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- \* (b) (1) Credit Agreement, dated November 15, 1996 (incorporated by reference to Exhibit (b) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 15, 1996).
- \* (c) (1) Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (1) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (2) Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (3) Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (3) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (4) Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Bank (incorporated by reference to Exhibit (c) (4) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (5) First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (7) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (6) Second Amendment to Agreement and Plan of Merger, dated as of December 18, 1996, by and among Parent, Purchaser and the Company.
- \* (c) (7) Form of Amended and Restated Voting Trust Agreement.
- (c) (8) Deleted.

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\* Previously filed.

- \* (c) (9) Text of STB Decision No. 5 of STB Finance Docket No. 33220, dated January 8, 1997.
- \* (c) (10) Unaudited Pro Forma Financial Statements reflecting the Transactions (incorporated by reference to Parent's registration statement on Form S-4, registration number 333-19523).
- \* (c) (11) Text of opinion of Judge Donald VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania as delivered from the bench on January 9, 1997.
- (d) Not applicable.
- (e) Not applicable.
- (f) Not applicable.

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\* Previously filed.

NEWS

CSX  
Corporation  
Corporate Communications  
P.O. Box 85629  
Richmond, Virginia 23285-5629  
<http://www.csx.com>

CONTACT:

CSX  
Thomas E. Hoppin  
(804) 782-1450

Kekst and Company  
Richard Wolff  
(212) 593-2655

FOR IMMEDIATE RELEASE

CSX EXTENDS TENDER OFFER

RICHMOND, VA, FEBRUARY 14, 1997 -- CSX Corporation (CSX) (NYSE: CSX) today announced that its tender offer for 18,344,845 shares of Conrail Inc. (or approximately 20.1% of the outstanding shares) has been extended until 5:00 p.m., Eastern Standard Time, on Friday, March 14, 1997. The offer was scheduled to expire at 5:00 p.m., Eastern Standard Time, on February 14, 1997. CSX has been advised by the Depository that 504,381 shares have been tendered into the offer as of the close of business on February 13, 1997.

CSX Corporation, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge, and contract logistics management services. CSX's home page can be reached at <http://www.CSX.com>.

# # #



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14D-1  
TENDER OFFER STATEMENT  
(AMENDMENT NO. 20)



PURSUANT TO  
SECTION 14(D) (1) OF THE SECURITIES EXCHANGE ACT OF 1934  
AND

AMENDMENT NO. 30  
TO  
SCHEDULE 13D

CONRAIL INC.  
(NAME OF SUBJECT COMPANY)

CSX CORPORATION  
GREEN ACQUISITION CORP.  
(BIDDERS)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE  
(TITLE OF CLASS OF SECURITIES)  
208368 10 0  
(CUSIP NUMBER OF CLASS OF SECURITIES)

SERIES A ESOP CONVERTIBLE JUNIOR PREFERRED STOCK, WITHOUT PAR VALUE  
(TITLE OF CLASS OF SECURITIES)

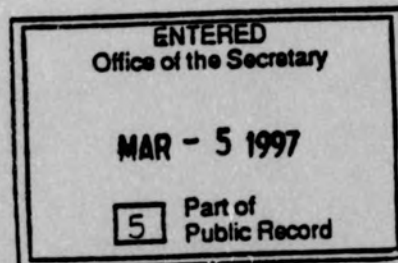
NOT AVAILABLE  
(CUSIP NUMBER OF CLASS OF SECURITIES)

MARK G. ARON  
CSX CORPORATION  
ONE JAMES CENTER  
901 EAST CARY STREET  
RICHMOND, VIRGINIA 23219-4031  
(804) 782-1400

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON  
AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDERS)

WITH A COPY TO:

PAULEA S. SEYMON  
WACHTEL, LIPTON, ROSEN & KATZ  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019  
TELEPHONE: (212) 403-1000



This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission on December 6, 1996, as previously amended and supplemented, by Green Acquisition Corp., a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation, to purchase up to an aggregate of 18,344,845 shares of (i) Common Stock, par value \$1.00 per share, and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value, of Conrail Inc., a Pennsylvania corporation, 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 December 6, 1996, as supplemented by the Supplement thereto, dated December 19, 1996, and the related Letters of Transmittal at a purchase price of \$110.00 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the Supplement and the Schedule 14D-1.

**ITEM 10. ADDITIONAL INFORMATION.**

On March 3, 1997, Parent issued a press release regarding negotiations with the Company. A copy of such press release has been filed as Exhibit (a)(30), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

**ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.**

- (a)(30) Text of Press Release issued by Parent on March 3, 1997.

**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.

**CSX CORPORATION**

By: /s/ MARK G. ARON  
Name: Mark G. Aron  
Title: Executive Vice President  
-- Law and Public Affairs

Dated: March 4, 1997

**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.

**GREEN ACQUISITION CORP.**

By: /s/ MARK G. ARON  
Name: Mark G. Aron  
Title: General Counsel and  
Secretary

**Dated: March 4, 1997**



## EXHIBIT INDEX

### EXHIBIT NO.

- \* (a) (1) Offer to Purchase, dated December 6, 1996.
- \* (a) (2) Letter of Transmittal.
- \* (a) (3) Notice of Guaranteed Delivery.
- \* (a) (4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- \* (a) (5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- \* (a) (6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- \* (a) (7) Tender Offer Instructions for Participants of Conrail Inc. Dividend Reinvestment Plan.
- \* (a) (8) Text of Press Release issued by Parent and the Company on December 6, 1996.
- \* (a) (9) Form of Summary Advertisement, dated December 6, 1996.
- \* (a) (10) Text of Press Release issued by Parent on December 5, 1996.
- \* (a) (11) Text of Press Release issued by Parent and the Company on December 10, 1996.
- \* (a) (12) Text of Advertisement published by Parent and the Company on December 10, 1996.
- \* (a) (13) Text of Press Release issued by Parent on December 11, 1996.
- \* (a) (14) Text of Advertisement published by Parent and the Company on December 12, 1996.

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\* Previously filed.



- \* (a) (15) Supplement to Offer to Purchase, dated December 19, 1996.
- \* (a) (16) Revised Letter of Transmittal.
- \* (a) (17) Revised Notice of Guaranteed Delivery.
- \* (a) (18) Text of Press Release issued by Parent and the Company on December 19, 1996.
- \* (a) (19) Letter from Parent to shareholders of the Company, dated December 19, 1996.
- \* (a) (20) Text of Press Release issued by Parent on December 20, 1996.
- \* (a) (21) Text of Press Release issued by Parent and the Company on January 9, 1997.
- \* (a) (22) Text of Press Release issued by Parent and the Company on January 13, 1997.
- \* (a) (23) Text of Press Release issued by Parent and the Company on January 15, 1997.
- \* (a) (24) Text of Press Release issued by Parent on January 17, 1997.
- \* (a) (25) Text of Press Release issued by Parent on January 22, 1997.
- (a) (25) Deleted.
- \* (a) (26) Text of Letter issued by Parent and the Company dated January 22, 1997.
- \* (a) (27) Text of Advertisement published by Parent and the Company on January 29, 1997.
- \* (a) (28) Text of Press Release issued by Parent and the Company on January 31, 1997.
- \* (a) (29) Text of Press Release issued by Parent on February 14, 1997.

---

\* Previously filed.

- (a) (30) Text of Press Release issued by Parent on March 3, 1997.
- \* (b) (1) Credit Agreement, dated November 15, 1996 (incorporated by reference to Exhibit (b) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (1) Agreement and Plan of Merger, dated as of October 12, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (1) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (2) Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (3) Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (3) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (4) Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Bank (incorporated by reference to Exhibit (c) (4) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (5) First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (7) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (6) Second Amendment to Agreement and Plan of Merger, dated as of December 18, 1996, by and among Parent, Purchaser and the Company.
- \* (c) (7) Form of Amended and Restated Voting Trust Agreement.

\* Previously filed.

- (c) (8) Deleted.
- \* (c) (9) Text of STB Decision No. 5 of STB Finance Docket No. 33220, dated January 8, 1997.
- \* (c) (10) Unaudited Pro Forma Financial Statements reflecting the Transactions (incorporated by reference to Parent's registration statement on Form S-4, registration number 333-19523).
- \* (c) (11) Text of opinion of Judge Donald VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania as delivered from the bench on January 9, 1997.
- (d) Not applicable.
- (e) Not applicable.
- (f) Not applicable.

\* Previously filed.

NEWS

CSX CORPORATION  
Corporate Communications  
P.O. Box 85629  
Richmond, Virginia 23285-5629  
<http://www.csx.com>

CONTACT: Thomas E. Hoppin Richard Wolff  
CSX Corporation Kekst and Company  
(804) 782-1450 (212) 593-2655

CSX Confirms Negotiations With Conrail

FOR IMMEDIATE RELEASE

RICHMOND, Va., March 3, 1997 -- CSX Corporation today confirmed it has begun negotiations with Conrail Inc. on the matters outlined by Conrail today.

John W. Snow, chairman, president and chief executive officer of CSX, said, "We look forward to these negotiations with great anticipation, fully expecting to resolve these issues and bring forth a proposal that will serve the best interests of all constituents and provide pro-competitive solution in the East."

CSX Corporation, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge, and contract logistics management services.

CSX's internet address is <http://www.csx.com>

# # #



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Schedule 14D-1  
Tender Offer Statement  
(Amendment No. 21)

Pursuant to  
Section 14(d) (1) of the Securities Exchange Act of 1934  
and  
Amendment No. 31  
to  
Schedule 13D

**Conrail Inc.**  
(Name of Subject Company)

**CSX Corporation**  
**Green Acquisition Corp.**  
(Bidders)

Common Stock, Par Value \$1.00 Per Share  
(Title of Class of Securities)  
208368 10 0

(CUSIP Number of Class of Securities)  
Series A ESOP Convertible Junior Preferred Stock, Without Par Value  
(Title of Class of Securities)

Not Available  
(CUSIP Number of Class of Securities)

Mark G. Aron  
CSX Corporation  
One James Center  
901 East Cary Street  
Richmond, Virginia 23219-4031  
(804) 782-1400  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications on Behalf of Bidder)

*With a copy to:*

Pamela S. Seymon  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Telephone: (212) 403-1000

**CALCULATION OF FILING FEE**

<u>Transaction Valuation*</u>	<u>Amount of Filing Fee**</u>
\$8,396,903,710	\$1,679,381

\* For purposes of calculating the filing fee only. This calculation assumes the purchase of an aggregate of 73,016,554 Shares of Common Stock, par value \$1.00 per share, and Series A ESOP Convertible Junior Preferred Stock, without par value, of Conrail Inc. at \$115 net per Share in cash.

\*\* 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 Green Acquisition Corp. 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.

Total Amount Previously Paid: \$2,014,438.59

Amount Previously Paid:  
Form or Registration No.:  
Filing Party:

\$403,586.59  
Schedule 14D-1  
CSX Corporation and  
Green Acquisition Corp.  
December 6, 1996

Amount Previously Paid:  
Form or Registration No.:  
Filing Party:

\$1,610,852  
333-19523  
CSX Corporation

Date Filed:

Date Filed:

January 10, 1997



This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "SEC") on December 6, 1996, as previously amended and supplemented (the "Schedule 14D-1"), by Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation ("Parent"), to purchase any and all 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 (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, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 6, 1996, the Supplement thereto, dated December 19, 1996, and the Second Supplement thereto, dated March 7, 1997 (the "Second Supplement"), and the related Letters of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") at a purchase price of \$115 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase and the Schedule 14D-1.

#### **ITEM 1. SECURITY AND SUBJECT COMPANY.**

Item 1(b) is hereby amended and supplemented by reference to Section 1 of the Second Supplement which Section is incorporated herein by reference.

Item 1(c) is hereby amended and supplemented by reference to Section 3 of the Second Supplement, which Section is incorporated herein by reference.

#### **ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.**

Item 3(b) is hereby amended and supplemented by reference to Section 5 of the Second Supplement, which Section is incorporated herein by reference.

#### **ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.**

Item 4(a) is hereby amended and supplemented by reference to Section 4 of the Second Supplement, which Section is incorporated herein by reference.

Item 4(b) is hereby amended and supplemented by reference to Section 4 of the Second Supplement, which Section 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 reference to Section 6 of the Second Supplement, which Section 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 reference to Section 5, Section 6, Section 7 and Section 9 of the Second Supplement, which Sections are incorporated herein by reference.

#### **ITEM 10. ADDITIONAL INFORMATION.**

Item 10(a) is hereby amended and supplemented by reference to Section 5 of the Second Supplement, which Section is incorporated herein by reference.

Item 10(b) is hereby amended and supplemented by reference to Section 9 of the Second Supplement, which Section is incorporated herein by reference.

Item 10(e) is hereby amended and supplemented by reference to Section 9 of the Supplement, which Section is incorporated herein by reference.

**ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.**

- (a) (31) Second Supplement to Offer to Purchase, dated March 7, 1997.
- (a) (32) Revised Letter of Transmittal.
- (a) (33) Revised Notice of Guaranteed Delivery.
- (a) (34) Text of Press Release issued by Parent on March 7, 1997.
- (a) (35) Form of Summary Advertisement, dated March 10, 1997.
- (c) (12) Third Amendment to Agreement and Plan of Merger, dated as of March 7, 1997, by and among Parent, Purchaser and the Company.
- (c) (13) Form of Amended and Restated Voting Trust Agreement.

**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.

**CSX CORPORATION**

By: /s/ **MARK G. ARON**

Name: **Mark G. Aron**

Title: **Executive Vice President —  
Law and Public Affairs**

**Dated: March 10, 1997**

**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.

**GREEN ACQUISITION CORP.**

By: /s/ MARK G. ARON

Name: Mark G. Aron

Title: General Counsel and Secretary

Dated: March 10, 1997



## EXHIBIT INDEX

Exhibit No.	
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* (a) (3)	Notice of Guaranteed Delivery.
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* (a) (5)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
* (a) (6)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
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* (a) (8)	Text of Press Release issued by Parent and the Company on December 6, 1996.
* (a) (9)	Form of Summary Advertisement, dated December 6, 1996.
* (a) (10)	Text of Press Release issued by Parent on December 5, 1996.
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* (a) (29)	Text of Press Release issued by Parent on February 14, 1997.
* (a) (30)	Text of Press Release issued by Parent on March 3, 1997.
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(a) (35)	Form of Summary Advertisement, dated March 10, 1997.
* (b) (1)	Credit Agreement, dated November 15, 1996 (incorporated by reference to Exhibit (b) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
* (c) (1)	Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (1) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).

\* Previously filed.



- \* (c) (2) Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (3) Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (3) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (4) Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Bank (incorporated by reference to Exhibit (c) (4) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (5) First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (7) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
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- \* (c) (7) Form of Amended and Restated Voting Trust Agreement.
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- \* (c) (10) Unaudited Pro Forma Financial Statements reflecting the Transactions (incorporated by reference to Parent's registration statement on Form S-4, registration number 333-19523).
- \* (c) (11) Text of opinion of Judge Donald VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania as delivered from the bench on January 9, 1997.
- (c) (12) Third Amendment to Agreement and Plan of Merger, dated as of March 7, 1997, by and among Parent, Purchaser and the Company.
- (c) (13) Form of Amended and Restated Voting Trust Agreement.
- (d) Not applicable.
- (e) Not applicable.
- (f) Not applicable.

\* Previously filed.

**Second Supplement to the Offer to Purchase dated December 6, 1996**

**Green Acquisition Corp.**

a wholly owned subsidiary of

**CSX Corporation**

**Has Amended Its Offer to Purchase for Cash  
and is Now Offering to Purchase All 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.**

at

**\$115 Net Per Share**

**THE SECOND OFFER HAS BEEN EXTENDED. THE SECOND OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, APRIL 18, 1997, UNLESS THE SECOND OFFER IS FURTHER EXTENDED.**

The Second Offer is conditioned upon, among other things, prior to the expiration of the Second Offer there shall have been validly tendered and not withdrawn such number of shares, which, together with the Common Shares already owned by CSX Corporation, a Virginia corporation ("Parent"), through the Voting Trust and certain other parties, constitutes at least a majority of outstanding Shares on a fully diluted basis (as defined herein) (the "Minimum Condition"). The Second Offer is no longer conditioned upon the Pennsylvania Control Transaction Law being inapplicable to Conrail Inc. (the "Company"). The Second Offer is not conditioned on obtaining financing. Under the Merger Agreement, Green Acquisition Corp. has the right in its discretion to extend the Second Offer, from time to time, through 5:00 p.m., New York City time, on June 2, 1997, whether or not the conditions to the Second Offer have been satisfied or waived. See Section 15 of the Offer to Purchase and Sections 4, 7 and 8 of this Second Supplement.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE SECOND OFFER (AS AMENDED HEREBY) AND THE MERGER (AS AMENDED BY THE THIRD AMENDMENT, AS HEREINAFTER DEFINED), DETERMINED THAT THE MERGER AGREEMENT (AS AMENDED BY THE THIRD AMENDMENT) AND THE TRANSACTIONS CONTEMPLATED THEREBY (INCLUDING THE SECOND OFFER AND THE MERGER) ARE IN THE BEST INTERESTS OF THE COMPANY, AND RECOMMENDS THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE SECOND OFFER AND TENDER THEIR SHARES PURSUANT TO THE SECOND OFFER.

The Merger Agreement has been amended to provide, among other things, that (i) the Second Offer be amended to increase the number of Shares sought in the Second Offer to all Shares and to increase the price to be paid pursuant thereto to \$115 per Share in cash, (ii) the consideration to be paid in the Merger will be \$115 per Share in cash and (iii) Parent will have sole authority to conduct negotiations and enter into agreements with any other company (including Norfolk Southern Corporation) relating to the acquisition by such company of any securities or assets of the Company, or any trackage rights or other concessions relating to the Company's assets or operations. The Merger Agreement also has been amended in other respects. See Section 7 of this Second Supplement.

**IMPORTANT**

Any shareholder desiring to tender all or any portion of such shareholder's shares of common stock, par value \$1.00 per share ("Common Shares"), or shares of Series A ESOP Convertible Junior Preferred Stock, without par value ("ESOP Preferred Shares," and together with the Common Shares, the "Shares") should either (i) complete and sign one of the (blue) Letters of Transmittal (or a facsimile thereof) circulated with the Offer to Purchase (as defined herein), the First Supplement (as defined herein) or this Second Supplement in accordance with the instructions in such Letter of Transmittal, have such shareholder's signature thereon guaranteed if required by Instruction 1 to such Letter of Transmittal, mail or deliver such Letter of Transmittal (or such facsimile thereof) and any other required documents to the Depository (as defined in the Offer to Purchase) and either deliver the certificates for such Shares to the Depository along with such Letter of Transmittal (or a facsimile thereof) or deliver such Shares pursuant to the procedure for book-entry transfer set forth in Section 3 of the Offer to Purchase prior to the expiration of the Second 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 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.

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

Questions and requests for assistance or for additional copies of this Second Supplement, the First Supplement, the Offer to Purchase, the Letter of Transmittal or other tender offer materials may be directed to the Information Agent or the Dealer Manager (as such terms are defined in the Offer to Purchase) at their respective addresses and telephone numbers set forth on the back cover of this Second Supplement.

*The Dealer Manager for the Second Offer is:*

**Wasserstein Perella & Co., Inc.**

To the Holders of Common Stock and Series A ESOP Convertible  
Junior Preferred Stock of Conrail Inc.:

## INTRODUCTION

The following information amends and supplements (i) the Offer to Purchase, dated December 6, 1996 (the "Offer to Purchase"), of Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of Parent, and (ii) the Supplement to the Offer to Purchase (the "First Supplement"), dated December 19, 1996, of Parent and Purchaser. Pursuant to this Second Supplement, Purchaser is now offering to purchase all Shares of the Company, at a price of \$115 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, as amended and supplemented by the First Supplement, this Second Supplement, and in the Letters of Transmittal circulated with the Offer to Purchase, the First Supplement and this Second Supplement (which together constitute the "Second Offer").

This Second Supplement should be read in conjunction with the Offer to Purchase and the First Supplement. Except as otherwise set forth in this Second Supplement and the revised Letters of Transmittal, the terms and conditions previously set forth in the Offer to Purchase, the First Supplement and the Letters of Transmittal mailed with the Offer to Purchase and the First Supplement remain applicable in all respects to the Second Offer. Unless the context requires otherwise, terms not defined herein have the meanings ascribed to them in the Offer to Purchase or the First Supplement.

This Second Supplement is being provided in connection with the Third Amendment, dated as of March 7, 1997 (the "Third Amendment"), to the Agreement and Plan of Merger, dated as of October 14, 1996 (the "Original Merger Agreement" and, as amended by the First Amendment, the Second Amendment and the Third Amendment, the "Merger Agreement"). The Third Amendment provides, among other things, that the Second Offer be amended to increase the number of Shares sought in the Second Offer to all Shares and to increase the price to be paid pursuant thereto to \$115 per Share in cash, without interest thereon. In addition, under the Third Amendment, in the Merger, each Share not purchased in the Second Offer will be converted into the right to receive \$115 in cash, without interest thereon, and such Shares will not be converted into the right to receive Parent Merger Securities. See Section 7 of this Second Supplement.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE SECOND OFFER AND THE MERGER, DETERMINED THAT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY (INCLUDING THE SECOND OFFER AND THE MERGER) ARE IN THE BEST INTERESTS OF THE COMPANY AND RECOMMENDS THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE SECOND OFFER AND TENDER THEIR SHARES PURSUANT TO THE SECOND OFFER.

The Second Offer is conditioned upon the Minimum Condition which requires that prior to the expiration of the Second Offer there shall have been validly tendered and not withdrawn such number of Shares which, together with the Common Shares already owned by Parent through the Voting Trust and with any Common Shares owned by any third party that may, jointly together with Parent, acquire an equity ownership interest in any vehicle that may acquire the Company, constitutes at least a majority of outstanding Shares on a fully diluted basis (as defined herein). The Company has informed Parent that as of March 3, 1997 there were outstanding 90,791,678 Shares and options or other rights to purchase Shares. Parent beneficially owns 17,775,124 Shares (excluding 15,955,477 Common Shares issuable upon exercise of the Company Stock Option, which is currently exercisable by Parent), all of which Shares were acquired by Purchaser in the First Offer. In addition, if Parent and Norfolk Southern Corporation ("NSC") were to reach an agreement relating to the joint acquisition of the Company as described in this Second Supplement, the 8,200,100 Common Shares beneficially owned by NSC through its voting trust would be included in the computation toward satisfaction of the Minimum Condition. For purposes of the Second Offer, "fully diluted basis" assumes the issuance of all Shares upon the exercise of all outstanding stock options (other than pursuant to the Company Stock Option), whether or not such stock options are presently exercisable.



Based on the foregoing and assuming no additional Shares (or options, warrants or rights exercisable for, or securities convertible into, Shares) have been or will be issued after March 3, 1997, if Purchaser were to purchase 27,711,506 Shares pursuant to the Offer (or 19,511,406 Shares if Parent and NSC jointly were to acquire the Company), the Minimum Condition would be satisfied. The Merger Agreement provides that, without the consent of the Company, Purchaser will not waive the Minimum Condition.

The Second Offer is no longer conditioned upon Purchaser being satisfied, in its reasonable judgment, that the Pennsylvania Control Transaction Law is inapplicable to the Company.

The Second Offer is being made pursuant to the Merger Agreement which provides that, following the completion (or expiration) of the Second Offer and the satisfaction or waiver of certain conditions, Purchaser will be merged with and into the Company (the "Merger"), with the Company as the surviving corporation (the "Surviving Corporation"), in accordance with the Pennsylvania Business Corporation Law of 1988, as amended (the "Pennsylvania Law"). As more fully described in Section 7 of this Second Supplement, in the Merger, each outstanding Share (other than Shares held in the treasury of the Company or owned by Parent, Purchaser or any of their respective subsidiaries or affiliates, or any third party, its subsidiaries or affiliates that may, jointly together with Parent, acquire an equity ownership interest in any vehicle that may acquire the Company) will be converted into the right to receive \$115 in cash, without interest. The time at which the Merger is consummated in accordance with the Merger Agreement is hereinafter referred to as the "Effective Time."

Lazard Frères and Morgan Stanley, the Company's financial advisors, have each delivered to the Board of Directors of the Company a written opinion to the effect that, as of the date of the Third Amendment, the consideration to be received by the holders of Shares pursuant to the Second Offer and the Merger, taken together, is fair from a financial point of view to such shareholders. A copy of such opinions are included in the Company's Supplement to its Solicitation/Recommendation Statement on Schedule 14D-9 (the "Schedule 14D-9 Supplement") which is being mailed to shareholders concurrently herewith, and shareholders are urged to read each such opinion in its entirety for a description of the assumptions made, matters considered and limitations of the reviews undertaken by each of Lazard Frères and Morgan Stanley.

The Merger may be approved by the affirmative vote of holders of a majority of the outstanding Shares. Therefore, if the Minimum Condition is satisfied and the Second Offer is consummated, Purchaser will own a sufficient number of Shares to ensure that the Merger is approved.

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

Under the Third Amendment, Parent has sole authority to conduct negotiations and enter into agreements with any other company (including NSC) with respect to the acquisition by any such other company of any of the Company's securities or assets or any trackage rights or other concessions relating to the Company's assets or operations. It is Parent's intention to commence negotiations with NSC promptly in order to reach an agreement that provides for a roughly equal division of the Company's system between Parent and NSC, and then together with NSC prepare and file a joint application with the STB. Parent expects that the division of the Company will be generally consistent with the basic outline received by Parent and the Company from NSC. See Sections 5, 6 and 9 of this Second Supplement.

