisable (i.e., ten days after a party other than CSX Corporation acquires more than 10% of the Shares). Counsel to CSX advised the District Court that CSX had consented to the terms of such resolution. In view of the fact that the Company and CSX had taken the action that Plaintiffs requested be ordered by the District Court, the District Court stated that it was not necessary for the District Court to take further action and therefore denied the TRO Motion as moot.

As a result of the cancellation of the Pennsylvania Special Meeting, which was originally scheduled to be held on November 14, 1996, and the extension of the expiration date of the CSX Offer to November 20, 1996, the District Court has rescheduled from November 12, 1996 to November 18, 1996 a hearing on the Plaintiffs' motion for a preliminary injunction. At such hearing, the Plaintiffs will seek to enjoin (i) the CSX Offer from expiring on November 20, 1996 and (ii) CSX from acquiring Shares pursuant to the CSX Offer.

9. Fees and Expenses. The discussion set forth in Section 16 of the Offer to Purchase is hereby amended and supplemented as follows:

Parent has retained Georgeson & Company to act as Information Agent in connection with the Offer and to assist Parent in its communications with the Company's shareholders with respect to, and to provide other services in connection with, the Pennsylvania Special Meeting. Georgeson & Company will receive reasonable and customary compensation for its services, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith.

10. Miscellaneous. Parent and Purchaser have filed with the SEC amendments to the Schedule 14D-1, together with exhibits, pursuant to Rule 14d-3 of the General Rules and Regulations under the Exchange Act, furnishing certain additional information with respect to the Offer. The Schedule 14D-1, and any amendments thereto, may be inspected at, and copies may be obtained from, the same places and in the same manner as set forth in Section 8 of the Offer to Purchase (except that they may not be available at the regional offices of the SEC).

ATLANTIC ACQUISITION CORPORATION

November 8, 1996

Facsimile copies of the revised Letter of Transmittal, properly completed and duly signed, will be accepted. The revised Letter of Transmittal, certificates for the Shares and any other required documents should be sent by each shareholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depositary as follows:

The Depositary for the Offer is:

The Bank of New York

By Mail:
Tender & Exchange Department
P.O. Box 11248
Church Street Station
New York, New York 10286-1248

By Facsimile Transmission:
(for Eligible Institutions Only)
(212) 815-6213

By Hand or Overnight Courier:
Tender & Exchange Department
101 Barclay Street
Receive & Deliver Window
New York, New York 10286

For Information Telephone:
(800) 507-9357

Any questions or requests for assistance may be directed to the Information Agent or the Dealer Managers at their respective telephone numbers and locations listed below. Additional copies of the Offer to Purchase, this Supplement, the revised Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent at its address and telephone numbers set forth below. Holders of Shares may also contact their broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

GEORGESON & COMPANY INC.

Wall Street Plaza
New York, NY 10005
Banks and Brokers Call Collect: (212) 440-9800
All Others Call Toll-Free: (800) 223-2064

The Dealer Managers for the Offer are:

J.P. Morgan & Co.
60 Wall Street
Mail Stop 2860
New York, New York 10260
(800) 576-5070 (toll free)

Merrill Lynch & Co.
World Financial Center
North Tower
New York, New York 10281-1305
(212) 449-8211 (call collect)

Exhibit (a)(31)

Letter of Transmittal
To Tender Shares of Common Stock and
Series A ESOP Convertible Junior Preferred Stock
(Including, in each case, the associated Common Stock Purchase Rights)
of

Conrail Inc.

Pursuant to the Offer to Purchase, dated October 24, 1996
and
the Supplement thereto, dated November 8, 1996
by

Atlantic Acquisition Corporation,

a wholly owned subsidiary
of

Norfolk Southern Corporation

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY , NOVEMBER 22, 1996, UNLESS THE OFFER IS EXTENDED.

The Depositary for the Offer is:

THE BANK OF NEW YORK

By Mail:

Tender & Exchange Department
P.O. Box 11248
Church Street Station
New York, New York 10286-1248

By Facsimile Transmission:

(for Eligible Institutions Only)
(212) 815-6213

For Information Telephone:
(800) 507-9357

By Hand or Overnight Courier:

Tender & Exchange Department
101 Barclay Street
Receive & Deliver Window
New York, New York 10286

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OR TELEX TRANSMISSION OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. YOU MUST SIGN THIS LETTER OF TRANSMITTAL WHERE INDICATED BELOW AND COMPLETE THE SUBSTITUTE FORM W-9 PROVIDED BELOW.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This revised Letter of Transmittal or the previously circulated Letter of Transmittal is to be completed by shareholders of Conrail Inc. either if certificates evidencing Shares and/or Rights (each as defined below) are to be forwarded herewith, or if delivery of Shares and/or Rights is to be made by book-entry transfer to the Depositary's account at The Depository Trust Company or the Philadelphia Depository Trust Company (each, a "Book-Entry Transfer Facility" and collectively, the "Book-Entry Transfer Facilities") pursuant to the book-entry transfer procedure described in "Procedures for Tendering Shares" of the Offer to Purchase (as defined below) as supplemented by the Supplement (as defined below). Delivery of documents to a Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures does not constitute delivery to the Depositary.

Shareholders who have previously validly tendered Shares and/or Rights pursuant to the Offer using the previously circulated Letter of Transmittal or the Notice of Guaranteed Delivery and who have not properly withdrawn such Shares and/or Rights have validly tendered such Shares and/or Rights for the purposes of the Offer, as amended, and need not take any further action.

Unless the Rights are redeemed prior to the Expiration Date (as defined in the Supplement) holders of Shares will be required to tender one Right for each Share tendered to effect a valid tender of such Share. Until the Distribution Date (as defined in the Supplement) occurs, the Rights are represented by and transferred with the Shares. Accordingly, if the Distribution Date does not occur prior to the Expiration Date (as defined in the Supplement), a tender of Shares will constitute a tender of the associated Rights. If a Distribution Date has occurred and (i) Purchaser (as defined below) has waived that portion of the Rights Condition (as defined in the Offer to Purchase) requiring that a Distribution Date not have occurred and (ii) separate certificates ("Rights Certificates") have been distributed by the Company (as defined below) to holders of Shares prior to the date of tender pursuant to the Offer to Purchase, Rights Certificates representing a number of Rights equal to the number of Shares being tendered must be delivered to the Depositary in order for such Shares to be validly tendered. If a Distribution Date has occurred and (i) Purchaser has waived any portion of the Rights Condition (as defined in the Offer to Purchase) and (ii) Rights Certificates have not been distributed prior to the time Shares are tendered pursuant to the Offer to Purchase, a tender of Shares without Rights constitutes an agreement by the tendering shareholder to deliver Rights Certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Offer to the Depositary within three business days after the date Rights Certificates are distributed. Purchaser reserves the right to require that it receive such Rights Certificates prior to accepting Shares for payment. Payment for Shares tendered and purchased pursuant to the Offer to Purchase will be made only after timely receipt by the Depositary of, among other things, Rights Certificates, if such certificates have been distributed to holders of Shares. Purchaser will not pay any additional consideration for the Rights tendered pursuant to the Offer to Purchase.

Shareholders whose certificates for Shares and, if applicable, Rights, are not immediately available or who cannot deliver such certificates and all other documents required hereby to the Depositary prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis and who wish to tender their Shares and Rights must do so pursuant to the guaranteed delivery procedure described in "Procedures for Tendering Shares" of the Offer to Purchase as supplemented by the Supplement. See Instruction 2.

☐ **CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution: _____

Check Box of Applicable Book-Entry Transfer Facility:
- ☐ The Depository Trust Company
- ☐ Philadelphia Depository Trust Company

Account Number _____

Transaction Code Number _____

☐ **CHECK HERE IF TENDERED RIGHTS ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution: _____

Check Box of Applicable Book-Entry Transfer Facility:
- ☐ The Depository Trust Company
- ☐ Philadelphia Depository Trust Company

Account Number _____

Transaction Code Number _____

☐ **CHECK HERE IF TENDERED SHARES ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:**

Name(s) of Registered Holder(s): _____

Window Ticket No. (if any): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution which Guaranteed Delivery: _____

If Delivered by Book-Entry Transfer, Check Box of Book-Entry Transfer Facility:

☐ The Depository Trust Company

☐ Philadelphia Depository Trust Company

Account Number _____

Transaction Code Number _____

☐ **CHECK HERE IF TENDERED RIGHTS ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:**

Name(s) of Registered Holder(s): _____

Window Ticket No. (if any): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution which Guaranteed Delivery: _____

If Delivered by Book-Entry Transfer, Check Box of Book-Entry Transfer Facility:

☐ The Depository Trust Company

☐ Philadelphia Depository Trust Company

Account Number _____

Transaction Code Number _____

DESCRIPTION OF SHARES TENDERED

Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank)	Share Certificate(s) Tendered (Attach Additional List if Necessary)		
	Certificate Number(s)*	Total Number of Shares Represented By Certificate(s)	Number of Shares Tendered**
	Total Shares		

* Need not be completed by shareholders tendering by book-entry transfer.
** Unless otherwise indicated, it will be assumed that all Shares being delivered to the Depositary are being tendered. See Instruction 4.

DESCRIPTION OF RIGHTS TENDERED

Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank)	Rights Certificate(s) Tendered* (Attach Additional List if Necessary)		
	Certificate Number(s)**	Total Number of Rights Represented By Certificate(s)	Number of Rights Tendered***
	Total Rights		

* If the tendered Rights are represented by separate Rights Certificates, provide the certificate numbers of such Rights Certificates. Shareholders tendering Rights which are not represented by separate certificates will need to submit an additional Letter of Transmittal if Rights Certificates are distributed.

** Need not be completed by shareholders tendering by book-entry transfer.

*** Unless otherwise indicated, it will be assumed that all Rights being delivered to the Depositary are being tendered. See Instruction 4.