In the Third Amendment, the Company has agreed that it will use reasonable efforts to cooperate with Parent in connection with the negotiations referred to in the preceding paragraph and, if necessary or appropriate to facilitate a transaction, the Company will further amend the Merger Agreement or take any other action (including taking any Board action that may be required under any state anti-takeover statute or by amending the Rights Agreement or the Second Offer to include a co-bidder) so long as such amendment does not adversely affect the Company in respect of the benefits to be received by its shareholders or employees under the Merger Agreement or delay or adversely affect the transactions contemplated by the Merger Agreement. See Section 7 of this Second Supplement.

Procedures for tendering Shares are set forth in Section 3 of the Offer to Purchase. Tendering shareholders may use the original (blue) Letter of Transmittal and the original (gray) Notice of Guaranteed Delivery previously circulated with the Offer to Purchase, the revised (blue) Letter of Transmittal and revised (gray) Notice of Guaranteed Delivery circulated with the First Supplement or the revised (blue) Letter of Transmittal and revised (gray) Notice of Guaranteed Delivery circulated with this Second Supplement. While the original Letter of Transmittal circulated with the Offer to Purchase refers to the Offer to Purchase, the revised Letter of Transmittal circulated with the First Supplement refers to the Offer to Purchase and the First Supplement, and the Letter of Transmittal circulated with this Second Supplement refers to the Offer to Purchase, the First Supplement and this Second Supplement, shareholders using any such document to tender Shares will nevertheless receive \$115 per Share for each Share validly tendered and not withdrawn and accepted for payment pursuant to the Second Offer, subject to the conditions of the Second Offer, and no proration will apply. Shareholders who have previously validly tendered and not withdrawn Shares pursuant to the Second Offer are not required to take any further action in order to receive, subject to the conditions of the Second Offer, the increased tender price of \$115 per Share, if the Shares are accepted for payment and paid for by Purchaser pursuant to the Second Offer, except as may be required by the guaranteed delivery procedures if such procedures were utilized. See Section 3 of the Offer to Purchase and Section 1 of this Second Supplement.

**THE OFFER TO PURCHASE, THE FIRST SUPPLEMENT, THIS SECOND SUPPLEMENT AND THE LETTERS OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE SECOND OFFER.**

**1. Amended Terms of the Second Offer; Expiration Date.** The discussion set forth in Section 1 of the Offer to Purchase, Section 1 of the First Supplement and the amendments thereto are hereby amended and supplemented as follows:

The Second Offer is being made for all Shares. The price per Share to be paid pursuant to the Second Offer has been increased from \$110 per Share to \$115 per Share, net to the seller in cash, without interest thereon. All shareholders whose Shares are validly tendered and not withdrawn and accepted for payment pursuant to the Second Offer (including Shares tendered prior to the date of this Second Supplement) will receive the increased price, and no proration will apply. The term "Expiration Date" means 5:00 P.M., New York City time, on Friday, April 18, 1997 unless and until Purchaser, in its sole discretion (but subject to the terms of the Merger Agreement), shall have extended the period of time during which the Second Offer is open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Second Offer, as so extended by Purchaser, shall expire. The Merger Agreement provides that, in the event all conditions to Purchaser's obligation to purchase Shares under the Second Offer at any scheduled expiration thereof are satisfied other than the Minimum Condition, Purchaser shall, from time to time, extend the Second Offer until the earlier of December 31, 1997 or such time as the Minimum Condition is satisfied or waived in accordance with the Merger Agreement. The Merger Agreement provides that, without the consent of the Company, Purchaser will not waive the Minimum Condition. The Merger Agreement further provides that Purchaser in its sole discretion may extend the Second Offer, from time to time, until June 2, 1997, whether or not the conditions to the Second Offer have been satisfied or waived.

This Second Supplement, the revised (blue) Letter of Transmittal and other relevant materials will be mailed to record holders of Shares whose names appear on the Company's shareholder list and will be furnished, for subsequent transmittal to beneficial owners of Shares, to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing.

**2. Certain Federal Income Tax Consequences.** The discussion set forth in Section 5 of the Offer to Purchase, Section 5 of the First Supplement and the amendments thereto are hereby amended and replaced in their entirety by the following:

*The following discussion is a summary of the material federal income tax consequences of the Second Offer and the Merger to holders of Shares who hold Shares as capital assets. The discussion set forth below is*



*for general information only and may not apply to certain categories of holders of Shares subject to special treatment under the Internal Revenue Code of 1986, as amended (the "Code"), such as foreign holders and holders who acquired such Shares pursuant to the exercise of employee stock options or otherwise as compensation. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change, retroactively or prospectively, and to possibly differing interpretations. Shareholders are urged to consult their own tax advisors to determine the specific tax consequences of the Second Offer and the Merger, including any federal, state, local or other tax consequences (including any tax return filing or other tax reporting requirements) of the Second Offer and the Merger.*

The receipt of cash for Shares pursuant to the Second Offer or the Merger will be a taxable transaction for federal income tax purposes and may also be a taxable transaction under applicable state, local, foreign and other tax laws. For United States federal income tax purposes, each selling or exchanging shareholder would generally recognize gain or loss equal to the difference between the amount of cash received and such shareholder's tax basis for the sold or exchanged Shares. Such gain or loss will be capital gain or loss (assuming the Shares are held as a capital asset) and any such capital gain or loss will be long term capital gain if, as of the date of sale or exchange, the Shares were held for more than one year or will be short term if, as of such date, the Shares were held for one year or less. Under present law, long-term capital gains recognized by an individual shareholder generally will be taxed at up to a maximum federal marginal tax rate of 28%, and long-term capital gains recognized by a corporate shareholder will be taxed at up to a maximum federal marginal tax rate of 35%.

#### **Withholding**

Unless a shareholder complies with certain reporting and/or certification procedures or is an exempt recipient under applicable provisions of the Code and Treasury Regulations promulgated thereunder, such shareholder may be subject to withholding tax of 31% with respect to any cash payments received pursuant to the Second Offer and/or the Merger. Shareholders should consult their brokers or the Depositary to ensure compliance with such procedures. Foreign shareholders should consult with their own tax advisors regarding withholding taxes in general.

**TO PREVENT BACKUP FEDERAL INCOME TAX WITHHOLDING WITH RESPECT TO PAYMENT TO CERTAIN SHAREHOLDERS OF THE PURCHASE PRICE FOR SHARES PURCHASED PURSUANT TO THE SECOND OFFER, EACH SUCH SHAREHOLDER MUST PROVIDE THE DEPOSITARY WITH SUCH SHAREHOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER AND CERTIFY THAT SUCH SHAREHOLDER IS NOT SUBJECT TO BACKUP FEDERAL INCOME TAX WITHHOLDING BY COMPLETING THE SUBSTITUTE FORM W-9 IN THE LETTER OF TRANSMITTAL. IF BACKUP WITHHOLDING APPLIES WITH RESPECT TO A SHAREHOLDER, THE DEPOSITARY IS REQUIRED TO WITHHOLD 31% OF ANY PAYMENTS MADE TO SUCH SHAREHOLDER. SEE INSTRUCTION 9 OF THE LETTER OF TRANSMITTAL.**

**3. Price Range of Shares; Dividends.** The discussion set forth in Section 6 of the Offer to Purchase, Section 2 of the First Supplement and the amendments thereto are hereby amended and supplemented as follows:

According to published financial sources, the high and low sales prices per Common Share on the NYSE composite tape for the fourth quarter of 1996 were \$100 $\frac{1}{4}$  and \$68 $\frac{1}{2}$ , respectively. The high and low sales prices per Common Share on the NYSE composite tape for the first quarter of 1997 (through March 6, 1997) were \$113 and \$98 $\frac{1}{2}$ , respectively. On February 28, 1997, the last full trading day prior to the publication of reports that Parent and the Company were engaged in discussions relating to amending the terms of the Second Offer upon the terms set forth in this Second Supplement, the reported closing sale price per Common Share on the NYSE composite tape was \$104 $\frac{1}{2}$ . 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 and the amendments thereto are hereby amended and supplemented as follows:

Purchaser estimates that the total amount of funds required to purchase all outstanding Shares pursuant to the Second Offer and to pay all related costs and expenses will be approximately \$8.5 billion. See "Fees and Expenses" in Section 17 of the Offer to Purchase. In the event that, prior to consummation of the Second Offer, Parent and NSC reach agreement as to a joint acquisition of the Company (see "Introduction" and Sections 5 and 6 of this Second Supplement), a portion of the funds so required may be provided by NSC (in which case, the Second Offer will be further amended). While Parent believes that it and NSC will reach an agreement as to a division of the Company, there can be no assurance that such an agreement will be reached or, if reached, the timing or terms thereof. The Second Offer is not conditioned on Parent and NSC reaching any such agreement or on NSC providing any portion of the funds required for Purchaser to purchase Shares pursuant to the Second Offer and the Merger.

Purchaser plans to obtain the necessary funds through capital contributions or advances made by Parent. Parent plans to obtain the funds for such capital contributions or advances from its available cash and working capital, and either through the issuance of long- or short-term debt securities (including, without limitation, commercial paper notes) or under the Facility pursuant to an amendment, as described below, which Parent intends to seek.

In connection with the Third Amendment, Parent intends to seek an amendment to the Credit Agreement to increase the aggregate principal sum of the Facility (i) to finance the purchase of all Shares pursuant to the Second Offer, the Merger, the exercise of the Company Stock Option or otherwise, regardless of whether Parent and NSC reach agreement, and (ii) following the Merger, to provide working capital and for other general corporate purposes. While Parent believes that it will be successful in obtaining such an amendment, there can be no assurance that it will be successful in achieving such an amendment. The Second Offer, however, is not conditioned on obtaining such an amendment or otherwise obtaining financing.

It is anticipated that the indebtedness incurred by Parent in connection with the transactions contemplated by the Merger Agreement will be repaid from funds generated internally by Parent and its subsidiaries (including, after the Merger, if consummated, dividends paid by the Surviving Corporation and its subsidiaries), through additional borrowings, through application of proceeds of dispositions or through a combination of two or more 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 Second Offer Since December 19, 1996; Contacts with the Company.* The discussion set forth in Section 11 of the Offer to Purchase, Section 3 of the First Supplement and the amendments thereto are hereby amended and supplemented as follows:

On December 19, 1996, Conrail and CSX issued the following press release announcing execution of the Second Amendment:

**CSX AND CONRAIL INCREASE MERGER CONSIDERATION  
BY \$16 PER SHARE**

**VOTING TRUST TO PERMIT EARLY 1997 PAYMENT  
OF MERGER CONSIDERATION TO CONRAIL SHAREHOLDERS**

**CASH PORTION TO REMAIN AT \$110 PER CONRAIL SHARE**

**TENDER OFFER EXTENDED UNTIL JANUARY 22, 1997**

**SPECIAL CONRAIL SHAREHOLDER MEETING  
NOW SCHEDULED FOR JANUARY 17, 1997**

**PHILADELPHIA, PA AND RICHMOND, VA (DECEMBER 19, 1996) — Conrail Inc.  
(NYSE: CRR) and CSX Corporation (NYSE: CSX) announced today that they have amended**

their merger agreement to increase the merger consideration by \$16 per Conrail share, or approximately \$870 million in the aggregate. Conrail shareholders will also benefit from the significant value of receiving the merger consideration earlier than previously contemplated. Conrail shareholders will now receive in the merger, for 60% of their shares, an additional \$16 per share in CSX convertible preferred stock, the terms of which will be set prior to the merger so that such securities would trade at par on a fully distributed basis. This is in addition to the tax-free 1.85619 shares of CSX common stock to be received in the merger.

The amended agreement also provides that the merger will occur at the time of the CSX and Conrail shareholders meetings for approval of matters related to the merger. These meetings are expected to be held in the first quarter of 1997. Upon shareholder approval and consummation of the merger, the Conrail shareholders would receive the merger consideration of CSX common stock and CSX Convertible Preferred Stock. All the Conrail Stock acquired by CSX, both in the tender and in the merger, would be placed in a voting trust pending the outcome of the Surface Transportation Board's (STB) proceeding.

CSX has already purchased 19.9% of Conrail's common and ESOP preferred stock, through a tender offer for \$110 in cash per Conrail share. CSX is currently offering to purchase up to an additional 18,344,845 shares of Conrail through a second cash tender offer at \$110 per share.

David M. LeVan, chairman, president and chief executive officer of Conrail, said "Because of the actions taken by the Conrail board, our shareholders are receiving extraordinary value in our strategic merger-of-equals with CSX. The original terms of the merger provided our shareholders with a price at the high end of what has been paid in railroad mergers. That price has since been increased by more than \$1.5 billion before taking into account the significant value associated with receiving the merger consideration in early 1997. In every respect, this merger holds great potential and clearly offers the best possible result for Conrail. This amendment to the merger agreement reaffirms the decision of the Conrail board that is not willing to agree to the sale of Conrail to Norfolk Southern."