The names and addresses of the registered holders should be printed, if not already printed above, exactly as they appear on the certificates representing Shares and/or Rights tendered hereby. The certificates and number of Shares and/or Rights that the undersigned wishes to tender should be indicated in the appropriate boxes.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE INSTRUCTIONS SET FORTH IN THIS LETTER OF TRANSMITTAL CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby tenders to Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser") and a wholly owned subsidiary of Norfolk Southern Corporation, a Virginia corporation, the above described shares of common stock, par value $1.00 per share (the "Common Shares"), or shares of Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of July 19, 1989, as amended, between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agreement"), pursuant to Purchaser's offer to purchase all outstanding shares, including, in each case, the associated Rights, at a price of $110 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), the Supplement, dated November 8, 1996 (the "Supplement"), receipt of which is hereby acknowledged, and in this revised Letter of Transmittal (which, as amended from time to time, together constitute the "Offer"). **Unless the context requires otherwise, all references herein to the Common Shares, ESOP Preferred Shares or Shares shall include the associated Rights, and all references to the Rights shall include all benefits that may inure to the holders of the Rights pursuant to the Rights Agreement.**

The undersigned understands that Purchaser reserves the right to transfer or assign, in whole at any time, or in part from time to time, to one or more of its affiliates, the right to purchase all or any portion of the Shares and/or Rights tendered pursuant to the Offer, but any such transfer or assignment will not relieve Purchaser of its obligations under the Offer and will in no way prejudice the rights of tendering shareholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

Subject to, and effective upon, acceptance for payment of the Shares and Rights tendered herewith, in accordance with the terms of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to, or upon the order of, Purchaser all right, title and interest in and to all the Shares and Rights that are being tendered hereby (and any and all non-cash dividends, distributions, rights, other Shares or other securities issued or issuable in respect thereof or declared, paid or distributed in respect of such Shares on or after October 24, 1996 (collectively, "Distributions")), and irrevocably appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares, Rights and all Distributions, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver certificates for such Shares (individually, a "Share Certificate"), Rights and all Distributions, or transfer ownership of such Shares, Rights and all Distributions on the account books maintained by a Book-Entry Transfer Facility, together, in either case, with all accompanying evidence of transfer and authenticity to, or upon the order of Purchaser, (ii) present such Shares, Rights and all Distributions for transfer on the books of the Company and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, Rights and all Distributions, all in accordance with the terms of the Offer.

If, on or after October 24, 1996, the Company should declare or pay any cash or stock dividend or other distribution on (other than regular quarterly cash dividends), or issue any rights (other than the Rights), or make any distribution with respect to, the Shares that is payable or distributable to shareholders of record on a date prior to the transfer to the name of Purchaser or its nominee or transferee on the Company's stock transfer records of the Shares accepted for payment pursuant to the Offer, then, subject to the provisions of Section 13 of the Offer to Purchase, (i) the purchase price per Share payable by Purchaser pursuant to the Offer will be reduced by the amount of any such cash dividend or cash distribution and (ii) any such non-cash dividend, distribution or right to be received by the tendering shareholder will be received and held by such tendering shareholder for the account of Purchaser and will be required to be remitted promptly and transferred by each such tendering shareholder to the Depositary for the account of Purchaser, accompanied by appropriate documentation of transfer. Pending such remittance, Purchaser will be entitled to all rights and privileges as owner of any such non-cash dividend, distribution or right and may withhold the entire purchase price or deduct from the purchase price the amount of value thereof, as determined by Purchaser in its sole discretion.

By executing this Letter of Transmittal, the undersigned irrevocably appoints David R. Goode, James C. Bishop, Jr. and Henry C. Wolf as proxies of the undersigned, each with full power of substitution, to the full extent of the undersigned's rights with respect to the Shares and Rights tendered by the undersigned and accepted for payment by Purchaser (and any and all Distributions). All such proxies shall be considered coupled with an interest in the tendered Shares and Rights. This appointment will be effective if, when, and only to the extent that, Purchaser accepts such Shares and Rights for payment pursuant to the Offer. Upon such acceptance for payment, all prior proxies given by the undersigned with respect to such Shares, Rights, Distributions and other securities will, without further action, be revoked, and no subsequent proxies may be given. The individuals named above as proxies will, with respect to the Shares, Rights, Distributions and other securities for which the appointment is effective, be empowered (subject to the terms of the Voting Trust Agreement (as defined in the Offer to Purchase) so long as it shall be in effect with respect to the Shares) to exercise all voting and other rights of the undersigned as they in their sole discretion may deem proper at any annual, special, adjourned or postponed meeting of the

Company's shareholders, by written consent or otherwise, and Purchaser reserves the right to require that, in order for Shares, Rights, Distributions or other securities to be deemed validly tendered, immediately upon Purchaser's acceptance for payment of such Shares and Rights, Purchaser or Purchaser's designee must be able to exercise full voting rights with respect to such Shares and Rights.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares and Rights tendered hereby and all Distributions, that the undersigned own(s) the Shares and Rights tendered hereby and that, when such Shares and Rights are accepted for payment by Purchaser, Purchaser will acquire good, marketable and unencumbered title thereto and to all Distributions, free and clear of all liens, restrictions, charges and encumbrances, and that none of such Shares, Rights and Distributions will be subject to any adverse claim. The undersigned, upon request, shall execute and deliver all additional documents deemed by the Depositary or Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares and Rights tendered hereby and all Distributions. In addition, the undersigned shall remit and transfer promptly to the Depositary for the account of Purchaser all Distributions in respect of the Shares and Rights tendered hereby, accompanied by appropriate documentation of transfer, and, pending such remittance and transfer or appropriate assurance thereof, Purchaser shall be entitled to all rights and privileges as owner of each such Distribution and may withhold the entire purchase price of the Shares and Rights tendered hereby or deduct from such purchase price, the amount or value of such Distribution as determined by Purchaser in its sole discretion.

No authority herein conferred or agreed to be conferred shall be affected by, and all such authority shall survive, the death or incapacity of the undersigned. All obligations of the undersigned hereunder shall be binding upon the heirs, executors, personal and legal representatives, administrators, trustees in bankruptcy, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable, provided that Shares and Rights tendered pursuant to the offer may be withdrawn at any time prior to their acceptance for payment.

The undersigned understands that tenders of Shares and Rights pursuant to any one of the procedures described in "Procedures for Tendering Shares" of the Offer to Purchase and the Supplement and in the Instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer. Purchaser's acceptance for payment of Shares and Rights tendered pursuant to the Offer will constitute a binding agreement between the undersigned and Purchaser upon the terms and subject to the conditions of the Offer. The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, Purchaser may not be required to accept for payment any of the Shares and Rights tendered hereby.

Unless otherwise indicated herein in the box entitled "Special Payment Instructions," please issue the check for the purchase price and/or return any certificates evidencing Shares or Rights not tendered or accepted for payment, in the name(s) of the registered holder(s) appearing above under "Description of Shares Tendered." Similarly, unless otherwise indicated in the box entitled "Special Delivery Instructions," please mail the check for the purchase price and/or return any certificates evidencing Shares or Rights not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing above under "Description of Shares Tendered." In the event that the boxes entitled "Special Payment Instructions" and "Special Delivery Instructions" are both completed, please issue the check for the purchase price and/or return any certificates for Shares or Rights not purchased or not tendered or accepted for payment in the name(s) of, and mail such check and/or return such certificates to, the person(s) so indicated. Unless otherwise indicated herein in the box entitled "Special Payment Instructions," please credit any Shares or Rights tendered hereby and delivered by book-entry transfer, but which are not purchased, by crediting the account at the Book-Entry Transfer Facility designated above. The undersigned recognizes that Purchaser has no obligation, pursuant to the Special Payment Instructions, to transfer any Shares or Rights from the name of the registered holder(s) thereof if Purchaser does not accept for payment any of the Shares or Rights tendered hereby.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 5, 6 and 7 of this Letter of Transmittal)

To be completed ONLY if certificates for Shares and/or Rights not tendered or not purchased and/or the check for the purchase price of Shares and/or Rights purchased are to be issued in the name of someone other than the undersigned, or if Shares and/or Rights delivered by book-entry transfer which are not purchased are to be returned by credit to an account maintained at a Book-Entry Transfer Facility other than that designated above.

Issue check and/or certificates to:

Name _____
(Please Print)

Address _____
(Zip Code)

_____
(Taxpayer Identification or Social Security Number)
(Also Complete Substitute Form W-9 below)

☐ Credit unpurchased Shares and/or Rights delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below:

Check appropriate box:
☐ The Depository Trust Company
☐ Philadelphia Depository Trust Company

_____
(Account Number)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 5, 6 and 7 of this Letter of Transmittal)

To be completed ONLY if certificates for Shares and/or Rights not tendered or not purchased and/or the check for the purchase price of Shares and/or Rights purchased are to be sent to someone other than the undersigned, or to the undersigned at an address other than that shown above.

Mail check and/or certificates to:

Name _____
(Please Print)

Address _____
(Zip Code)

_____

SIGN HERE
(Complete Substitute Form W-9 on Reverse)

_____

_____

(Signature(s) of Holder(s))

Dated: , 199__

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Common or ESOP Preferred stock certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, please provide the following information. See Instruction 5 of this Letter of Transmittal.)

Name(s) _____

(Please Print)

Capacity (full title) _____

Address _____

(Include Zip Code)

Area Code and Telephone Number _____

Tax Identification or Social Security No. _____

(Complete Substitute Form W-9 on Reverse)

GUARANTEE OF SIGNATURE(S)
(See Instructions 1 and 5 of this Letter of Transmittal)

Authorized Signature _____

Name _____

(Please Print)

Title _____

Name of Firm _____

Address _____

(Include Zip Code)

Area Code and Telephone Number _____

Dated: , 199__

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. *Guarantee of Signatures.* Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a firm which is a bank, broker, dealer, credit union, savings association, or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program (each, an "Eligible Institution"). No signature guarantee is required on this Letter of Transmittal (a) if this Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Shares or Rights) of Shares and/or Rights tendered herewith, unless such holder(s) has completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the reverse hereof, or (b) if such Shares or Rights are tendered for the account of an Eligible Institution. See Instruction 5. If a certificate evidencing Shares and/or Rights (a "Certificate") is registered in the name of a person other than the signer of this Letter of Transmittal, or if payment is to be made, or a Certificate not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the Certificate must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the Certificate, with the signature(s) on such Certificate or stock powers guaranteed as described above. See Instruction 5.

2. *Delivery of Letter of Transmittal and Share Certificates.* This Letter of Transmittal is to be used either if Certificates are to be forwarded herewith or if Shares and/or Rights are to be delivered by book-entry transfer pursuant to the procedure set forth in "Procedures for Tendering Shares" of the Offer to Purchase. Certificates evidencing all tendered Shares and/or Rights, or confirmation of a book-entry transfer of such Shares and/or Rights, if such procedure is available, into the Depositary's account at one of the Book-Entry Transfer Facilities pursuant to the procedures set forth in "Procedures for Tendering Shares" of the Offer to Purchase, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message, as defined below) and any other documents required by this Letter of Transmittal, must be received by the Depositary at one of its addresses set forth on the reverse hereof prior to the Expiration Date (as defined in the Supplement). If Certificates are forwarded to the Depositary in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery. Shareholders whose Certificates are not immediately available, who cannot deliver their Certificates and all other required documents to the Depositary prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis may tender their Shares or Rights pursuant to the guaranteed delivery procedure described in "Procedures for Tendering Shares" of the Offer to Purchase. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by Purchaser, must be received by the Depositary prior to the Expiration Date; and (iii) in the case of a guarantee of Shares or Rights, the Certificates, in proper form for transfer, or a confirmation of a book-entry transfer of such Shares or Rights, if such procedure is available, into the Depositary's account at one of the Book-Entry Transfer Facilities, together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message), and any other documents required by this Letter of Transmittal, must be received by the Depositary within three New York Stock Exchange, Inc. trading days after the date of execution of the Notice of Guaranteed Delivery, all as described in "Procedures for Tendering Shares" of the Offer to Purchase as supplemented by the Supplement. The term "Agent's Message" means a message, transmitted by a Book-Entry Transfer Facility to, and received by the Depositary and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares or Rights, that such participant has received and agrees to be bound by the terms of this Letter of Transmittal and that Purchaser may enforce such agreement against the participant.

The method of delivery of this Letter of Transmittal, Certificates and all other required documents, including delivery through any Book-Entry Transfer Facility, is at the sole option and risk of the tendering shareholder, and the delivery will be deemed made only when actually received by the Depositary. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares or Rights will be purchased. By execution of this Letter of Transmittal (or a facsimile hereof), all tendering shareholders waive any right to receive any notice of the acceptance of their Shares or Rights for payment.

3. *Inadequate Space.* If the space provided herein under "Description of Shares Tendered" is inadequate, the Certificate numbers, the number of Shares or Rights evidenced by such Certificates and the number of Shares or Rights tendered should be listed on a separate schedule and attached hereto.

4. *Partial Tenders.* (Not applicable to shareholders who tender by book-entry transfer.) If fewer than all the Shares or Rights evidenced by any Certificate delivered to the Depositary herewith are to be tendered hereby, fill in the number of

Shares or Rights which are to be tendered in the box entitled "Number of Shares Tendered." In such cases, new Certificate(s) evidencing the remainder of the Shares or Rights that were evidenced by the Certificates delivered to the Depositary herewith will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the box entitled "Special Delivery Instructions," as soon as practicable after the expiration or termination of the Offer. All Shares or Rights evidenced by Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. *Signatures on Letter of Transmittal; Stock Powers and Endorsements.* If this Letter of Transmittal is signed by the registered holder(s) of the Shares or Rights tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Certificates evidencing such Shares or Rights without alteration, enlargement or any other change whatsoever.

If any Shares or Rights tendered hereby is owned of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares or Rights tendered hereby are registered in the names of different holders, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares or Rights tendered hereby, no endorsements of Certificates or separate stock powers are required, unless payment is to be made to, or Certificates evidencing Shares or Rights not tendered or not purchased are to be issued in the name of, a person other than the registered holder(s), in which case, the Certificate(s) evidencing the Shares or Rights tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Certificate(s). Signatures on such Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares or Rights tendered hereby, the Share or Rights Certificate(s) evidencing the Shares or Rights tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Certificate(s). Signatures on such Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Certificate(s) or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to Purchaser of such person's authority so to act must be submitted.

6. *Stock Transfer Taxes.* Except as otherwise provided in this Instruction 6, Purchaser will pay all stock transfer taxes with respect to the sale and transfer of any Shares or Rights to it or its order pursuant to the Offer. If, however, payment of the purchase price of any Shares or Rights purchased is to be made to, or Certificate(s) evidencing Shares or Rights not tendered or not purchased are to be issued in the name of, a person other than the registered holder(s), the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such other person will be deducted from the purchase price of such Shares or Rights purchased, unless evidence satisfactory to Purchaser of the payment of such taxes, or exemption therefrom, is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Certificate(s) evidencing the shares tendered hereby.

7. *Special Payment and Delivery Instructions.* If a check for the purchase price of any Shares or Rights tendered hereby is to be issued, or Certificate(s) evidencing Shares or Rights not tendered or not purchased are to be issued, in the name of a person other than the person(s) signing this Letter of Transmittal or if such check or any such Certificate is to be sent to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal but at an address other than that shown in the box entitled "Description of Shares Tendered," the appropriate boxes on this Letter of Transmittal must be completed. Shares or Rights tendered hereby by book-entry transfer may request that Shares or Rights not purchased be credited to such account maintained at a Book-Entry Transfer Facility as such shareholder may designate in the box entitled "Special Payment Instructions" on the reverse hereof. If no such instructions are given, all such Shares or Rights not purchased will be returned by crediting the account at the Book-Entry Transfer Facility designated on the reverse hereof as the account from which such Shares or Rights were delivered.

8. *Requests for Assistance or Additional Copies.* Requests for assistance may be directed to the Information Agent or the Dealer Managers at their respective addresses or telephone numbers set forth below. Additional copies of the Offer to Purchase, the Supplement, this Letter of Transmittal, the Notice of Guaranteed Delivery and the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 may be obtained from the Information Agent or the Dealer Managers or from brokers, dealers, commercial banks or trust companies.

9. *Substitute Form W-9.* Each tendering shareholder is required to provide the Depositary with a correct Taxpayer Identification Number ("TIN") on the Substitute Form W-9 which is provided under "Important Tax Information" below, and to certify, under penalties of perjury, that such number is correct and that such shareholder is not subject to backup

withholding of federal income tax. If a tendering shareholder has been notified by the Internal Revenue Service that such shareholder is subject to backup withholding, such shareholder must cross out item (2) of the Certification box of the Substitute Form W-9, unless such shareholder has since been notified by the Internal Revenue Service that such shareholder is no longer subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering shareholder to 31% federal income tax withholding on the payment of the purchase price of all Shares or Rights purchased from such shareholder. If the tendering shareholder has not been issued a TIN and has applied for one or intends to apply for one in the near future, such shareholder should write "Applied For" in the space provided for the TIN in Part I of the Substitute Form W-9, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% on all payments of the purchase price to such shareholder until a TIN is provided to the Depositary.

10. *Lost, Destroyed or Stolen Certificates.* If any certificate(s) representing Shares or Rights has been lost, destroyed or stolen, the shareholder should promptly notify the Depositary. The shareholder will then be instructed as to the steps that must be taken in order to replace the certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed.

IMPORTANT: This Letter of Transmittal (or facsimile hereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message (together with share certificates or confirmation of book-entry transfer and all other required documents) or a properly completed and duly executed Notice of Guaranteed Delivery must be received by the Depositary prior to the Expiration Date (as defined in the Supplement).

IMPORTANT TAX INFORMATION

Under the federal income tax law, a shareholder whose tendered Shares or Rights are accepted for payment is required by law to provide the Depositary (as payer) with such shareholder's correct TIN on Substitute Form W-9 below. If such shareholder is an individual, the TIN is such shareholder's social security number. If the Depositary is not provided with the correct TIN, the shareholder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such shareholder with respect to Shares or Rights purchased pursuant to the Offer may be subject to backup withholding of 31%.

Certain shareholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement, signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements can be obtained from the Depositary. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies with respect to a shareholder, the Depositary is required to withhold 31% of any payments made to such shareholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

Purpose of Substitute Form W-9

To prevent backup withholding on payments that are made to a shareholder with respect to Shares or Rights purchased pursuant to the Offer, the shareholder is required to notify the Depositary of such shareholder's correct TIN by completing the form below certifying (a) that the TIN provided on Substitute Form W-9 is correct (or that such shareholder is awaiting a TIN), and (b) that (i) such shareholder has not been notified by the Internal Revenue Service that such shareholder is subject to backup withholding as a result of a failure to report all interest or dividends or (ii) the Internal Revenue Service has notified such shareholder that such shareholder is no longer subject to backup withholding.

What Number to Give the Depositary

The shareholder is required to give the Depositary the social security number or employer identification number of the record holder of the Shares or Rights tendered hereby. If the Shares or Rights are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report. If the tendering shareholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the shareholder should write "Applied For" in the space provided for the TIN in Part I, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% of all payments of the purchase price to such shareholder until a TIN is provided to the Depositary.

PAYER'S NAME: The Bank of New York, as Depositary		
SUBSTITUTE **Form W-9** Department of the Treasury Internal Revenue Service	Part I — PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	Social Security Number OR Employer Identification Number (If awaiting TIN write "Applied For")
Payer's Request for Taxpayer Identification Number (TIN)	**PART II** — For Payees Exempt From Backup Withholding, see the enclosed Guidelines and complete as instructed therein. *Certification* — Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or a Taxpayer Identification Number has not been issued to me and either (a) I have mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue Service ("IRS") or Social Security Administration office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a Taxpayer Identification Number within sixty (60) days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number), and (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, (b) I have not been notified by the IRS that I am subject to backup withholding as a result of failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding. CERTIFICATE INSTRUCTIONS — You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)	
SIGNATURE _____ DATE _____, 199_		

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

Questions and requests for assistance or additional copies of the Offer to Purchase, the Supplement, the Letter of Transmittal and other tender offer materials may be directed to the Information Agent or the Dealer Managers as set forth below:

The Information Agent for the Offer is:

GEORGESON & COMPANY INC.

Wall Street Plaza
New York, New York 10005
(800) 223-2064 (Toll-Free)
Banks and Brokers Call: (212) 440-9800 (Collect)

The Dealer Managers for the Offer are:

J.P. Morgan & Co.
60 Wall Street
Mail Stop 2860
New York, New York 10260
(800) 576-5070 (toll free)

Merrill Lynch & Co.
World Financial Center
North Tower
New York, New York 10281-1305
(212) 449-8211 (call collect)

Exhibit (a)(32)

Notice of Guaranteed Delivery
for
Tender of Shares of
Common Stock and Series A ESOP Convertible Junior Preferred Stock
(Including, in each case, the associated Common Stock Purchase Rights)
of
Conrail Inc.
to
Atlantic Acquisition Corporation,
a wholly owned subsidiary of
Norfolk Southern Corporation
(Not To Be Used For Signature Guarantees)

This revised Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Offer (as defined below) if (i) certificates ("Share Certificates") evidencing shares of common stock, par value $1.00 per share (the "Common Shares"), or shares of Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated July 19, 1989, as amended, between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agreement"), are not immediately available, (ii) time will not permit all required documents to reach The Bank of New York, as Depositary (the "Depositary"), prior to the Expiration Date (as defined in the Supplement, dated November 8, 1996 (the "Supplement")) or (iii) the procedure for book-entry transfer cannot be completed on a timely basis. All references herein to the Common Shares, ESOP Preferred Shares or Shares include the associated Rights. This Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depositary. See "Procedures for Tendering Shares" of the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), as supplemented by the Supplement.

The Depositary for the Offer is:

THE BANK OF NEW YORK

By Mail:

Tender & Exchange Department
P.O. Box 11248
Church Street Station
New York, New York 10286-1248

By Facsimile Transmission:

(for Eligible Institutions Only)
(212) 815-6213

For Information Telephone:
(800) 507-9357

By Hand or by Overnight Delivery:

Tender & Exchange Department
101 Barclay Street
Receive and Deliver Window
New York, New York 10286

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Atlantic Acquisition Corporation, a Pennsylvania corporation and a wholly owned subsidiary of Norfolk Southern Corporation, a Virginia corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase, the Supplement and the revised Letter of Transmittal (which, as amended from time to time, together constitute the "Offer"), receipt of each of which is hereby acknowledged, the number of Shares and Rights specified below pursuant to the guaranteed delivery procedures described in "Procedures for Tendering Shares" of the Offer to Purchase and the Supplement.