John W. Snow, chairman, president and chief executive officer of CSX said "The actions taken by the CSX and Conrail boards allow us to move on to the next stage of the process, the filing of our merger application with the STB. We are confident that we will present a strong case and look forward to building the world's leading transportation and logistics company."

The amended merger agreement provides that the period of time during which each of Conrail and CSX has agreed that it will not discuss or agree to any takeover proposal with a third party has been extended to the termination date under the merger agreement, December 31, 1998. CSX and Conrail also announced that the CSX tender offer has been extended to 5:00 p.m., Eastern Standard Time, on January 22, 1997 and the special shareholders meeting seeking approval of the opt-out of the Pennsylvania statute has been postponed to 2:00 p.m., Eastern Standard Time, on January 17, 1997. CSX has been advised by the depositary, on a preliminary basis, that fewer than 100,000 shares have been tendered into the CSX offer as of the close of business on December 18, 1996.

On December 19, 1996, NSC announced an increase in the price offered in the Hostile Offer to \$115, which increased Hostile Offer was again rejected by the Conrail Board on December 20, 1996.

On January 2, 1997, Parent and Purchaser, through the Voting Trust, sold 85,000 Common Shares (with proxies to vote such shares at the Pennsylvania Special Meeting), at an average per share price of \$98.983, in order to moot certain claims by NSC in litigation relative to the Pennsylvania Control Transaction Law.

On January 9, 1997, the United States District Court for the Eastern District of Pennsylvania denied the motions of NSC and the shareholder-plaintiffs for a preliminary injunction to invalidate certain provisions of the Merger Agreement and to enjoin the Pennsylvania Special Meeting scheduled for January 17, 1997, including on the basis of their contentions that the Pennsylvania Control Transaction Law had been triggered by Parent's purchase of Shares in the First Offer. NSC and the shareholder-plaintiffs appealed such ruling to



the United States Court of Appeals for the Third Circuit and moved for an expedited appeal and an injunction pending appeal, seeking to enjoin the Pennsylvania Special Meeting scheduled for January 17, 1997.

On January 13, 1997, NSC announced a "pledge" that if Company shareholders defeated the proposal to approve the Articles Amendment at the January 17 Pennsylvania Special Meeting, NSC would promptly amend the Hostile Offer to eliminate all of the conditions thereto and to reduce the aggregate number of Shares sought in the Hostile Offer to approximately 8,200,000 Shares. At such time, NSC also announced that following completion of the amended Hostile Offer, it would commence a tender offer for all the remaining Shares at \$115 per Share (the "Second Hostile Offer").

On January 13, 1997, Parent and the Company issued the following joint press release in response to NSC's January 13 "pledge."

**RICHMOND, VA AND PHILADELPHIA, PA (JANUARY 13, 1996) — CSX Corporation [NYSE:CSX] and Conrail Inc. [NYSE:CRR] issued the following statement:**

"Today's announcement by Norfolk Southern changes nothing. The fact is the CSX-Conrail merger is the only transaction where Conrail shareholders can receive value for 100% of their shares. No transaction with Norfolk Southern can occur until January 1999, at the earliest.

"Norfolk Southern has misrepresented the implications of the Surface Transportation Board's (STB) decision which refused to invalidate the two-year exclusivity provision. CSX and Conrail believe that the STB cannot require the consummation of a merger that has not been approved by the Conrail Board of Directors."

On January 15, 1997, Parent and the Company issued the following joint press release:

**APPEALS COURT REJECTS NORFOLK SOUTHERN'S REQUEST TO  
ENJOIN CONRAIL SHAREHOLDER VOTE**

**RICHMOND, VA AND PHILADELPHIA, PA, JANUARY 15, 1997 — CSX Corp. (CSX) (NYSE:CSX) and Conrail Inc. (Conrail) (NYSE:CRR) today announced that they are pleased with the decision by the United States Court of Appeals for the Third Circuit rejecting Norfolk Southern's application for an injunction pending appeal of the January 9 decision by the U.S. District Court for the Eastern District of Pennsylvania.**

**CSX and Conrail today issued the following statement:**

"We are pleased that the U.S. Court of Appeals has refused to enjoin the Conrail shareholder meeting set for Friday, January 17. This is another blow to Norfolk Southern's continuing hostile attempts to derail the merger of Conrail and CSX. We now look forward to moving ahead towards the completion of our strategic merger."

The District Court decision rejected Norfolk Southern's motion for a preliminary injunction to invalidate the exclusivity period contained in the merger agreement between CSX and Conrail and enjoin the shareholder vote scheduled for January 17. In its application to the Third Circuit Court of Appeals, Norfolk Southern sought to enjoin the Conrail shareholder vote scheduled for January 17 until its appeal of the District Court decision could be heard.

On January 17, 1997, the Pennsylvania Special Meeting was held, and Parent issued the following press release:

**CSX SAYS APPARENT VOTE WILL NOT ALTER CSX AND  
CONRAIL'S ABILITY TO COMPLETE MERGER**

**RICHMOND, VA — Jan. 17, 1997 — CSX Corp. (CSX) (NYSE: CSX) said that today's apparent vote by Conrail shareholders refusing to opt out of the Pennsylvania Control Transaction**



statute will not alter its firm commitment to the CSX-Conrail merger and will not affect the ultimate outcome.

John W. Snow, chairman, president and chief executive officer of CSX, issued the following statement:

"In light of Norfolk Southern's calculated and massive disinformation campaign coupled with its last-ditch, conditional 9.9% tender offer intended to provide Conrail shareholders with over \$1 billion in cash as payment for a "no" vote, this apparent outcome is not surprising. The apparent "no" vote procured by Norfolk Southern simply postpones the eventual completion of our strategic merger of equals and delays the ability of Conrail's shareholders to receive the full consideration that will be provided by the CSX-Conrail transaction.

"We remain fully and firmly committed to the CSX-Conrail merger of equals. We are confident we will eventually prevail with Conrail's shareholders and then present a compelling application for approval of the merger to the Surface Transportation Board.

"Norfolk Southern has succeeded only in confusing the issue. The CSX-Conrail merger remains the right merger, of the right companies, at the right price and, in time, it will be approved.

"There is not now, nor will there be, a viable alternative to the CSX-Conrail merger. The CSX and Conrail boards both have committed that neither company will even hold discussions with any other company regarding a business combination for at least two years, and the Federal courts and the Surface Transportation Board (STB) both have upheld that key provision of the CSX-Conrail merger agreement.

"We have no intention of amending or altering our merger agreement in any way in light of this apparent vote. Those who voted against the opt-out in the expectation that their vote will force CSX to raise its price will be disappointed. We believe the CSX transaction provides the maximum value to all Conrail constituents.

"CSX and Conrail's managements are now preparing a compelling case demonstrating the unique commercial and public policy benefits of the merger, which will be presented to the STB in March of 1997. This case will also demonstrate to investors the clearly realizable financial synergies, new business opportunities and transportation efficiencies that will result. At an appropriate time, Conrail will again hold an opt-out vote and, ultimately, we will proceed with the successful completion of this merger.

"Our commitment to completing this merger at the stated terms is unflagging," Snow concluded.

CSX also corrected four other matters raised in Norfolk Southern's disinformation campaign:

- Contrary to statements made by Norfolk Southern, both CSX and Conrail have repeatedly stated they will not meet with Norfolk Southern until *after* they have rebuffed all challenges to the CSX-Conrail merger.
- Norfolk Southern's claims that the Conrail board can be replaced in 1997 simply are erroneous. This situation is not possible. Conrail has a staggered board and Conrail's shareholder rights plan (poison pill) can be redeemed or altered only by participation of the current Conrail board, which is unified in its support of the CSX-Conrail merger.
- Any offer from Norfolk Southern must be discounted — for at least the length of the two-year exclusivity period. Conrail's Board has never expressed an interest in entering into merger negotiations with Norfolk Southern at the end of the two year exclusivity period.

- There are no circumstances under which the STB can force the Conrail board to accept a merger with Norfolk Southern without the Conrail Board's approval. The Conrail Board, unified in its support of the CSX-Conrail merger, has repeatedly rejected Norfolk Southern's overtures.

On January 21, 1997, Messrs LeVan and Snow received the following letter from David R. Goode, Chairman, President and Chief Executive Officer of NSC:

Dear David and John:

The Conrail shareholders' vote last Friday places a responsibility on us to work out a rail structure in the East that will be in the long-term interests of all constituencies served by our companies. I believe that this can be accomplished if we sit down and try.

I believe that we can achieve balanced competition in the East with the greatest continuity in existing operations by combining Norfolk Southern and Conrail and providing to a competitor such as CSX its own routes into the Northeast/Mid-Atlantic region from the West and South, so that the result is competing networks of equivalent scope, scale and market access.

You have a different, but perhaps not irreconcilable, vision of the 21st century railroad map. Accordingly, we are prepared to enter into discussions with no preconditions other than recognition of our pledge to the Conrail shareholders that Norfolk Southern will only enter into an agreement with Conrail or CSX that gives to Conrail shareholders an all cash offer of \$115 per share.

I look forward to your reply. Your initiative and our determination are hallmarks of great companies capable of finding a public interest resolution of their differences.

Sincerely,

David R. Goode

Also on January 21, 1997, it was reported that, in an interview, the Chairman of the STB indicated that, if Parent and NSC did not negotiate a settlement, the STB would, under certain circumstances, be prepared to develop a plan to produce two rail systems of roughly equal competitive strength, and that the STB would not necessarily view the grant of trackage rights as a sufficient competitive solution.

On January 22, 1997, Messrs. LeVan and Snow delivered the following letter to Mr. Goode in response to his letter of January 21, 1997:

Dear David:

Thank you for your letter of January 21, 1997. It certainly is timely in light of Chairman Morgan's very positive suggestions that we work together to best serve the public's interest.

We are fully committed to the CSX/Conrail merger. We believe our merger, together with your participation, will enable us to best serve the interests of all our constituencies, preserve our merger synergies and yield a pro-competitive result. We recognize that you have a different view of our merger, nevertheless, we should, as Chairman Morgan urges, meet and talk. This can and should be done without any preconditions that would limit our discussions or otherwise prejudice our respective positions.

Let us be very clear, no one should interpret from our meeting that either party has changed its position. Our objective, which we are sure you share, is to assure that the public's interest in strong, viable competition is met. We want no winner or loser, other than to be sure that the public is a winner.

We sincerely hope with all that is at stake that we can begin meaningful and candid discussions. We look forward to meeting with you at your earliest convenience and will be in contact with your office to arrange a mutually convenient place and time.

Sincerely,

John W. Snow  
Chairman, President & CEO  
CSX Corporation

David M. LeVan  
Chairman, President & CEO  
Conrail Inc.

Also on January 22, 1997, Parent and Purchaser extended the Second Offer until 5:00 p.m., Eastern Standard Time, on February 14, 1997.

On January 22, 1997, NSC amended the Hostile Offer to eliminate all of the conditions thereto and to reduce the aggregate number of Shares sought in the Hostile Offer to 8,200,000 Shares (or approximately 9.9% of the outstanding Shares).

On January 28, 1997, the Company announced that, while its Board of Directors remains fully committed to the Merger, the Board was not taking a position with respect to the Hostile Offer for 8,200,000 Shares. The Company further stated that its Board of Directors believes that shareholders who wish to receive cash for a portion of their Shares should feel free to tender Shares into the Hostile Offer; on the other hand, shareholders who desire to continue to participate in the future growth of the railroad industry and in the substantial upside potential of the Merger should retain their Shares and not tender into the Hostile Offer.

On January 31, 1997, the Company, Parent and NSC issued the following joint press release:

WASHINGTON, DC — JAN. 31, 1997 — Conrail Inc. (NYSE: CRR), CSX Corp. (CSX) (NYSE: CSX) and Norfolk Southern Corp. (NYSE: NSC) today released the following statement following the initial meeting between the parties:

"Conrail, CSX and Norfolk Southern have concluded their meeting and have agreed that no further details on this meeting or timing of future meetings will be announced."

On January 31, 1997, the Company announced that it had designated December 19, 1997 as the date for its 1997 annual meeting of shareholders should one be required.

On February 5, 1997, NSC announced that it had accepted for payment 8,200,000 Shares pursuant to the Hostile Offer.

On February 10, 1997, NSC announced that it was nominating a slate of five directors to serve on the Company's Board of Directors and stated that it would also seek to remove all but three current members of the Company's Board at the 1997 annual meeting of shareholders.

On February 12, 1997, NSC commenced the Second Hostile Offer at a price of \$115 per Share in cash.

On February 14, 1997, Parent and Purchaser extended the Second Offer until 5:00 p.m., Eastern Standard Time, on March 14, 1997.