Number of Shares (including the associated Rights): _____

Name(s) of Record Holder(s) _____

_____

Please Type or Print

Address(es): _____

Zip Code

Area Code and Tel. No.: _____

Certificate No(s). (if available) _____

_____

Check ONE box if Shares or Rights will be tendered by book-entry transfer:

☐ The Depository Trust Company

☐ Philadelphia Depository Trust Company

Signature(s): _____

_____

Account Number _____

Dated _____, 199_

GUARANTEE

(Not To Be Used For Signature Guarantee)

The undersigned, a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States, hereby guarantees delivery to the Depositary, at one of its addresses set forth above, of certificates evidencing the Shares and Rights tendered hereby in proper form for transfer, or confirmation of book-entry transfer of such Shares and Rights into the Depositary's accounts at The Depository Trust Company or the Philadelphia Depository Trust Company, in each case with delivery of a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees, or an Agent's Message (as defined in "Acceptance for Payment and Payment for Shares" of the Offer to Purchase), and any other documents required by the Letter of Transmittal, (x) in the case of Shares, within three New York Stock Exchange, Inc. trading days after the date of execution of this Notice of Guaranteed Delivery, or (y) in the case of Rights, within a period ending the latter of (i) three New York Stock Exchange, Inc. trading days after the date of execution of this Notice of Guaranteed Delivery or (ii) three business days after the date Rights Certificates are distributed to shareholders.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal and certificates for Shares and Rights to the Depositary within the time period shown herein. Failure to do so could result in financial loss to such Eligible Institution.

Name of Firm: _____

_____

Authorized Signature

Address: _____

(Zip Code)

Area Code and
Tel. No.: _____

Name: _____

Please Type or Print

Title: _____

Date _____, 199_

NOTE: DO NOT SEND CERTIFICATES FOR SHARES OR RIGHTS WITH THIS NOTICE. SUCH CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

Exhibit (a)(33)

Atlantic Acquisition Corporation,
a wholly owned subsidiary of

Norfolk Southern Corporation

Has Increased the Price of Its
Offer to Purchase for Cash
All Outstanding Shares
of
Common Stock and Series A ESOP Convertible Junior Preferred Stock
(including, in each case, the associated Common Stock Purchase Rights)
of

Conrail Inc.

to

$110 NET PER SHARE

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, NOVEMBER 22, 1996, UNLESS THE OFFER IS EXTENDED.

November 8, 1996

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been engaged by Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser") and a wholly owned subsidiary of Norfolk Southern Corporation, a Virginia corporation ("Parent"), to act as Dealer Managers in connection with Purchaser's offer to purchase all outstanding shares of (i) common stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated July 19, 1989, by and between the Company and First Chicago Trust Company of New York, as Rights Agent (as amended, the "Rights Agreement") at a price of $110 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), the Supplement, dated November 8, 1996 (the "Supplement"), and the revised Letter of Transmittal (which, as amended from time to time, together constitute the "Offer") enclosed herewith.

Unless the Rights are redeemed prior to the Expiration Date (as defined in the Supplement), holders of Shares will be required to tender one associated Right for each Share tendered in order to effect a valid tender of such Share. Accordingly, shareholders who sell their Rights separately from their Shares and do not otherwise acquire Rights may not be able to satisfy the requirements of the Offer for the tender of Shares. If the Distribution Date (as defined in the Supplement) has not occurred prior to the Expiration Date, a tender of Shares will also constitute a tender of the associated Rights. If the Distribution Date has occurred and Purchaser has waived that portion of the Rights Condition (as defined in the Offer to Purchase) requiring that a Distribution Date not have occurred and Rights Certificates (as defined in the Offer to Purchase) have been distributed to holders of Shares prior to the time a holder's Shares are purchased pursuant to the Offer, in order for Rights (and the corresponding Shares) to be validly tendered, Rights Certificates representing a number of Rights equal to the number of Shares tendered must be delivered to the Depositary (as defined in the Offer to Purchase) or, if available,

a Book-Entry Confirmation (as defined in the Offer to Purchase) must be received by the Depositary with respect thereto. If the Distribution Date has occurred and Purchaser has waived that portion of the Rights Condition requiring that a Distribution Date not have occurred and Rights Certificates have not been distributed prior to the time Shares are purchased pursuant to the Offer, Rights may be tendered prior to a shareholder receiving Rights Certificates by use of the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. In any case, a tender of Shares constitutes an agreement by the tendering shareholder to deliver Rights Certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Offer to the Depositary within three business days after the date that Rights Certificates are distributed. Purchaser reserves the right to require that the Depositary receive Rights Certificates, or a Book-Entry Confirmation, if available, with respect to such Rights prior to accepting the relating Shares for payment pursuant to the Offer if the Distribution Date has occurred prior to the Expiration Date.

If a shareholder desires to tender Shares and Rights pursuant to the Offer and such shareholder's Share Certificates (as defined in the Offer to Purchase) or, if applicable, Rights Certificates are not immediately available (including, if the Distribution Date has occurred and Purchaser waives that portion of the Rights Condition requiring that a Distribution Date not have occurred, because Rights Certificates have not yet been distributed) or time will not permit all required documents to reach the Depositary prior to the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, such Shares or Rights may nevertheless be tendered according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. See Instruction 2 of the revised Letter of Transmittal. Delivery of documents to a Book-Entry Transfer Facility (as defined in the Offer to Purchase) in accordance with the Book-Entry Transfer Facility's procedures does not constitute delivery to the Depositary.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, PRIOR TO THE EXPIRATION OF THE OFFER, (1) THE RECEIPT BY PURCHASER OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO PURCHASER FROM THE STAFF OF THE SURFACE TRANSPORTATION BOARD (THE "STB"), WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO PURCHASER, THAT THE USE OF A VOTING TRUST IN CONNECTION WITH THE OFFER AND THE PROPOSED MERGER (AS DEFINED IN THE OFFER TO PURCHASE) IS CONSISTENT WITH THE POLICIES OF THE STB AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER, (2) THE RECEIPT BY PURCHASER OF AN INFORMAL STATEMENT FROM THE PREMERGER NOTIFICATION OFFICE OF THE FEDERAL TRADE COMMISSION THAT THE TRANSACTIONS CONTEMPLATED BY THE OFFER AND THE PROPOSED MERGER ARE NOT SUBJECT TO, OR ARE EXEMPT FROM, THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"), OR, IN THE ABSENCE OF THE RECEIPT OF SUCH INFORMAL STATEMENT, ANY APPLICABLE WAITING PERIOD UNDER THE HSR ACT HAVING EXPIRED OR BEEN TERMINATED, (3) PARENT AND PURCHASER HAVING OBTAINED, ON TERMS REASONABLY ACCEPTABLE TO PARENT, SUFFICIENT FINANCING TO ENABLE CONSUMMATION OF THE OFFER AND THE PROPOSED MERGER, (4) THERE BEING VALIDLY TENDERED AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF COMMON SHARES AND ESOP PREFERRED SHARES WHICH TOGETHER CONSTITUTE AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS, (5) PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SUBCHAPTER F OF CHAPTER 25 OF THE PENNSYLVANIA BUSINESS CORPORATION LAW HAS BEEN COMPLIED WITH OR IS INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER, (6) THE RIGHTS HAVING BEEN REDEEMED BY THE BOARD OF DIRECTORS OF THE COMPANY OR PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SUCH RIGHTS ARE INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER AND (7) PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE PREVIOUSLY ANNOUNCED AGREEMENT AND PLAN OF MERGER, AS AMENDED, BETWEEN THE COMPANY AND CSX CORPORATION HAS BEEN TERMINATED IN ACCORDANCE WITH ITS TERMS OR OTHERWISE.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, or who hold Shares registered in their own names, we are enclosing the following documents:

1. Supplement, dated November 8, 1996;

2. Revised Letter of Transmittal to be used by holders of Shares and Rights in accepting the Offer and tendering Shares and/or Rights;

3. Revised Notice of Guaranteed Delivery to be used to accept the Offer if the certificates evidencing such Shares and/or Rights are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis;

4. A revised letter which may be sent to your clients for whose accounts you hold Shares and/or Rights registered in your name or in the name of your nominees, with space provided for obtaining such clients' instructions with regard to the Offer;

5. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9; and

6. Return envelope addressed to the Depositary.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), Purchaser will purchase, by accepting for payment, and will pay for, all Shares (and, if applicable, Rights) validly tendered prior to the Expiration Date promptly after the later to occur of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth in "Conditions of the Offer" of the Offer to Purchase. For purposes of the Offer, Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares and Rights if, as and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance of such Shares and Rights for payment. In all cases, payment for Shares and Rights purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (i) the certificates evidencing such Shares and Rights or timely confirmation of a book-entry transfer of such Shares and Rights, if such procedure is available, into the Depositary's account at The Depository Trust Company or the Philadelphia Depository Trust Company pursuant to the procedures set forth in "Procedures for Tendering Shares" of the Offer to Purchase, as supplemented by the Supplement, (ii) the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, or an Agent's Message (as defined in the Offer to Purchase) and (iii) any other documents required by the Letter of Transmittal.

Purchaser will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Managers and the Information Agent as described in "Fees and Expenses" of the Offer to Purchase) in connection with the solicitation of tenders of Shares and Rights pursuant to the Offer. Purchaser will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding the enclosed materials to your clients.

Purchaser will pay any stock transfer taxes incident to the transfer to it of validly tendered Shares, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, NOVEMBER 22, 1996, UNLESS THE OFFER IS EXTENDED.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal (or facsimile thereof), with any required signature guarantees and any other required documents, should be sent to the Depositary, and certificates evidencing the tendered Shares or Rights should be delivered or such Shares and/or Rights should be tendered by book-entry transfer, all in accordance with the Instructions set forth in the revised Letter of Transmittal, the Offer to Purchase and the Supplement.

If holders of Shares and/or Rights wish to tender, but it is impracticable for them to forward their certificates or other required documents prior to the Expiration Date, a tender may be effected by following the guaranteed delivery procedures specified under "Procedures for Tendering Shares" of the Offer to Purchase as supplemented by the Supplement.

Any inquiries you may have with respect to the Offer should be addressed to the Dealer Managers or the Information Agent at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed materials may be obtained from J.P. Morgan Securities Inc. at 60 Wall Street, New York, New York 10260, telephone (800) 576-5070 (Toll Free), Merrill Lynch & Co., at World Financial Center, North Tower, New York, New York 10281-1305, telephone (212) 449-8211 (Collect) or by calling the Information Agent, Georgeson & Company Inc., at Wall Street Plaza, New York, New York 10005, telephone (800) 223-2064 (Toll Free), or from brokers, dealers, commercial banks or trust companies.

Very truly yours,

J.P. Morgan & Co. **Merrill Lynch & Co.**

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF PARENT, PURCHASER, THE DEPOSITARY, THE INFORMATION AGENT OR THE DEALER MANAGERS, OR ANY AFFILIATE OF ANY OF THE FOREGOING, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED AND THE STATEMENTS CONTAINED THEREIN.

Exhibit (a)(34)

Atlantic Acquisition Corporation,
a wholly owned subsidiary of

Norfolk Southern Corporation

Has Increased the Price of Its
Offer to Purchase for Cash
All Outstanding Shares
of
Common Stock and Series A ESOP Convertible Junior Preferred Stock
(including, in each case, the associated Common Stock Purchase Rights)
of

Conrail Inc.

to

$110 NET PER SHARE

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, NOVEMBER 22, 1996, UNLESS THE OFFER IS EXTENDED.

November 8, 1996

To Our Clients:

Enclosed for your consideration is the Supplement, dated November 8, 1996 (the "Supplement"), to the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), and the revised Letter of Transmittal (which, as amended from time to time, together constitute the "Offer") in connection with the offer by Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser") and a wholly owned subsidiary of Norfolk Southern Corporation, a Virginia corporation ("Parent"), to purchase all of the outstanding shares of (i) common stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of July 19, 1989, as amended, between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agreement") at a price of $110 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer. All references herein to the Common Shares, ESOP Preferred Shares, or Shares shall, unless the context otherwise requires, include the associated Rights.

Unless the Rights are redeemed prior to the Expiration Date (as defined in the Supplement), holders of Shares will be required to tender one associated Right for each Share tendered in order to effect a valid tender of such Share. Accordingly, shareholders who sell their Rights separately from their Shares and do not otherwise acquire Rights may not be able to satisfy the requirements of the Offer for the tender of Shares. If the Distribution Date (as defined in the Supplement) has not occurred prior to the Expiration Date, a tender of Shares will also constitute a tender of the associated Rights. If the Distribution Date has occurred and (i) Purchaser has waived that portion of the Rights Condition (as defined in the Offer to Purchase) requiring that a Distribution Date not have occurred and (ii) Rights Certificates (as defined in the Offer to Purchase) have been distributed to holders of Shares prior to the time a holder's Shares are purchased pursuant to the Offer, in order for Rights (and the corresponding Shares) to be validly tendered, Rights Certificates representing a number of Rights equal to the number of Shares tendered must be delivered to the Depositary (as defined in the Offer to Purchase) or, if

available, a Book-Entry Confirmation (as defined in the Offer to Purchase) must be received by the Depositary with respect thereto. If the Distribution Date has occurred and (i) Purchaser has waived that portion of the Rights Condition requiring that a Distribution Date not have occurred and (ii) Rights Certificates have not been distributed prior to the time Shares are purchased pursuant to the Offer, Rights may be tendered prior to a shareholder receiving Rights Certificates by use of the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. In any case, a tender of Shares constitutes an agreement by the tendering shareholder to deliver Rights Certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Offer to the Depositary within three business days after the date that Rights Certificates are distributed. Purchaser reserves the right to require that the Depositary receive Rights Certificates, or a Book-Entry Confirmation, if available, with respect to such Rights prior to accepting the related Shares for payment pursuant to the Offer if the Distribution Date has occurred prior to the Expiration Date.

If a shareholder desires to tender Shares and Rights pursuant to the Offer and such shareholder's Share Certificates (as defined in the Offer to Purchase) or, if applicable, Rights Certificates are not immediately available (including, if the Distribution Date has occurred and Purchaser waives that portion of the Rights Condition requiring that a Distribution Date not have occurred, because Rights Certificates have not yet been distributed) or time will not permit all required documents to reach the Depositary prior to the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, such Shares or Rights may nevertheless be tendered according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. See Instruction 2 of the Revised Letter of Transmittal. Delivery of documents to a Book-Entry Transfer Facility (as defined in the Offer to Purchase) in accordance with the Book-Entry Transfer Facility's procedures does not constitute delivery to the Depositary.

THE MATERIAL IS BEING SENT TO YOU AS THE BENEFICIAL OWNER OF SHARES HELD BY US FOR YOUR ACCOUNT BUT NOT REGISTERED IN YOUR NAME. WE ARE THE HOLDER OF RECORD OF SHARES HELD BY US FOR YOUR ACCOUNT. A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

We request instructions as to whether you wish to have us tender on your behalf any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is invited to the following:

1. The tender price has been increased to $110 per Share, net to the seller in cash.

2. The Offer and withdrawal rights will expire at 12:00 Midnight, New York City time, on Friday, November 22, 1996, unless the Offer is extended.

3. The Offer is being made for all of the outstanding Shares.

4. The Offer is conditioned upon, among other things, prior to the expiration of the Offer, (1) the receipt by Purchaser of an informal written opinion in form and substance reasonably satisfactory to Purchaser from the staff of the Surface Transportation Board (the "STB"), without the imposition of any conditions unacceptable to Purchaser, that the use of a voting trust in connection with the Offer and the Proposed Merger (as defined in the Offer to Purchase) is consistent with the policies of the STB against unauthorized acquisitions of control of a regulated carrier, (2) the receipt by Purchaser of an informal statement from the Premerger Notification Office of the Federal Trade Commission that the transactions contemplated by the Offer and the Proposed Merger are not subject to, or are exempt from, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), or, in the absence of the receipt of such informal statement, any applicable waiting period under the HSR Act having expired or been terminated, (3) Parent and Purchaser having obtained, on terms reasonably acceptable to Parent, sufficient financing to enable consummation of the Offer and the Proposed Merger, (4) there being validly tendered and not properly withdrawn prior to the expiration of the Offer a number of Common Shares and ESOP Preferred Shares which together constitute at least a majority of the Shares outstanding on a fully diluted basis, (5) Purchaser being satisfied, in its sole discretion, that Subchapter F of Chapter 25 of the Pennsylvania Business Corporation Law has been complied with or is invalid or otherwise inapplicable to the Offer and the Proposed Merger, (6) the Rights having been redeemed by the Board of Directors of the Company or Purchaser being satisfied, in its sole discretion, that such Rights are invalid or otherwise inapplicable to the Offer and the Proposed Merger and (7) Purchaser being satisfied, in its sole discretion, that the previously announced Agreement and Plan of Merger, as amended, between the Company and CSX Corporation has been terminated in accordance with its terms or otherwise.

5. Tendering shareholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by Purchaser pursuant to the Offer.

The Offer is made solely by the Offer to Purchase, the Supplement and the revised Letter of Transmittal and is being made to all holders of Shares. Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by the Dealer Managers or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the instruction form contained in this letter. An envelope in which to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified on the instruction form set forth in this letter. **YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.**

INSTRUCTIONS WITH RESPECT TO THE OFFER
TO PURCHASE FOR CASH ALL OUTSTANDING SHARES OF COMMON STOCK
AND SERIES A ESOP CONVERTIBLE JUNIOR PREFERRED STOCK
OF
CONRAIL INC.

The undersigned acknowledge(s) receipt of your letter and the enclosed Supplement, dated November 8, 1996, and the revised Letter of Transmittal (which, as amended from time to time, together constitute the "Offer"), in connection with the offer by Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser") and a wholly owned subsidiary of Norfolk Southern Corporation, a Virginia corporation ("Parent"), to purchase all outstanding shares of (i) common stock, par value $1.00 per share (the "Common Shares") and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated July 19, 1989, as amended, between the Company and First Chicago Trust Company of New York, as Rights Agent. All references herein to the Common Shares, ESOP Preferred Shares or Shares shall include the associated Rights.

This will instruct you to tender to Purchaser the number of Shares and Rights indicated below (or, if no number is indicated in either appropriate space below, all Shares and Rights) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

NUMBER OF SHARES AND RIGHTS TO BE TENDERED:*

_____ Shares and Rights

Account Number: _____

Dated: _____, 199__

SIGN HERE

_____

_____
Signature(s)

_____

_____
Please Type or Print Name(s)

_____

_____
Please Type or Print Address(es) Here

_____
Area Code and Telephone Number

_____
Taxpayer Identification or Social Security Number(s)

* Unless otherwise indicated, it will be assumed that all Shares and Rights held by us for your account are to be tendered.

Exhibit (a)(35)

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase, dated October 24, 1996, the Supplement, dated November 8, 1996, and the revised Letter of Transmittal and is being made to all holders of Shares. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions where securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Atlantic Acquisition Corporation by J.P. Morgan Securities Inc., Merrill Lynch & Co., or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Atlantic Acquisition Corporation,
a wholly owned subsidiary of

Norfolk Southern Corporation

Has Increased the Price of its Offer to Purchase for Cash

All Outstanding Shares

of

Common Stock and Series A ESOP Convertible Junior Preferred Stock (including, in each case, the associated Common Stock Purchase Rights)

of

Conrail Inc.

to

$118 Net Per Share

Atlantic Acquisition Corporation ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of Norfolk Southern Corporation, a Virginia corporation ("Parent"), hereby offers to purchase all of the outstanding shares of (i) common stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc., a Pennsylvania corporation (the "Company"), including, in each case, the associated Common Stock Purchase

Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of July 19, 1989, as amended, between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agreement"), at a price of $118 per Share, net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), the Supplement, dated November 8, 1996 (the "Supplement"), and in the revised Letter of Transmittal (which, as amended from time to time, together constitute the "Offer"). Unless the context otherwise requires, all references to Common Shares, ESOP Preferred Shares or Shares shall include the associated Rights, and all references to the Rights shall include the benefits that may inure to holders of the Rights pursuant to the Rights Agreement, including the right to receive any payment due upon redemption of the Rights.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, NOVEMBER 22, 1996, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, PRIOR TO THE EXPIRATION OF THE OFFER, (1) THE RECEIPT BY PURCHASER OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO PURCHASER FROM THE STAFF OF THE SURFACE TRANSPORTATION BOARD (THE "STB"), WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO PURCHASER, THAT THE USE OF A VOTING TRUST IN CONNECTION WITH THE OFFER AND THE PROPOSED MERGER (AS DEFINED HEREIN) IS CONSISTENT WITH THE POLICIES OF THE STB AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER, (2) THE RECEIPT BY PURCHASER OF AN INFORMAL STATEMENT FROM THE PREMERGER NOTIFICATION OFFICE OF THE FEDERAL TRADE COMMISSION THAT THE TRANSACTIONS CONTEMPLATED BY THE OFFER AND THE PROPOSED MERGER ARE NOT SUBJECT TO, OR ARE EXEMPT FROM, THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"), OR, IN THE ABSENCE OF THE RECEIPT OF SUCH INFORMAL STATEMENT, ANY APPLICABLE WAITING PERIOD UNDER THE HSR ACT HAVING EXPIRED OR BEEN TERMINATED, (3) PARENT AND PURCHASER HAVING OBTAINED, ON TERMS REASONABLY ACCEPTABLE TO PARENT, SUFFICIENT FINANCING TO ENABLE CONSUMMATION OF THE OFFER AND THE PROPOSED MERGER, (4) THERE BEING VALIDLY TENDERED AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF COMMON SHARES AND ESOP PREFERRED SHARES WHICH TOGETHER CONSTITUTE AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS, (5) PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SUBCHAPTER F OF CHAPTER 25 OF THE PENNSYLVANIA BUSINESS CORPORATION LAW HAS BEEN COMPLIED WITH OR IS INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER, (6) THE RIGHTS HAVING BEEN REDEEMED BY THE BOARD OF DIRECTORS OF THE COMPANY OR PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SUCH RIGHTS ARE INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER AND (7) PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE PREVIOUSLY ANNOUNCED AGREEMENT AND PLAN OF MERGER, AS AMENDED, BETWEEN THE COMPANY AND CSX CORPORATION HAS BEEN TERMINATED IN ACCORDANCE WITH ITS TERMS OR OTHERWISE.