On February 24, 1997, Parent and the Company received the following letter from NSC:

Dear David and John:

As you know, we will soon file an Application at the Surface Transportation Board (STB) for authority to acquire Conrail and, in order to achieve balanced competition, make available to another Class I railroad certain lines and rights. Because of Norfolk Southern's limited presence in the region, the Application represents a solution which is effective and relatively easy to implement, and which we believe will be attractive to shippers, public agencies and the STB.

However, in an effort to respond to political and regulatory calls for settling our differences, we are prepared to offer an alternative (the Plan) for comprehensive resolution of the issues confronting



the eastern railroads. The Plan offers a different approach which will require the talents of all three of our organizations to implement. The enclosed map details the Plan, showing Conrail/CSX and Conrail/Norfolk Southern operations. Conrail/CSX has a north-south route and the east-west route over Buffalo (part of old New York Central). Conrail/Norfolk Southern has a north-south route and the east-west over Pittsburgh (part of old Pennsylvania).

If you endorse the Plan, promptly after completion of definitive documentation for the Plan, Norfolk Southern and CSX will offer to acquire all the common and ESOP stock of Conrail (other than shares already in the CSX and Norfolk Southern voting trusts) for \$115 cash per share and upon acquisition will deposit such shares in a voting trust or trusts. Upon completion of the tender offer, the remaining Conrail shares will be acquired in a merger. To carry out all these steps, Norfolk Southern and CSX will form a new entity.

As soon as regulatory approval and labor implementing agreements are effective, Conrail will make available to Norfolk Southern and to CSX for their respective operation and control the Conrail lines and rights indicated on the map and all other Conrail operating assets. Such operation and control will be exclusive except with respect to trackage rights or joint arrangements or where both CSX and Norfolk Southern would need joint rights at terminal facilities. At some point in the future consistent with our respective business objectives, the necessary steps would be taken to make the new alignments final.

Conrail's corporate headquarters will continue to be Philadelphia. The assets associated with Norfolk Southern will include the Pittsburgh service center and the Altoona and Hollidaysburg shop facilities. The assets associated with CSX will include the Philadelphia headquarters. Conrail employees in general will remain with the Conrail/CSX and Conrail/Norfolk Southern operations and assets, as determined by implementing agreements under the statute. Similarly, employees affected by coordinations between Conrail and CSX, and Conrail and Norfolk Southern, will be entitled to protection to the extent provided by statute. We anticipate that Conrail employee options and benefits would be handled in a manner analogous to that in the present Conrail/CSX agreement.

The costs of acquiring all of the Conrail stock will be divided in proportion to the Conrail gross freight revenues which will accrue to Conrail/CSX operations and to Conrail/Norfolk Southern operations under the Plan (the Percentages). The calculation will be based on a study of Conrail's 1996 gross freight revenues, using standard traffic study methodology familiar to all the parties. Norfolk Southern's and CSX's interests in the new entity formed to accomplish the Plan will be in proportion to their Percentages. Conrail assets and liabilities not otherwise provided for (and not relating to a Conrail/CSX line or a Conrail/Norfolk Southern line) will ultimately be discharged or allocated in accordance with the Percentages. Tax costs, if any, associated with the Plan will generally be shared in accordance with the Percentages.

Norfolk Southern is ready to begin immediately drafting documentation and pursuing the corporate actions and regulatory approvals necessary to implement the Plan. It is suggested that, with respect to their individual interests, CSX and Norfolk Southern may consider jointly engaging an independent party to expedite and mediate the process of documentation, with instructions to strive for fair, realizable and administratively simple provisions consistent with the outline here provided.

The Plan is offered without prejudice to our forthcoming Application to the STB. We believe that the Application and the competitive alternative it proposes will provide an appropriate resolution if we cannot agree on the Plan. Upon completion of definitive documentation for the Plan, the Norfolk Southern and CSX applications could be supplemented or converted into a joint application to accomplish the Plan. The result of either the Application or the Plan could be an eastern railroad structure in which the Conrail/CSX and Conrail/Norfolk Southern systems compete at and between most of the major ports and markets east of the Mississippi. We believe this



is a sound basis on which to build an internationally competitive economy in the region, and that the benefits of this compromise extend to our companies, employees and customers.

We are willing to consider any alternative suggestions for accomplishing the same results as the Plan, which in any event is subject to confirmation of the analysis used to develop it since we do not possess the information necessary for complete validation of our estimates. Because this initiative will complicate ongoing negotiations with other railroads concerning the competitive alternative Norfolk Southern will offer in its STB Application, we must ask to hear from you by the close of business Monday, March 3, concerning your interest in seriously pursuing a solution along these lines.

Sincerely,  
David

On February 25, 1997, the Company announced that its Board of Directors had unanimously recommended that shareholders not tender their Shares pursuant to the Second Hostile Offer. Shortly thereafter, Parent and the Company began discussions toward the Third Amendment.

On March 3, 1997, the Company issued the following press release:

**Conrail Board Acts On Stay Bonuses,  
Enhanced Severance Packages  
In Event Of Acquisition Of Company**

PHILADELPHIA, March 3, 1997 — Conrail (NYSE: CRR) announced today that its Board of Directors has taken action with respect to stay bonuses and enhanced severance packages to protect Conrail employees not covered by collective bargaining agreements in the event of an acquisition of the Company. The Board was mindful that employees covered by collective bargaining agreements may qualify for up to six years' protection under federal law.

While the Board expressed its disappointment that recent events indicate that all the strategic goals reflected in the Merger Agreement with CSX may not be attainable, the Board expressed confidence that the final resolution will be beneficial to all the Company's constituencies. In light of these developments, the Board also authorized its management and representatives to negotiate amendments to the CSX merger agreement that would assure that the Conrail shareholders receive \$115 in cash per share at the earliest possible date.

On March 3, 1997, Parent issued the following press release:

RICHMOND, Va., March 3, 1997 — CSX Corporation today confirmed it has begun negotiations with Conrail Inc. on the matters outlined by Conrail today.

John W. Snow, chairman, president and chief executive officer of CSX, said, "We look forward to these negotiations with great anticipation, fully expecting to resolve these issues and bring forth a proposal that will serve the best interests of all constituents and provide a pro-competitive solution in the East."

On March 3, 1997, NSC issued the following press release:

NORFOLK, VA, March 3, 1997 — The following statement was issued today by David R. Goode, Chairman, President and Chief Executive Officer of Norfolk Southern Corporation (NYSE: NSC):

"We are pleased with today's announcement that CSX and Conrail are negotiating to resolve the issues facing the eastern railroads."

"Norfolk Southern is hopeful that CSX and Conrail will quickly reach a definitive agreement that would permit CSX and Norfolk Southern to work out a plan to restructure the rail transportation system in the East into combined Conrail/Norfolk Southern and Conrail/CSX systems."

On March 7, 1997, Parent and the Company entered into the Third Amendment.

6. *Purpose of the Second Offer and the Merger; Plans for the Company.* The discussion set forth in Section 12 of the Offer to Purchase and the amendments thereto are hereby amended and supplemented as follows:

On February 24, 1997, NSC sent a letter to the Company and Parent in which NSC outlined a proposal (the "NSC Proposal") for a comprehensive settlement of the issues confronting the eastern railroads. The NSC proposal contemplates a division of the Company's routes in which Parent would acquire, among other things, a north-south route between the New York area and Philadelphia and a route from the New York area through Albany, Buffalo, and Cleveland to St. Louis (part of the old New York Central line) and NSC would acquire, among other things, north-south routes from the New York area to Washington, D.C., and to Hagerstown, Maryland, a route westward from Philadelphia (part of the old Pennsylvania Railroad line) and a route westward from the New York area to Buffalo (part of the old Erie-Lackawanna line). For a further description of the NSC Proposal, including the text of NSC's letter with respect thereto, see Section 5 of this Second Supplement.

It is Parent's intention to commence negotiations with NSC promptly in order to reach an agreement that provides for a roughly equal division of the Company's system between Parent and NSC. Under the Third Amendment, Parent has sole authority to conduct negotiations and enter into agreements with any other company (including NSC) with respect to the acquisition by any such other company of any of the Company's securities or assets or any trackage rights or other concessions relating to the Company's assets or operations. See Section 7 of this Second Supplement.

If Parent and NSC reach an agreement relating to the division of the Company's network in a timely manner, then, in accordance with the Third Amendment (see Section 7 of this Second Supplement), the Merger Agreement may be further amended, if necessary, to provide for a joint acquisition by Parent and NSC of the Shares in the Second Offer to be followed by a second-step merger, upon the terms and subject to the conditions set forth in the Second Offer and the Merger Agreement. Any such joint acquisition may involve (a) a subsequent reorganization of the Company's assets in order to permit Parent and NSC each to enter into one or more operating agreements with the Surviving Corporation following the Control Date and/or (b) the sale or other transfer of assets of the Surviving Corporation and/or its subsidiaries following the Control Date. While Parent believes that it and NSC will reach an agreement providing for the division of the Company's system, there can be no assurance that any such agreement will be reached or, if reached, the terms, structure or timing thereof.

As a result of any agreement between Parent and NSC providing for a division of the Company's network, the quantifiable benefits expected by Parent from the Merger based on the realization of cost savings from operating efficiencies, facility consolidations, overhead rationalization and other activities, and new traffic volumes earned by enhanced service will vary depending upon the specifics of such division.

Pursuant to the Third Amendment, Parent has stated its intention that, following the Control Date, the Company's Juniata locomotive shops at Altoona, Pennsylvania, Sam Ray car shops at Hollidaysburg, Pennsylvania, Pittsburgh service center and a major operating presence in Philadelphia (including headquarters of the Surviving Corporation) will be maintained.

In addition, under the Third Amendment, following the Effective Time, Parent and the Company will establish a transition team for the Company and will offer to include in its leadership the current Chief Executive Officers of the Company (or such other senior Company executive as may be acceptable to Parent) and of Parent's railroad operations. The transition team will not control the day-to-day railroad operations of the Company (which shall be under the control of the Company's Board of Directors and officers) or its subsidiaries prior to the Control Date, but will restrict its operation to planning for actions and operations to be undertaken from and after the Control Date. See Section 7 of this Second Supplement. Among other things, the Company and Parent, in connection with the transition team, will cooperate to ensure the orderly operation of the Company during the STB approval process and to ensure an orderly transition thereafter.

*7. Merger Agreement; Other Agreements.* The discussion set forth in Section 13 of the Offer to Purchase, Section 4 of the First Supplement and the amendments thereto are hereby amended and supplemented as set forth below. The following summary of certain provisions of the Merger Agreement, as amended by the Third Amendment, is qualified in its entirety by the full text of the Merger Agreement and the amendments thereto, copies of which have been filed with the SEC by Parent and Purchaser as exhibits to the Schedule 14D-1.

*The Second Offer.* The Third Amendment provides that the Second Offer be amended so that the number of Shares sought is all Shares tendered and the price offered is \$115 per Share, subject to the conditions set forth herein. Under the Third Amendment, (i) the condition relating to the Pennsylvania Control Transaction Law has been eliminated and (ii) the condition relating to pending governmental actions or proceedings has been eliminated and the condition relating to injunctions has been revised. Without the written consent of the Company, Purchaser may not decrease the Second Offer price, decrease the aggregate number of Shares sought in the Second Offer, change the form of consideration to be paid pursuant to the Second Offer, modify any of the conditions to the Second Offer, impose conditions to the Second Offer in addition to those set forth herein, except as provided hereafter, extend the Second Offer, or amend any other term or condition of the Second Offer in any manner which is adverse to the holders of Shares, it being agreed in the Merger Agreement that a waiver by Purchaser of any condition in its discretion is not deemed to be adverse to the holders of Shares; provided, however, that Purchaser may not waive the Minimum Condition without the consent of the Company; provided, further, that, if on any scheduled expiration date of the Second Offer (as it may be extended in accordance with the terms of the Merger Agreement), all conditions to the Second Offer shall not have been satisfied or waived, the Second Offer may be extended from time to time without the consent of the Company for such period of time as is reasonably expected to be necessary to satisfy the unsatisfied conditions. Parent and Purchaser have agreed that, in the event that all conditions to the Second Offer at any scheduled expiration date are satisfied other than the Minimum Condition, Purchaser will, from time to time, extend the Second Offer until the earlier of December 31, 1997 and such time as such condition is satisfied or waived in accordance herewith; provided, however, that, notwithstanding anything to the contrary contained in the Merger Agreement, without the consent of the Company (and whether or not any or all conditions to the Second Offer have been satisfied or waived), Purchaser in its discretion may, from time to time, extend the Second Offer through 5:00 p.m., New York City Time, on June 2, 1997. In addition, the Second Offer price may be increased (other than solely in order to extend the Second Offer) and the Second Offer may be extended to the extent required by law in connection with such increase, in each case without the consent of the Company.