The purpose of the Offer is for Parent to acquire control of, and the entire equity interest in, the Company. Parent is seeking to negotiate with the Company a definitive merger agreement pursuant to which the Company would, as soon as practicable following consummation of the Offer, consummate a merger or similar business combination with Purchaser or another direct or indirect subsidiary of

Parent (the "Proposed Merger"). In the Proposed Merger, each Common Share and ESOP Preferred Share then outstanding (other than Shares held by the Company or any subsidiary of the Company and Shares owned by Parent, Purchaser or any direct or indirect subsidiary of Parent) would be converted into the right to receive an amount in cash equal to the price per Share paid pursuant to the Offer.

Purchaser expressly reserves the right, in its sole judgment, at any time and from time to time and regardless of whether any of the events set forth in Section 14 of the Offer to Purchase shall have occurred or shall have been determined by Purchaser to have occurred, (i) to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, by giving oral or written notice of such extension to the Depositary (as defined in the Offer to Purchase) and (ii) to amend the Offer in any respect by giving oral or written notice of such amendment to the Depositary. Any such extension or amendment will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension, to be issued not later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date (as defined in the Supplement). During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of a tendering shareholder to withdraw such shareholder's Shares.

For purposes of the Offer, Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not properly withdrawn as, if and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance of such Shares for payment pursuant to the Offer. In all cases, upon the terms and subject to the conditions of the Offer, payment for Shares purchased pursuant to the Offer will be made by deposit of the aggregate purchase price therefor with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payment from Purchaser and transmitting payment to validly tendering shareholders. Under no circumstances will interest on the purchase price for Shares be paid by Purchaser by reason of any delay in making such payment.

In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates for such Shares ("Certificates") or a book-entry confirmation of the book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company or the Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities"), pursuant to the procedures set forth in Section 3 of the Offer to Purchase, (ii) subject to Section 2 of the Supplement, the revised Letter of Transmittal (or facsimile thereof) properly completed and duly executed, with any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase) in connection with a book-entry transfer, and (iii) any other documents required by the revised Letter of Transmittal.

If, for any reason whatsoever, acceptance for payment of any Shares tendered pursuant to the Offer is delayed, or if Purchaser is unable to accept for payment or pay for Shares tendered pursuant to the Offer, then, without prejudice to Purchaser's rights set forth in the Offer to Purchase and the Supplement, the Depositary may, nevertheless, on behalf of Purchaser, retain tendered Shares and

such Shares may not be withdrawn except to the extent that the tendering shareholder is entitled to and duly exercises withdrawal rights as described in Section 4 of the Offer to Purchase. Any such delay will be followed by an extension of the Offer to the extent required by law.

Except as otherwise provided in Section 4 of the Offer to Purchase, tenders of Shares made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to 12:00 Midnight, New York City time, on Friday, November 22, 1996 (or if Purchaser shall have extended the period of time for which the Offer is open, at the latest time and date at which the Offer, as so extended by Purchaser, shall expire) and unless theretofore accepted for payment and paid for by Purchaser pursuant to the Offer, may also be withdrawn at any time after December 22, 1996. In order for a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of the Offer to Purchase or the Supplement. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn, and, if Certificates for Shares have been tendered, the name of the registered holder of the Shares as set forth in the tendered Certificate, if different from that of the person who tendered such Shares. If Certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then prior to the physical release of such Certificates, the serial numbers shown on such Certificates evidencing the Shares to be withdrawn must be submitted to the Depositary and the signature on the notice of withdrawal must be guaranteed by a firm which is a bank, broker, dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agent's Medallion Program (an "Eligible Institution"), unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with such Book-Entry Transfer Facility's procedures. Withdrawal of tenders of Shares may not be rescinded, and any Shares properly withdrawn will be deemed not to be validly tendered for purposes of the Offer. Withdrawn Shares may, however, be retendered by repeating one of the procedures set forth in Section 3 of the Offer to Purchase as supplemented by Section 2 of the Supplement at any time before the Expiration Date. Purchaser, in its sole judgment, will determine all questions as to the form and validity (including time of receipt) of notices of withdrawal, and such determination will be final and binding.

The information required to be disclosed by Rule 14d-6(e)(1)(vii) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is contained in the Offer to Purchase and the Supplement and is incorporated herein by reference. The Supplement, the revised Letter of Transmittal and other relevant materials will be mailed to record holders of Shares and Rights and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the Company's shareholder lists and the Company's list of holders of Rights or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

THE OFFER TO PURCHASE, THE SUPPLEMENT AND THE REVISED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Managers at their respective addresses and telephone numbers as set forth below. Additional copies of the Offer to Purchase, the Supplement, the revised Letter of Transmittal or other tender offer materials may be obtained from the Information Agent. Such copies will be furnished promptly at Purchaser's expense. No fees or commissions will be paid to brokers, dealers or other persons (other than the Information Agent and the Dealer Managers) for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

[GEORGESON & COMPANY INC. LOGO]

Wall Street Plaza
New York, New York 10005

Banks and Brokers Call Collect: (212) 440-9800

ALL OTHERS CALL TOLL FREE: (800) 223-2064

The Dealer Managers for the Offer are:

[J.P. Morgan & Co. logo]
60 Wall Street
Mail Stop 2800
New York, New York 10260
(800) 576-5078 (toll free)

[Merrill Lynch & Co. logo]
World Financial Center
North Tower
New York, New York 10281-1305
(212) 449-8211 (Call Collect)

November 8, 1996

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Exhibit (a)(36)

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FOR IMMEDIATE RELEASE
November 8, 1996

Contact: Robert C. Fort
(757) 629-2714 or
(757) 463-3276

NORFOLK, VA--Norfolk Southern Corporation (NYSE: NSC) today announced that it has increased to $110 per share its all-cash offer for all of Conrail's outstanding common shares and Series A ESOP convertible junior preferred shares. The $110 offer gives shareholders a premium of $17 (or 18 percent) over the blended value of CSX's 40 percent cash and 60 percent stock proposal (based on yesterday's closing price for CSX stock).

Norfolk Southern's all-cash offer also provides Conrail shareholders other significant benefits. Shares will be purchased into a voting trust, providing immediate cash payment to shareholders. Unlike 60% of CSX's offer, Norfolk Southern's purchase is not contingent upon regulatory approval, which may force shareholders to wait until late next year or longer to receive an as-yet undetermined total value from CSX.

"Our increased offer demonstrates our total commitment to this combination. We are determined to take every step necessary to ensure that Conrail shareholders will have an opportunity to choose between our superior offer and CSX's coercive two-tiered, front-end loaded offer," said David R. Goode, Chairman, President and Chief Executive Officer of Norfolk Southern.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14D-1

(Amendment No. 6)
Tender Offer Statement Pursuant to Section 14(d)(1)
of the Securities Exchange Act of 1934

Conrail Inc.

(Name of Subject Company)

Norfolk Southern Corporation
Atlantic Acquisition Corporation

(Bidders)

Common Stock, par value $1.00 per share
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

208368 10 0
(CUSIP Number of Class of Securities)

Series A ESOP Convertible Junior
Preferred Stock, without par value
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

Not Available
(CUSIP Number of Class of Securities)

James C. Bishop, Jr.
Executive Vice President-Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: (757) 629-2750
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidder)

with a copy to:
Randall H. Doud, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Telephone: (212) 735-3000

This Amendment No 6 amends the Tender Offer Statement on Schedule 14D-1 filed on October 24, 1996, as amended (the "Schedule 14D-1"), by Norfolk Southern Corporation, a Virginia corporation ("Parent"), and its wholly owned subsidiary, Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser"), relating to Purchaser's offer to purchase all outstanding shares of (i) Common Stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc. (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated November 8, 1996 (the "Supplement"), and in the revised Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer"). Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given such terms in the Offer to Purchase, the Supplement or the Schedule 14D-1.

Item 11. ***Material to be Filed as Exhibits.***

Item 11 is hereby amended to add the following:

(a)(37) Text of Advertisement appearing in newspapers commencing November 11, 1996.

SIGNATURE

After due inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

November 12, 1996

NORFOLK SOUTHERN CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Executive Vice President-Law

ATLANTIC ACQUISITION CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Vice President and General Counsel

EXHIBIT INDEX

TO CONRAIL SHAREHOLDERS:

Norfolk Southern's New $110, All Cash Offer Is Superior in Every Respect

Compare it to CSX's Front-end Loaded, "Cram Down" Offer

NORFOLK SOUTHERN'S SUPERIOR OFFER	CSX'S INFERIOR "CRAM DOWN" OFFER
$110 per share.	$93.28 blended value per share.*
$9.9 billion in consideration to Conrail shareholders ($1.5 billion more than CSX's proposal).	$8.4 billion in consideration for Conrail shareholders.*
100% cash.	60% stock/40% cash.
Up to 100% of the shares can be purchased through a voting trust mechanism in the near term.	Only 40% of the shares can be purchased through a voting trust mechanism in the near term.
No continued equity risk.	The value of the back-end stock will fluctuate with price of CSX stock, and there is no downside protection.
Consistent with the purpose that the Pennsylvania Fair Value Statute was intended to achieve.	Exactly the kind of two-tiered, coercive offer that the Pennsylvania Fair Value Statute was intended to address.
Norfolk Southern assumes regulatory risk.	Conrail shareholders assume regulatory risk with respect to the back-end CSX shares -- 60% of CSX's consideration.
Maximizes shareholder value.	**Does not maximize shareholder value.**

*Based on the closing sale price of CSX common stock on November 7, 1996

Here's How You Can Help Yourself and Protect Your Conrail Investment:

- Tender into Norfolk Southern's superior offer. Don't tender into CSX's "cram down" offer.
- Vote NO on Norfolk Southern's GOLD proxy card on Conrail's proposals to "opt out" of Pennsylvania's Fair Value Statute and to adjourn the special meeting.
- Ask the Conrail Board why:
  -- It doesn't take actions to remove its own roadblocks to the Norfolk Southern offer.
  -- It is trying to force the inferior CSX deal on Conrail's shareholders.
  -- It isn't pursuing a course that takes into account the best interests of Conrail's shareholders.