*The Merger.* The Merger Agreement provides that, subject to the terms and conditions thereof and in accordance with the Pennsylvania Law, at the Effective Time, Purchaser will be merged with and into the Company, and the Company will be the surviving corporation of the Merger and will succeed to and assume all rights and obligations of Purchaser in accordance with the Pennsylvania Law. Pursuant to the Merger, the Articles of Incorporation and By-Laws of Purchaser will be the Articles of Incorporation and By-Laws of the Surviving Corporation until thereafter amended (except that the Articles of Incorporation of the Surviving Corporation will provide that the Surviving Corporation will be named "Conrail Inc.").

*Conversion of Shares.* The Merger Agreement provides that, at the Effective Time, each issued and outstanding Share (other than Shares to be canceled) will be converted into the right to receive \$115 per Share (the "Per Share Merger Consideration"); and Shares owned by the Company as treasury stock and Shares owned by Parent, the Company or any of their respective subsidiaries, or affiliates or any third party, its subsidiaries or affiliates that may, jointly together with Parent, acquire an equity ownership interest in any vehicle that may acquire the Company will be canceled and retired. Pursuant to the Merger Agreement, each of the issued and outstanding shares of common stock of Purchaser will be converted at the Effective Time into a fully paid and nonassessable share of common stock of the Surviving Corporation. References to the Parent Merger Securities and the Merger Preferred Stock have been deleted from the Merger Agreement.

Promptly after the Effective Time, Purchaser will cause the person authorized to act as paying agent (the "Exchange Agent") to mail to each holder of record of a certificate formerly representing Shares (i) a letter



of transmittal (which will specify that delivery will be effected, and risk of loss and title to the certificates will pass, only upon proper delivery of the certificates to the Exchange Agent and will be in such customary form and have such other provisions as Purchaser may reasonably specify) and (ii) instructions to effect the surrender of the certificates in exchange for the Per Share Merger Consideration. As promptly as practicable following the Effective Time, Purchaser will deliver, in trust (the "Exchange Trust"), to the Exchange Agent, for the benefit of holders of Shares, an amount in cash equal to the Per Share Merger Consideration multiplied by the number of Common Shares to be converted into the right to receive the Per Share Merger Consideration. Upon surrender of a certificate for cancellation to the Exchange Agent together with a letter of transmittal, duly executed, and such other customary documents as may be required pursuant to such instructions, the holder of such certificate will be paid by check in exchange therefor the amount of cash which such holder has the right to receive under the Merger Agreement and the certificate so surrendered will forthwith be canceled. In no event will the holder of any such surrendered certificate be entitled to receive interest on any cash to be received in the Merger. Until surrendered as contemplated by the Merger Agreement, each certificate will be deemed at any time after the Effective Time to evidence only the right to receive upon such surrender the Per Share Merger Consideration applicable to the Shares evidenced by such certificate.

*Voting Trust.* The Third Amendment provides that the terms of the Voting Trust governing the voting of or transfer or disposition of Shares may not be amended prior to the consummation of the Second Offer without the Company's consent.

*Board of Directors; Officers.* The directors and officers of the Company at the Effective Time will be the initial directors and officers of the Surviving Corporation and, following the Control Date, the Board of Directors of Parent will be expanded to include three outside directors from the current Board of Directors of the Company to be approved by Parent. The Third Amendment provides that, following the Effective Time, Purchaser and the Company will establish a transition team for the Company and will offer to include in the leadership of such transition team the current Chief Executive Officer of the Company (or another senior executive, as may be acceptable to Parent) and the current Chief Executive Officer of Purchaser's railroad operations to ensure the orderly operation of the Company during the STB approval process and to ensure an orderly transition thereafter. In addition, the provisions of the Merger Agreement relating to the change of Parent's Articles of Incorporation, the LeVan Employment Agreement and the headquarters location of Parent's operations following the Control Date have been deleted. The Third Amendment provides that it is Purchaser's intention that, following the Control Date: the Company's Juniata locomotive shops at Altoona, Pennsylvania; the Company's Sam Ray car shops at Hollidaysburg, Pennsylvania; the Company's Pittsburgh service center; and a major operating presence in Philadelphia (including headquarters of the Surviving Corporation) will be maintained.

*Interim Operations of the Company.* Except as otherwise set forth in the Merger Agreement, from the date of the Merger Agreement to the Control Date, the Company will, and will cause its subsidiaries to, carry on their businesses in the ordinary course consistent with past practice and in compliance in all material respects with all applicable laws and regulations and, to the extent consistent therewith, will use all reasonable efforts to preserve intact their current business organizations, use reasonable efforts to keep available the services of their current officers and other key employees as a group and preserve their relationships with those persons having business dealings with them to the end that their goodwill and ongoing businesses will be unimpaired at the Control Date. In the Merger Agreement, the Company has agreed to certain restrictions on its conduct during the period from the date of the Merger Agreement to the Control Date. Such restrictions include, without limitation, (a) limitations on (i) the payment of dividends, (ii) issuance or sales of stock or rights to acquire stock, (iii) sales, leases or encumbrances of assets, (iv) acquisitions and capital expenditures, (v) discharging or settling material claims, (vi) entering into, amending or terminating contracts, (vii) adopting or amending benefit plans or agreements, (viii) increasing compensation of directors, officers or key employees and (b) adopting any amendment to the Company's or any subsidiaries' articles of incorporation or by-laws.

The provisions of the Merger Agreement applying operating covenants such as the foregoing to Parent and regarding coordination with respect to the payment of dividends have been deleted.



Pursuant to the Merger Agreement, except as required by law, the Company has agreed that it will not, and will not permit any of its subsidiaries to, voluntarily take any action that would, or that could reasonably be expected to, result in (1) any of the representations and warranties of it set forth in the Merger Agreement or the Company Stock Option Agreement that are qualified as to materiality becoming untrue, (2) any of such representations and warranties that are not so qualified becoming untrue in any material respect, (3) any of the conditions to the consummation of the transactions contemplated by the Merger Agreement not being satisfied or (4) any material impairment or delay of STB approval. Pursuant to the Third Amendment, Parent has agreed that, except as required by law, Parent will not, and will not permit any of its subsidiaries to, voluntarily take any action that would, or that could reasonably be expected to, result in (x) any of the representations and warranties of Parent set forth in the Merger Agreement or the Company Stock Option Agreement that are qualified as to materiality becoming untrue, (y) any of such representations and warranties that are not so qualified becoming untrue in any material respect or (z) any of the conditions to the consummation of the Second Offer or the Merger not being satisfied, in any of the foregoing cases (x), (y) or (z), such as would give rise to a right to terminate the Merger Agreement. See "Termination" below. Without limiting the foregoing, Parent has agreed not to, and to not permit any of its subsidiaries to, take any action that could reasonably be expected to impair, or delay in any material respect, the consummation of the Second Offer and the Merger.

*No Solicitation.* Under the Third Amendment, (i) the obligations described under "No Solicitation" in Section 13 of the Offer to Purchase are no longer applicable to Parent, (ii) the time period described in the proviso to the first sentence of the first paragraph under "No Solicitation" in Section 13 of the Offer to Purchase has been changed to any time prior to the consummation of the Second Offer and after December 31, 1997 and (iii) the time period described in the second sentence of the second paragraph under "No Solicitation" has been changed to any time prior to the consummation of the Second Offer and after December 31, 1997 and the determination of the Company's Board of Directors required under such sentence has been changed to a determination by the Company's Board of Directors that, due to the existence of a Superior Proposal, there is not a substantial probability that the Minimum Condition will be satisfied.

*Third Party Discussions.* Notwithstanding anything to the contrary contained in the Merger Agreement, during the term of the Merger Agreement, Parent will have sole authority to (and, without the consent of Parent, the Company will not, directly or indirectly through another person) conduct and participate in any conversations, discussions or negotiations, and enter into any agreement, arrangement or understanding, with any other company engaged in the operation of railroads (including NSC) or any other person with respect to the acquisition by any such other company (including NSC) or person of any securities or assets of the Company and its subsidiaries or Parent and its subsidiaries, or any trackage rights or other concessions relating to the assets or operations of the Company and its subsidiaries or Parent and its subsidiaries, except to the extent the Company is expressly permitted to take any such action without the consent of Parent pursuant to the provisions described in "Interim Operations of the Company" above. Parent has agreed to use reasonable efforts to keep the Company apprised of the status of any such conversations, discussions or negotiations, and the Company has agreed to use reasonable efforts to cooperate and assist with Parent's efforts relating to such conversations, discussions or negotiations. In the event that, as a result of any such conversations, discussions or negotiations, it becomes necessary or appropriate to amend the Merger Agreement or to take any other action to facilitate a transaction (including by amending the Company Rights Agreement or taking any Board action that may be required under any state anti-takeover statute or by amending the Second Offer to include a co-bidder), and Parent proposes to do so, the Company will enter into an appropriate amendment to the Merger Agreement or will take such further action, provided that any such amendment will not change the form or amount of the Per Share Merger Consideration or the Second Offer Price, modify certain provisions of the Merger Agreement relating to employee benefits or otherwise adversely affect the Company (in respect of the benefits to be received by its shareholders or employees under the Merger Agreement) or delay or adversely affect the transactions contemplated by the Merger Agreement and provided further that any such amendment will be in accordance with all applicable law.

*Shareholders' Meetings.* To the extent required by applicable law, the Company will, as soon as practicable following the consummation (or expiration) of the Second Offer, file with the SEC preliminary

proxy materials and use reasonable efforts to clear such materials and thereafter duly call, give notice of, convene and hold on a date mutually agreed to by Parent and the Company a meeting of its shareholders for the purpose of obtaining the Company Merger Shareholder Approval. The Company will, through its Board of Directors, recommend to its shareholders the approval and adoption of the Second Offer and the matters to be considered at the Company Merger Shareholders Meeting, except to the extent that the Board of Directors of the Company will have withdrawn or modified its approval or recommendation of the Second Offer or the matters to be considered at the Company Merger Shareholders Meeting or terminated the Merger Agreement in accordance with the provisions described under "No Solicitation" above. Subject to the terms of the Voting Trust Agreement, Purchaser has agreed to cause all Shares acquired by it or its wholly owned subsidiaries pursuant to the First Offer, the Second Offer or otherwise to be voted in favor of approval and adoption of the matters to be considered at the Company Merger Shareholders Meeting. Notwithstanding the foregoing, in the event that Purchaser acquires at least 80% of the outstanding shares of each class of the Company's capital stock, Parent and the Company together will, subject to the conditions to the Merger, take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after such acquisition, without a meeting of the Company's shareholders, in accordance with the Pennsylvania Law.

***Tax-Free Reorganization.*** The provisions described under "Tax-Free Reorganization" in Section 13 of the Offer to Purchase have been deleted.

***Rights Agreements.*** The provisions relating to Parent's Rights Agreement described in the second paragraph under "Rights Agreements" in Section 13 of the Offer to Purchase have been deleted.

***Certain Fees and Expenses.*** The provisions described in the second paragraph under "Certain Fees and Expenses" in Section 13 of the Offer to Purchase with respect to the Company's right to receive a termination fee under certain circumstances have been deleted.

***Reasonable Efforts; Regulatory Approvals.*** At Parent's request, the Company will, and will cause each of its subsidiaries to, take all such actions as are reasonably necessary or appropriate to (i) cooperate with Parent to prepare and present to the STB or before any other federal, state or local body as soon as practicable all filings and other presentations in connection with seeking any approval, exemption or other authorization necessary to consummate the transactions contemplated by the Merger Agreement and the Company Stock Option Agreement, (ii) cooperate with Parent in the prosecution of such filings and the making of such other presentations with diligence and take no action in connection therewith without Parent's consent (including meetings with public officials and making public statements), (iii) at Parent's request, diligently join with Parent in opposing any objections to, appeals from or petitions to reconsider or reopen any such approval by persons not party to the Merger Agreement, (iv) take all actions reasonably requested by Parent to implement the transactions that are the subject of the STB proceeding, including the entry into appropriate labor implementing agreements to be effective following the Control Date, (v) take all such further action as reasonably may be requested by Parent to obtain the STB approval or any related approvals, including, subject to the other provisions of the Merger Agreement, by providing access to the Company's properties, financial records and traffic data, and (vi) take no action inconsistent with the foregoing. The actions to be taken will include the joinder by the Company, to the extent requested by Parent, in an application to exercise control over the Company and its subsidiaries and such other matters as Parent will include therein.

***Compensation and Benefits; Stock Options.*** Immediately prior to the Effective Time, each Company Employee Stock Option, whether or not then exercisable, will be canceled and the holder thereof will be entitled to receive at the Effective Time or as soon as practicable thereafter (or, if later, the date six months and one day following the grant of such Company Employee Stock Option) from the Company, an amount in cash equal to the product of (i) the number of Common Shares previously subject to such Company Employee Stock Option and (ii) the excess, if any, of the Per Share Merger Consideration over the exercise price per Common Share previously subject to such option. At Parent's request, the Company will request that the trustee of the ESOP enter into a pledge agreement with respect to the unallocated stock held in the ESOP suspense account and, thereafter, the Company will use its reasonable efforts to enter into such a pledge agreement as promptly as practicable and to cause the ESOP debt to be repaid.