[Graphic: Box with checkmark above the words "VOTE NO"]

[Norfolk Southern Logo]

November 11, 1996 Important: If you have any questions, please call our solicitor, Georgeson & Company Inc. toll free at 1 800-223-2064. Banks and brokers call 212-440-9800.

SECURITIES AND EXCHANGE COMMISSION

Washington. D.C. 20549

SCHEDULE 14D-1

(Amendment No. 7)
Tender Offer Statement Pursuant to Section 14(d)(1)
of the Securities Exchange Act of 1934

Conrail Inc.

(Name of Subject Company)

Norfolk Southern Corporation
Atlantic Acquisition Corporation

(Bidders)

Common Stock, par value $1.00 per share
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

208368 10 0
(CUSIP Number of Class of Securities)

Series A ESOP Convertible Junior
Preferred Stock, without par value
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

Not Available
(CUSIP Number of Class of Securities)

James C. Bishop, Jr.
Executive Vice President-Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: (757) 629-2750
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidder)

with a copy to:

Randall H. Doud, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Telephone: (212) 735-3000

This Amendment No 7 amends the Tender Offer Statement on Schedule 14D-1 filed on October 24, 1996, as amended (the "Schedule 14D-1"), by Norfolk Southern Corporation, a Virginia corporation ("Parent"), and its wholly owned subsidiary, Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser"), relating to Purchaser's offer to purchase all outstanding shares of (i) Common Stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc. (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated November 8, 1996 (the "Supplement"), and in the revised Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer"). Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given such terms in the Offer to Purchase, the Supplement or the Schedule 14D-1.

Item 5. Purpose of the Tender Offer and Plans or Proposals of the Bidders.

Item 5 is hereby amended and supplemented by the following:

(b) On November 12, 1996, David R. Goode, Chairman, President and Chief Executive Officer of Parent, presented a speech to the Salomon Brothers Transportation Conference discussing, among other things, Parent's view that the Offer and the Proposed Merger are superior to the Proposed CSX Transaction. On the same date, Parent issued a press release synopsizing this speech. A copy of the text of the speech and the press release are filed as exhibits hereto.

Item 11. Material to be Filed as Exhibits.

Item 11 is hereby amended to add the following:

(a)(38) Text of speech made to the Salomon Brothers Transportation Conference on November 12, 1996.

(a)(39) Text of material entitled "2 to 1 Comparison" which may be distributed to certain shareholders.

(a)(40) Press Release issued by Parent on November 12, 1996.

SIGNATURE

After due inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

November 12, 1996

NORFOLK SOUTHERN CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Executive Vice President-Law

ATLANTIC ACQUISITION CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description	Page
(a)(38)	Text of speech made to the Salomon Brothers Transportation Conference on November 12, 1996.	
(a)(39)	Text of material which may be distributed to certain shareholders.	
(a)(40)	Press Release issued by Parent on November 12, 1996.	

11 12 96: 9:30 a.m.

Remarks by: **David R. Goode**
Chairman, President and CEO
Norfolk Southern Corporation

Before the: **Salomon Brothers Transportation Conference**
New York, New York
November 12, 1996

Good afternoon, and thank you, Jim, for that introduction. As you can easily guess, it has never been a greater pleasure to participate in this conference. Much as I'd like to think it's my speaking prowess -- or the solid story Norfolk Southern has to tell -- we all know better. You want to hear about "it." I want to talk about "it." So let's get on with "it."

The "it," of course, is Conrail. All of you know that last week Norfolk Southern increased its offer for Conrail to $110 per share -- all in cash. That demonstrates our resolve and the importance we affix to this issue. It is our long-held belief that a combination of Norfolk Southern and Conrail is in everyone's best interest.

In my time this afternoon, I'll outline for you why our offer is best for shareholders, best for shippers, best for employees, and best for the general public. I'll describe exactly how our offer is superior to that of CSX Corporation in all those respects, and in one more: A Norfolk Southern / Conrail combination will preserve competition in our industry. A CSX / Conrail combination would restrain it.

Let's start with Conrail shareholders. For them, our $10 billion cash offer has the highest value and the lowest risk. It offers immediate and obvious benefits.

Our offer will give Conrail shareholders a premium of $17, or 18 percent over the blended value of CSX's 40 percent cash and 60 percent stock proposal, based on yesterday's closing price for CSX stock.

Our offer provides for shares to be purchased into a voting trust, providing immediate cash payment to shareholders. With our offer, shareholders know the value they'll receive. They won't have to guess.

And our offer -- unlike 60 percent of CSX's offer -- is not contingent on regulatory approval, which could force shareholders to wait until late next year or longer to receive an as yet undetermined total value from CSX.

While I've taken the trouble -- and your time -- to outline these facts, I really don't think you needed the reminders. It's just crystal clear that -- for Conrail shareholders -- our offer is better. Given a fair chance, I'm confident they'll make the right choice.

Norfolk Southern shareholders will benefit from our offer, too. Through improved operating efficiencies and market share gains, a Norfolk Southern / Conrail combination will add significantly to earnings per share, resulting in a growth rate more than 50 percent higher than we might have achieved on our own. The earnings impact will be accretive in the second year of the combination but will be accretive from a cashflow standpoint in the first year.

We have the financial ability to make this deal work. We have the financing done -- and over-subscribed. We have the balance sheet that makes such a strong transaction for our shareholders possible -- and we have the willingness to do it. This is an opportunity for our shareholders, and Hank Wolf and Bill Romig have shown the results in detail in our presentations.

Our shareholders support this transaction, as they should. It will create a strong, efficient rail system for us, but one which will not be anti-competitive. We intend to make this work for our shareholders -- not with the monopoly of the other combination -- but with the competitive edge that talented Norfolk Southern and Conrail people will bring to the table. They will deliver the kind of performance that will benefit not only our shareholders, but also shippers.

So, the Norfolk Southern / Conrail transaction is best for shareholders of both companies.

Conrail employees should vastly prefer our offer, too. They should want our deal. A quick glance at the rail system map shows why. CSX's routes and facilities overlap Conrail considerably. There's a lot of duplication. You know what has to happen there. Competitive solutions, sure, but also redundancies. I wish Conrail employees could have heard the conference call last week with analysts. If they had, they would have heard the list of yards and shops being considered for consolidation.

From a job security standpoint, if I were in the steel-toed shoes of a Conrail employee, I'd welcome Norfolk Southern with open arms. I'd welcome a merger with a company whose physical plant extends and complements -- rather than duplicates -- the Conrail system.

At the same time, I'd be concerned about my retirement. I'd want my overfunded Conrail pension fund to be combined with Norfolk Southern's overfunded pension fund. I would not want it anywhere close to CSX's, which had been on the Pension Benefit Guarantee Corporation's list of "Ten Most Underfunded Pension Funds."

Shippers should also support a Conrail-Norfolk Southern merger. A combined Norfolk Southern will increase competition in the transportation industry, while a CSX merger will result in extreme market dominance.

The math is simple. Today, Norfolk Southern and CSX have a competitive balance, with about 45 percent and 55 percent shares, respectively, of their combined business. CSX and Conrail, however, would grab a lopsided almost 70/30 split over Norfolk Southern.

A combined CSX / Conrail would control 98 percent of the Class 1 track in Maryland, 73 percent in Ohio, 99 percent in Pennsylvania, 78 percent in West Virginia and 100 percent in Delaware.

Important markets -- from New York to Northern New Jersey to Boston to Baltimore to Dayton to Indianapolis, Philadelphia, Pittsburgh, Wilmington and Youngstown -- would be left with just one carrier. Market dominance would exist across every industry sector. I can't believe -- although CSX and Conrail might wish otherwise -- that our Eastern rail system can stand this kind of market dominance. I can't predict STB decisions, but I do believe public policy requires strong, competitive rail service in the East.

Consider New York. Compare the lack of growth of the Port of New York during the years that Conrail has enjoyed a service monopoly here with the phenomenal growth of the Port of Hampton Roads, which is served by both Norfolk Southern and CSX. Industrial development and economic growth suffer when there is no competition at and between large markets. Would we really risk places like Baltimore, Philadelphia and Pittsburgh going to single rail service?

Some might say -- and I certainly would if necessary -- "Well, we'll have to fix the anti-competitive parts." Maybe so -- but why not go for the Norfolk Southern alternative that does not start with an anti-competitive combination that has to be fixed? The Conrail board, even if it is tempted to go for a dominant combination, should stop and consider the regulatory risk that they are asking 60 percent of their shareholders to bear.

In an anti-competitive scenario, it's not difficult to picture the ghost of re-regulation rising from the dead to again haunt our industry. That's not in anybody's interest. Not Conrail's, not CSX's and not ours. I'm dedicated to making every effort to avoid that spectre.

Norfolk Southern and Conrail will produce a balanced split, and we have indicated our willingness to structure our combination to reduce the difference even further. Norfolk Southern will provide for real competition in the East.

Our bid encourages a balanced competitive structure for Eastern railroad service with two rail systems of comparable size and scope. It acknowledges that large markets must be served by more than one railroad; that ownership of major

trunk lines and effective terminal access are required for true competition: and that competition is weakened when less than fair value is paid for assets.

A Norfolk Southern / Conrail combination will promote growth in the global marketplace by removing artificial barriers to traffic flows at home. Norfolk Southern customers, for example, will obtain better access to the Northeast and improved single system coverage in the East. Conrail customers will obtain better access to the Southeast.

We will provide a level of service that only a broad network can achieve. We will be able to improve intermodal service between the Northeast and Southeast, making our intermodal network more competitive with alternative truck services. That's healthy not only for shippers, but for the motoring public on our clogged and crumbling highways. This combination can and will produce growth and develop new rail markets.

Our competitors have worked hard to suggest that their proposed merger would be a "merger of equals." In the media recently, they seemed to be knocking Norfolk Southern for offering superior transportation service and for posting excellent financial results.

The goal, of course, was to instill fear that we will shake up the status quo by pushing hard to continue those traditions once we acquire Conrail. If that scares anyone, they have every reason to be afraid. We will make changes -- good ones -- changes that will provide growth and opportunity for both Conrail and Norfolk Southern employees and for our shippers throughout the land. That's the credo Norfolk Southern believes in -- that's how we post results. We will be a worthy competitor while continuing to work toward our vision to "be the safest, most customer-focused and successful transportation company in the world."