*Executive Agreements.* Following the Control Date, Mr. LeVan will no longer be employed by the Company or the Surviving Corporation. Parent and the Company have agreed that Parent will pay Mr. LeVan, on the Control Date, in lieu of any stay bonus and severance or termination benefits, a lump sum equal to the economic value of the LeVan Employment Agreement (as reasonably determined by the parties in good faith). Company executives (other than Mr. LeVan) will be paid the value of their "change of control" contracts in accordance with the terms thereof if their employment with the Surviving Corporation is terminated under certain specified circumstances after the consummation of the Second Offer or if they remain employed by the Surviving Corporation until May 31, 1998.

*Effects of Merger on Employee Benefit and Stock Plans.* Parent has agreed to cause the Surviving Corporation to honor all obligations under employment agreements and employee benefit plans, programs and policies and arrangements of the Company in accordance with the terms of the Merger Agreement and, after the Control Date, to provide benefits to those employees of the Company transferred to Parent or another entity on a basis no less favorable in the aggregate than those provided to similarly situated employees of such entity. The Surviving Corporation will provide severance or supplemental retirement benefits to non-union employees (other than executive level employees) who are terminated within three years following the Control Date equal to between six months and 24 months of salary (depending upon an employee's service). Medical coverage will also be continued for these employees for specified periods. The Surviving Corporation will also establish a stay bonus program that provides a lump sum cash payment to non-union employees who remain employed until the Control Date with additional payments made to those employees who remain employed for up to six months thereafter.

*Conditions to the Merger.* The respective obligations of the Company, on the one hand, and Parent and Purchaser, on the other, to effect the Merger are subject to the satisfaction or waiver on or prior to the Closing Date (as defined in the Merger Agreement) of the following conditions: (a) the Company Shareholder Merger Approval, if required, shall have been obtained; and (b) no judgment, order, decree, statute, law, ordinance, rule, regulation, temporary restraining order, preliminary or permanent injunction or other order enacted, entered, promulgated, enforced or issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition (collectively, "Restraints") preventing the consummation of the Merger may be in effect, provided that the party asserting this condition shall have used reasonable efforts to prevent the entry of any such Restraints and to appeal as promptly as possible any such Restraints that may be entered, and there shall not be any Restraint enacted, entered, enforced or promulgated that is reasonably likely to result in a material adverse effect on the Company and Parent on a combined basis.

The obligation of Parent to effect the Merger is further subject to satisfaction or waiver of the following conditions: (a) the Company shall not have breached or failed to observe or perform in any material respect any of its covenants or agreements under the Merger Agreement to be performed by it at or prior to the Closing Date (as defined in the Merger Agreement), and the representations and warranties of the Company in the Merger Agreement shall be true and accurate both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), does not have, and is not likely to have, individually or in the aggregate, a material adverse effect on the Company (provided, however, that this condition shall be inapplicable in the event that, following consummation of the Second Offer, Parent shall have caused the removal and replacement of a majority of the members of the Company's Board of Directors); (b) at any time after the date of the Merger Agreement there will not have occurred any material adverse change relating to the Company; and (c) all actions by or in respect of or filings with any Governmental Entity required to permit the consummation of the Merger (other than approval of the STB) will have been obtained, excluding any consent, approval, clearance or confirmation the failure to obtain which would not have a material adverse effect on Parent, the Company or, after the Effective Time, the Surviving Corporation.

The obligation of the Company to effect the Merger is further subject to satisfaction or waiver of the condition that Parent shall not have breached or failed to observe or perform in any material respect any of its covenants or agreements under the Merger Agreement to be performed by it at or prior to the Closing Date,



and certain of the representations and warranties of Parent in the Merger Agreement shall be true and accurate both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), does not have, and is not likely to have, individually or in the aggregate, a material adverse effect on Parent's ability to consummate the transactions contemplated by the Merger Agreement. Neither Parent nor the Company is permitted under the Merger Agreement to rely on the failure of any condition described in this paragraph or the two immediately preceding paragraphs, as the case may be, to be satisfied if such failure was caused by such party's failure to use reasonable efforts to consummate the Merger and the other transactions contemplated by the Merger Agreement, as required by and subject to the provisions of the Merger Agreement described above under "Reasonable Efforts; Regulatory Approval."

**Termination.** The Merger Agreement may be terminated at any time prior to the Effective Time, whether before or after the Company Merger Shareholder Approval: (a) by mutual written consent of Parent and the Company; or (b) by either Parent or the Company: (i) if the Merger is not consummated by December 31, 1998, provided, however, that the right to terminate the Merger Agreement pursuant to clause (i) will not be available to (x) the Company if Purchaser consummates the Second Offer prior to such date or (y) any party whose failure to perform any of its obligations under the Merger Agreement results in the failure of the Merger to be consummated by such time; (ii) if any Governmental Entity shall have issued a Restraint or taken any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the Merger or any of the other transactions contemplated by the Merger Agreement and such Restraint or other action will have become final and nonappealable, provided, however, that the party seeking to terminate the Merger Agreement pursuant to clause (ii) shall have used all reasonable efforts to prevent the entry of and to remove such Restraint or other action; (c) by Parent, if the Company shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (A) would give rise to the failure of the condition to the Merger relating to the performance of obligations and the truth of representations and warranties, and (B) cannot be or has not been cured within 30 days after the giving of written notice to the Company of such breach (a "Company Material Breach") (provided that Parent is not then in Parent Material Breach of any covenant or other agreement contained in the Merger Agreement and provided that, if such breach is curable through the exercise of the Company's best efforts, the Merger Agreement may not be terminated pursuant to clause (c) for so long as the Company is so using its best efforts to cure such breach); (d) by Parent, if (i) the Board of Directors of the Company (or, if applicable, any committee thereof) shall have withdrawn or modified in a manner adverse to Parent its approval or recommendation of the Second Offer or the Merger or the matters to be considered at the Company Merger Shareholders Meeting or failed to reconfirm its recommendation within 15 business days after a written request to do so, or approved or recommended any Takeover Proposal in respect of the Company or (ii) the Board of Directors of the Company or any committee thereof have resolved to take any of the foregoing actions; (e) by Purchaser, if the Company or any of its officers, directors, employees, representatives or agents take any of the actions that would be proscribed by the provisions described under "No Solicitation" but for the exceptions therein allowing certain actions to be taken pursuant to the proviso in the first sentence of the first paragraph thereof or the second sentence of the second paragraph thereof; (f) by the Company, prior to consummation of the Second Offer, if Parent shall have breached or failed to perform in any material respect certain of its representations and warranties or any of its covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (A) would give rise to the failure of the condition relating to performance of obligations and the truth of representations and warranties and (B) cannot be or has not been cured within 30 days after the giving of written notice to Purchaser of such breach (a "Parent Material Breach") (provided that the Company is not then in Company Material Breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement and provided that, if such breach is curable through the exercise of Parent's best efforts, the Merger Agreement may not be terminated pursuant to clause (f) for so long as Parent is so using its best efforts to cure such breach); (g) by the Company in accordance with the provisions described under "No Solicitation," provided that it has complied with all provisions therein contained, including the notice



provisions therein, and that it complies with applicable requirements described under "Certain Fees and Expenses"; and (h) following June 2, 1997, by the Company, if Purchaser shall have failed to consummate the Second Offer unless such failure is due to the non-occurrence of a condition to the Second Offer.

**Amendments.** Prior to the Effective Time, the Merger Agreement may not be amended without the approval of a majority of Continuing Directors (as defined in the Company Rights Agreement) present on the Company Board of Directors (provided that at such time there are a minimum of two such Continuing Directors then present on the Company Board of Directors).

#### **Option Agreements**

The Parent Stock Option Agreement has been canceled in connection with the Third Amendment.

#### **Employment Agreements**

The LeVan Employment Agreement has been canceled in connection with the Third Amendment. See also "Executive Agreements" above.

#### **Voting Trust Agreement**

For a description of the Voting Trust Agreement as amended in connection with the Third Amendment, see Section 9 of this Second Supplement.

8. *Conditions of the Second Offer.* The discussion set forth in Section 15 of the Offer to Purchase and the amendments thereto are hereby amended and supplemented as follows:

The condition set forth in clause (i) of Section 15 of the Offer to Purchase relating to the Pennsylvania Control Transaction Law is deleted and replaced with the following:

(i) there shall not have been validly tendered and not withdrawn such a number of Shares which, together with the Common Shares already owned by Parent through the Voting Trust and with any Common Shares already owned by any third party, its subsidiaries or affiliates that may, jointly together with Parent, acquire an equity ownership interest in any vehicle that may acquire the Company, constitute at least a majority of the Shares outstanding on a fully diluted basis (other than upon exercise of the Company Stock Option)

The conditions set forth in subsections (2)(a) and (2)(b) of Section 15 of the Offer to Purchase are deleted and replaced with the following:

(a) there shall be any action taken, or any statute, rule, regulation, injunction, order or decree enacted, enforced, promulgated, issued or deemed applicable to the transactions contemplated by the Second Offer, the Merger or the Merger Agreement, by or before any court, government or governmental authority or agency, domestic or foreign, that, directly or indirectly, results in (x) making illegal or otherwise directly or indirectly restraining or prohibiting the making of the Second Offer, the acceptance for payment of or payment for some of or all the Shares by Parent or Purchaser or the consummation by Parent or Purchaser of the Merger or the Second Offer or (y) except for the requirements of the Voting Trust Agreement and other than any STB action which does not result in the effects described in the foregoing (x), imposing material limitations on the ability of Parent, Purchaser or any of their subsidiaries or affiliates effectively to exercise full rights of ownership of the Common Shares, including, without limitation, the right to vote any Common Shares acquired or owned by Parent, Purchaser or any of their subsidiaries; or

9. *Certain Legal Matters; Regulatory Approvals.* The discussion set forth in Section 16 of the Offer to Purchase, Section 6 of the First Supplement and the amendments thereto are hereby amended and supplemented as follows:

*STB Matters; Acquisition of Control.* STB approval or exemption of the Merger is not a condition to the Merger. However, the acquisition of control over the Company by Parent and Purchaser requires STB approval or exemption. As noted in Section 16 of the Offer to Purchase, on October 18, 1996, Parent and the Company filed with the STB a Notice of Intent to File Railroad Control Application, which indicated that the parties intended to file on or before March 1, 1997 the STB Application seeking STB approval of the acquisition of control by Parent and its affiliates of the Company and its affiliates. Under the STB's

regulations, the control application must be filed no sooner than three months and no later than six months from the date of filing the Notice of Intent. Parent and the Company have not filed the STB Application. In addition, also as noted in Section 16 of the Offer to Purchase, on November 6, 1996, NSC filed a Notice of Intent to File Railroad Control Application indicating that NSC planned to file with the STB a control application with respect to the Company on or before May 1, 1997. On February 21, 1997, NSC filed a preliminary environmental report that is required under the STB's schedule to be filed at least thirty days prior to the filing of the control application.

On January 30, 1997, the STB issued a procedural schedule in the Parent/Company docket that requires that the STB issue its final decision within 365 days of the filing of the Parent/Company application. Also on January 30, 1997, the STB issued an identical procedural schedule in the NSC docket. The STB indicated in both procedural schedules that the first application to be filed seeking control of the Company would be deemed to be the primary application and that any application from any other party would be considered a responsive or inconsistent application to that primary application. The STB would thus effectively consolidate the two applications.

Parent intends to commence negotiations with NSC promptly to effect a consensual division of the Company on a basis generally consistent with the NSC Proposal. See Section 5 of the Second Supplement. While Parent believes that it will reach agreement with NSC, there can be no assurance that such a division can be successfully negotiated.

If Parent successfully negotiates a division of the Company with NSC, it is contemplated that Parent and NSC would file a joint application with the STB for control of the Company and for such other matters involved in such division as might be required to be approved by the STB. Parent and NSC may file a new Notice of Intent to File Railroad Control Application or may request a waiver of that requirement in light of the separate filing of such notices by Parent and NSC. In addition, Parent and NSC may request that the STB establish an expedited procedural schedule to consider Parent and NSC's joint application in light of the fact that the STB will not be required to consider two competing applications for control of the Company. The STB approval process described in "STB Matters; Acquisition of Control," "Conditions" and "Judicial Review — Stay" in Section 16 of the Offer to Purchase, as amended by Section 6 of the First Supplement, would be applicable to any application to be filed by Parent and NSC seeking STB approval of acquisition of control over, or a division of, the Company.

*STB Matters, The Voting Trust.* The parties to the Voting Trust Agreement, with the Company's consent, propose to amend the Voting Trust Agreement (the "Amended Voting Trust Agreement") to reflect the Third Amendment. The amendments would, among other things, delete certain provisions requiring the Company's prior approval with respect to the amendment of provisions relating to the voting and disposition of the Trust Stock and the provision naming the Company as an express third party beneficiary of the Voting Trust Agreement following consummation of the Second Offer.