We welcome competition, because we thrive on it. As most of you know, our third quarter earnings once again set records and marked 15 consecutive quarters of year-over-year growth in earnings per share. Our operating ratio remains the best among major U.S. railroads.

Our infrastructure is world-class, and we have the resources to maintain and improve Conrail's track, structures and equipment.

Year after year, Norfolk Southern has been the safest major carrier. We continue to earn recognition for quality and innovation. Our dedication to service was acknowledged recently when Ford Motor Company awarded us a 12-year contract to distribute new vehicles to dealers through a network of mixing centers. This network will enable Ford to reduce delivery times and save inventory costs for its 21 North American assembly plants. When the network is fully operational in 1998, Norfolk Southern expects to increase its motor vehicle business with Ford by 60 percent and enjoy a significantly higher automotive revenue stream.

With Conrail as our partner, we won't rest on successes like this. We will build on them.

CSX and Conrail have told the financial community that their deal "makes sense" -- that it is best for all parties involved. If so, why push it through in a coercive way. Before buying the CSX line, you need to ask:

Why does CSX want to buy up to 20 percent of Conrail shares prior to the special meeting at which shareholders will vote on a change to the company's charter?

Why give CSX an option to purchase 16 million shares at $92.50?

Why provide a 180-day lockout period, or for that matter, under their revised tender, to extend the lockout period until July 12, 1997?

Why cook up a poison pill with a "dead hand" provision that cannot be taken down even by a board willing to exercise its fiduciary responsibilities?

Why allow for breakup fees that are significantly greater than breakup fees in other deals of this size?

And why deny Conrail shareholders an opportunity to select the offer that is best for them?

You in the financial community know why these tactics are being employed. There has been considerable recent publicity about that. It is our hope that you will

use your good judgment and influence to support Norfolk Southern in our purchase of Conrail.

Leaving aside the fine print, as a practical matter, only three conditions stand in the way of our proceeding. The Conrail board of directors would normally have the power to meet these conditions. None requires a shareholder vote to permit Conrail's owners to accept Norfolk Southern's superior offer.

The first condition is that Conrail lift the poison pill for Norfolk Southern, as it has for CSX.

Second, Conrail should stop hiding behind the provision of the Pennsylvania statute that precludes a statutory merger with a shareholder owning more than 20 percent of the company without advance approval.

And third is that the proposed deal with CSX be terminated.

All three conditions could easily be met by Conrail's directors, except to the extent that they have tied their own hands in the agreement with CSX. If they will respond to the will of the shareholders, those shareholders could reap the economic benefits of Norfolk Southern's offer.

I hope that you -- as members of the financial community serving the investing public -- will let the public, let the directors, and let the shareholders know that you support us. Let them know you are troubled that the CSX / Conrail plan could be pushed through, depriving Conrail shareholders of the best offer. Tell them you don't want to see this deal become a template for other coercive mergers down the road. And let them know that a "like it or lump it" posture is unacceptable. Arrogant statements from Conrail management such as, "If you don't like the law, don't buy the stock," are more reminiscent of 1882 when William Henry Vanderbilt snorted: "The public be damned."

At this point, I'll be happy to take your questions. Please understand if I am unable to respond in complete detail due to the constraints of our legal action. I'm told that attorneys for CSX and Conrail advised their clients not to join you today. My attorneys told me to go ahead and have a good time.

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2 to 1 Comparison

A Norfolk Southern-Conrail combination will create a stronger, more competitive transportation market in the East and a far more balanced freight rail system than the proposed CSX/Conrail merger. Norfolk Southern will preserve competitive rail service in dozens of cities currently being served by two railroads. A merger between CSX and Conrail would reduce competition, eliminating competitive service in 64 cities, including Philadelphia, Baltimore, Youngstown, and Pittsburgh -- cities now served by both CSX and Conrail. CSX also has refused to address the issue of competition in major markets or to fix the egregious market dominance that would result from a CSX/Conrail combination.

The following is a comparison under both merger scenarios of "2 to 1" points -- cities that now have competitive service from two railroads that would receive service from one after a merger and small railroads that would lose competitive connections to the national rail network:

	NS/CR	CSX/CR
Cities over 100,000 Population (in 1990)	Erie, PA	Baltimore, MD
	Fort Wayne, IN	Dayton, OH
		Grand Rapids, MI
		Indianapolis, IN
		Philadelphia, PA
		Pittsburgh, PA
		Youngstown, OH
Total "2-to-1" cities	38	64
Total "2-to-1" shortlines	1	18

11/12/96

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2 to 1 Stations

There may be additional cities which are not 2-1 but who have 2-1 customers.
Includes cities where NS and CR are the only railroads, or there is a shortline without direct connection to another Class I.
Does not include stations on shortlines that become 2-to-1 stations.

NS/CR

Delaware
None

Illinois
Normal

Indiana
Alexandria
Altamont (Lafayette)
Butler (not mini-mill)
Claypool
Fort Wayne
Hartford City
LaPorte
Muncie
Red Key
Wabash
Warsaw

Maryland
None

Michigan
None

New York
Brocton
Dunkirk
Ripley
Silver Creek
Westfield

Ohio
Avon Lake

CSX/CR

Delaware
Newark
Wilmington (multiple stations)

Illinois
Momence

Indiana
Crawfordsville
Greencastle
Indianapolis (multiple stations)
Porter
Shelby
St. John

Maryland
Aberdeen
Baltimore (multiple stations)
Halethorpe
Sparrows Point

Michigan
Carleton
Grand Rapids (multiple stations)
Wayne
Wyoming

New York
None

Ohio
Ashtabula Harbor

Bucyrus
Fairlane
Findlay
Geneva
Lewis Center
Madison
Mentor
Mortimer
N. Findlay
Oak Harbor
Painesville
Perry
Sandusky
Saybrook
Vermillion
Wickliffe
Willoughby
Worthington

Pennsylvania
Erie (EEC)
North East

West Virginia
None

Bellaire
Cheshire
Cuyahoga Falls
Dayton
Elyria
Galatea
Girard
Goodman
Grafton
Haselton
Kanauga
Lordstown
Miamisburg
Middletown
Niles
N. Warren
Parma
Ravenna
Sidney
Struthers (MVRY)
Upper Sandusky
Warren
Youngstown (multiple stations)

Pennsylvania
Beaver Falls
Bessemer (URR)
Braddock (URR)
Brownsville
Brownsville Jct.
Chambersburg
Chester
Darby
Hays
Homestead (URR)
Johnstown (C&BL)
Koppel
Lurgan
McKees Rocks
Monongahela
Munhall (URR)
New Castle (ISS)
Philadelphia (multiple stations)
Pittsburgh (multiple stations)
Wampum

West Virginia
Charleston
Point Pleasant
Rivesville

Shortline Connections
East Erie Commercial

Shortline Connections
Ashland Railway
Canton Railway
Conemaugh and Black Lick RR
Delaware Valley Railway
Gettysburg Railroad
Grand Rapids Eastern RR
Indiana and Ohio RR (Mason Line)
ISS Rail
McKeesport Connecting RR
Maryland and Pennsylvania RR
Mahoning Valley Railway
Patapsco and Back Rivers RR
R.J. Corman - Cleveland Line
Southwestern Pennsylvania RR
Union RR
Vaughan RR
Youngstown and Trumbull RR
Yorkrail

FOR IMMEDIATE RELEASE
November 12. 1996

News Media Contact: Robert C. Fort
(757) 629-2714

GOODE CALLS ON SHAREHOLDERS, INVESTMENT COMMUNITY TO SUPPORT NORFOLK SOUTHERN'S OFFER

NEW YORK, NEW YORK -- Norfolk Southern Chairman, President and Chief Executive Officer David R. Goode today called on Conrail shareholders and the investment community to make their voices heard in support of Norfolk Southern's all-cash $110 per-share offer to purchase Conrail.

Addressing the Salomon Brothers Transportation Conference, Goode said that "a combination of Norfolk Southern and Conrail is in everyone's best interest," adding "it's just crystal clear" that shareholders of both companies would benefit from Norfolk Southern's superior offer.

Goode said that Norfolk Southern and Conrail people together "will deliver the kind of performance that will benefit not only our shareholders, but also shippers."

Goode said three conditions stand in the way of Norfolk Southern proceeding with its offer, all of which "could easily be met by Conrail's directors, except to the extent that they have tied their own hands in the agreement with CSX."

Those conditions are: First, that Conrail lift the "poison pill" for Norfolk Southern, as it has for CSX; second, that it stop hiding behind Pennsylvania law, and third, that it terminate its proposed deal with CSX.

Goode urged the investment community to speak up to Conrail directors, shareholders and the public in support of Norfolk Southern's offer.

"Let them know that you are troubled that the CSX Conrail plan could be pushed through, depriving Conrail shareholders of the best offer," Goode said. "Tell them you don't want this deal to become a template for other coercive mergers down the road, and let them know that a 'like-it or lump-it' posture is unacceptable."

# # #

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14D-1

(Amendment No. 8)
Tender Offer Statement Pursuant to Section 14(d)(1)
of the Securities Exchange Act of 1934

Conrail Inc.

(Name of Subject Company)

Norfolk Southern Corporation
Atlantic Acquisition Corporation

(Bidders)

Common Stock, par value $1.00 per share
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

208368 10 0
(CUSIP Number of Class of Securities)

Series A ESOP Convertible Junior
Preferred Stock, without par value
(Including the associated Common Stock Purchase Rights)
(Title of Class of Securities)

Not Available
(CUSIP Number of Class of Securities)

James C. Bishop, Jr.
Executive Vice President-Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: (757) 629-2750
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidder)

with a copy to:
Randall H. Doud, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Telephone: (212) 735-3000

This Amendment No. 8 amends the Tender Offer Statement on Schedule 14D-1 filed on October 24, 1996, as amended (the "Schedule 14D-1"), by Norfolk Southern Corporation, a Virginia corporation ("Parent"), and its wholly owned subsidiary, Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser"), relating to Purchaser's offer to purchase all outstanding shares of (i) Common Stock, par value $1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc. (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated November 8, 1996 (the "Supplement"), and in the revised Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer"). Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given such terms in the Offer to Purchase, the Supplement or the Schedule 14D-1.

Item 11. Material to be Filed as Exhibits.

Item 11 is hereby amended to add the following:

(a)(41) Text of Advertisement appearing in newspapers commencing November 13, 1996.

(a)(42) Press Release issued by Parent on November 13, 1996.

SIGNATURE

After due inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

November 13, 1996

NORFOLK SOUTHERN CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Executive Vice President-Law

ATLANTIC ACQUISITION CORPORATION

By: /s/ JAMES C. BISHOP, JR.
Name: James C. Bishop, Jr.
Title: Vice President and General Counsel