Amendment of the Voting Trust Agreement requires approval by the STB or an opinion of counsel that STB approval of such amendment is not required and that the amendment is consistent with the STB's regulations regarding voting trusts. Parent intends to obtain such an opinion of counsel and to seek informal assurance from the STB that use of the Voting Trust pursuant to the Amended Voting Trust Agreement would effectively insulate Parent and its affiliates from a violation of the governing statute and STB policy that would result from an unauthorized acquisition by Parent of a sufficient interest in the Company to result in control of the Company. While Parent believes that the Amended Voting Trust Agreement is consistent with the STB's regulations regarding voting trusts, there can be no assurance that the STB will provide the requested assurance.

It is possible that the U.S. Department of Justice or railroad competitors of Parent and the Company, or others, may argue that Parent and Purchaser should not be permitted to use the voting trust mechanism to acquire Shares and effectuate the Merger prior to final STB approval of the acquisition of control of the Company. Parent and Purchaser believe it is unlikely that such arguments would prevail, but there can be no assurance in this regard.

Under the terms of the Amended Voting Trust Agreement, the Voting Trustee is required to vote the Trust Stock in favor of the Merger, in favor of any proposal necessary or desirable to effectuate Parent and Purchaser's acquisition of the Company pursuant to the Merger Agreement, and, if there shall be with respect to the Board of Directors an "Election Contest" as defined in the proxy rules of the SEC, in which one slate of nominees shall support the effectuation of the Merger and another slate oppose it, to vote in favor of the slate supporting the effectuation of the Merger. In addition, for so long as the Merger Agreement is in effect, subject to certain exceptions, the Voting Trustee shall vote against any other proposed merger, business combination or similar transaction involving the Company, but not Parent or one of its affiliates. On certain other matters, the Voting Trustee is to vote the Trust Stock in the same proportion as all other Shares are voted with respect to such matters, except that, subject to certain exceptions, from and after the effectiveness of the Merger, the Voting Trustee is to vote the Trust Stock in accordance with the instructions of a majority of the persons who are then directors of the Company and who are currently the directors of the Company and/or nominees of the current directors of the Company. If there are no directors of the Company qualified to give such instructions or such instructions are not given, the Voting Trustee is to vote the Trust Stock in its sole discretion, having due regard for the holders of the trust certificates (representing ownership interests in the Trust Stock) solely as investors in the stock of the Company and without reference to such holders' interests in other railroads than the subsidiaries of the Company.

The Voting Trustee has agreed to take all actions reasonably requested by Parent with respect to any proposed sale or disposition of the Trust Stock by Parent or Purchaser, including, without limitation, in connection with the exercise of registration rights under the Merger Agreement. Upon (i) approval or exemption by the STB of the acquisition of control of the Company by Parent or its affiliates or (ii) if the law is amended, delivery to the Voting Trustee of an opinion of independent legal counsel that no STB or other governmental approval is required, the Voting Trustee shall either transfer the Trust Stock to Parent, Purchaser or the holder(s) of trust certificates or, if shareholder approval of the Merger has not previously been obtained, vote the Trust Stock in favor of the Merger.

In the event that (i) STB approval is not obtained by December 31, 1998 or (ii) there shall have been an STB denial, Parent has agreed to use its best efforts to sell the Trust Stock within two years after such date or STB denial, or such extension of that period as the STB shall approve. Disposition of the Trust Stock pursuant to the Amended Voting Trust Agreement shall be subject to any jurisdiction of the STB to oversee Parent's divestiture of the Trust Stock. The Voting Trustee shall continue to perform its duties under the Voting Trust Agreement and, should Parent be unsuccessful in its effort to sell the Trust Stock during the two-year period, the Voting Trustee shall as soon as practicable sell the Trust Stock for cash to eligible purchasers in such manner and for such prices as the Voting Trustee in its discretion shall deem reasonable after consultation with Parent. (An "eligible purchaser" thereunder shall be a person or entity that is not affiliated with Parent and which has all necessary regulatory authority, if any, to purchase the Trust Stock.) The Amended Voting Trust Agreement further provides that Parent will cooperate with the Voting Trustee in effecting such disposition and that the Voting Trustee will act in accordance with any direction made by Parent as to any specific terms or method of disposition, to the extent not inconsistent with the terms of the Voting Trust Agreement and the requirements of the terms of any STB or court order. The proceeds of any such sale will be distributed to Parent or, on a pro rata basis, to the holder(s) of trust certificates as then known to the Voting Trustee.

Pursuant to the Merger Agreement, subject to applicable law and the rules, regulations and practices of the STB, the Amended Voting Trust Agreement may be modified or amended, or other voting trusts may be employed with respect to Shares, at any time by Parent in its sole discretion, except that the terms of the Amended Voting Trust Agreement governing the voting of or transfer or disposition of the Shares may not be amended prior to the consummation of the Second Offer without the Company's consent.

*Norfolk Southern Litigation and Shareholder Litigation.* On January 2, 1997, CSX sold 85,000 shares of Conrail Common Stock (including the proxy to vote such Shares at the Pennsylvania Special Meeting) at an average per Share price of \$98.983, in order to moot certain claims of the Plaintiffs in the purported shareholder derivative actions.

On January 2, 1997, Plaintiffs in the Pennsylvania Litigation filed a Motion for Preliminary Injunction and a Motion for Partial Summary Judgment in the District Court. In their Motion for Partial Summary



Judgment, Plaintiffs requested an order stating that consummation of the First Offer caused a "Control Transaction" with respect to the Company to occur under the Pennsylvania Control Transaction Law which created joint and several liability among the members of the Control Transaction Group to pay at least \$110 cash per Share to each demanding Company shareholder. In their Motion for Preliminary Injunction, Plaintiffs requested that the District Court enjoin the Defendants, and all persons acting in concert with them, from seeking to enforce or requiring compliance with, the "No Negotiation Provision," as extended, and to enjoin Defendants from convening the Pennsylvania Special Meeting until ten business days after the Company shareholders receive notice of the District Court's ruling on Plaintiffs' Motions for Preliminary Injunction and Partial Summary Judgment. On January 8, 1997, Plaintiffs filed a Supplemental Motion for Preliminary Injunction requesting that Defendants be enjoined from convening the Pennsylvania Special Meeting until ten business days after the Company shareholders receive notice of the District Court's final judgment on the Pennsylvania Control Transaction Law issue.

On January 9, 1997, after a hearing, the District Court denied Plaintiffs' Motion for Preliminary Injunction, Plaintiffs' Supplemental Motion for a Preliminary Injunction and Plaintiffs' Motion for Partial Summary Judgment. After the ruling, Plaintiffs asked the District Court for an injunction pending appeal, which was denied. Plaintiffs later that day filed a notice of appeal with the District Court.

On January 10, 1997, Plaintiffs filed a motion for expedited appeal or, in the alternative, an injunction pending appeal with the Third Circuit. On the same date, the Third Circuit set a briefing schedule to consider Plaintiffs' motion for an injunction pending appeal but declined to expedite a final decision on the appeal. On January 15, 1997, after hearing oral arguments, the Third Circuit denied Plaintiffs' motion for an injunction pending appeal.

On February 6, 1997, NSC filed an amended complaint alleging substantially the same claims referred to above in the description of NSC's prior complaints and motions for preliminary injunction. As of the date hereof, Defendants have not been required to file an answer with respect to the amended complaint.

On February 25, the Third Circuit heard argument on Plaintiffs' appeals from the District Court's orders of November 19, 1996 and January 9, 1997, denying relief to Plaintiffs. No decision has as yet been rendered by the Third Circuit on these appeals.

On February 18, 1997, a separate purported shareholder class action was filed against the Company and Mr. LeVan entitled *Berkowitz v. Conrail Inc.*, C.A. No. 97-1214. The *Berkowitz* action was filed in the United States District Court for the Eastern District of Pennsylvania and alleges violations by the Defendants of the disclosure provisions of the Exchange Act, principally that Defendants failed to disclose alleged discussions and attempts to negotiate by NSC prior to October 14, 1996. As relief, the complaint seeks damages in an unspecified amount on behalf of persons who sold shares of Company stock during the period October 15, 1996 through October 22, 1996. As of the date hereof, Defendants have not filed an answer with respect to this complaint.

#### GREEN ACQUISITION CORP.

March 7, 1997

Facsimile copies of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal, certificates for the Shares and any other required documents should be sent by each shareholder of the Company or such shareholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below:

*The Depositary for the Second Offer is:*

**CITIBANK, N.A.**

*By Hand:*

Citibank, N.A.  
Corporate Trust Window  
111 Wall Street, 5th Floor  
New York, New York 10043

*By Mail:*

Citibank, N.A.  
c/o Citicorp Data  
Distribution, Inc.  
P.O. Box 7072  
Paramus, New Jersey 07653

*By Overnight Carrier:*

Citibank, N.A.  
c/o Citicorp Data  
Distribution, Inc.  
404 Sette Drive  
Paramus, New Jersey 07652

*Facsimile for Eligible Institutions: (201) 262-3240*

*To confirm fax only: (800) 422-2077*

Any questions or requests for assistance or additional copies of the Offer to Purchase, the First Supplement, this Second Supplement, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Information Agent or the Dealer Manager at their respective telephone numbers and locations listed below. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Second Offer.

*The Information Agent for the Second Offer is:*

**MACKENZIE  
PARTNERS, INC.**

156 Fifth Avenue  
New York, New York 10010  
(212) 929-5500 (call collect)  
or  
Call Toll Free (800) 322-2885

*The Dealer Manager for the Second Offer is:*

**Wasserstein Perella & Co., Inc.**

31 West 52nd Street  
New York, New York 10019  
Call Collect:  
(212) 969-2700

**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 December 6, 1996,  
the Supplement thereto  
Dated December 19, 1996,  
and the Second Supplement thereto  
Dated March 7, 1997,**

**by  
Green Acquisition Corp.  
a wholly owned subsidiary of**

**CSX Corporation**

**THE SECOND OFFER HAS BEEN EXTENDED. THE SECOND OFFER, PRORATION PERIOD AND  
WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, APRIL 18,  
1997, UNLESS THE SECOND OFFER IS FURTHER EXTENDED.**

*The Depositary for the Second Offer is:*

**CITIBANK, N.A.**

*By Hand:*  
Citibank, N.A.  
Corporate Trust Window  
111 Wall Street, 5th Floor  
New York, New York 10043

*By Mail:*  
Citibank, N.A.  
c/o Citicorp Data Distribution, Inc.  
P.O. Box 7072  
Paramus, New Jersey 07653

*By Overnight Carrier:*  
Citibank, N.A.  
c/o Citicorp Data Distribution, Inc.  
404 Sette Drive  
Paramus, New Jersey 07652

*Facsimile for Eligible Institutions: (201) 262-3240*

*To confirm fax only: (800) 422-2077*

**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 Letter of Transmittal is to be completed by shareholders of Conrail Inc. either if 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"), are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to the Depositary's account at The Depositary Trust Company or the Philadelphia Depositary Trust Company (each, a "Book-Entry Transfer Facility" and collectively, the "Book-Entry Transfer Facilities") pursuant to the book-entry transfer procedures described in "Procedures for Tendering Shares" of the Offer to Purchase (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.

This revised Letter of Transmittal circulated with the Second Supplement, the Letter of Transmittal circulated with the First Supplement (as defined below) or the Letter of Transmittal circulated with the Offer to Purchase is to be completed by shareholders either if certificates evidencing Shares (as defined below) are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to the Depositary's account at The Depositary Trust Company or the Philadelphia Depositary Trust Company (each a "Book-Entry Transfer Facility" and collectively, the "Book-Entry Transfer Facilities") pursuant to the book-entry transfer procedures described in Section 3 of the Offer to Purchase (as defined below). DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.



Holders of Shares will be required to tender one Right (as defined below) for each Share tendered to effect a valid tender of such Share. Until the Distribution Date (as defined in the Offer to Purchase) 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 Second Supplement), a tender of Shares will constitute a tender of the associated Rights. If a Distribution Date has occurred, certificates representing a number of Rights equal to the number of Shares being tendered must be delivered to the Depository in order for such Shares to be validly tendered. If a Distribution Date has occurred, a tender of Shares without Rights constitutes an agreement by the tendering shareholder to deliver certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Second Offer (as defined below) to the Depository within three New York Stock Exchange, Inc. trading days after the date such certificates are distributed. Purchaser (as defined below) reserves the right to require that it receive such certificates prior to accepting Shares for payment. Payment for Shares tendered and purchased pursuant to the Second Offer will be made only after timely receipt by the Depository of, among other things, such 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 Second Offer.

Shareholders whose Share Certificates are not immediately available or who cannot deliver their Share Certificates and all other documents required hereby to the Depository prior to the Expiration Date or who cannot complete the procedures for delivery by book-entry transfer on a timely basis and who wish to tender their Shares must do so pursuant to the guaranteed delivery procedure described in "Procedures for Tendering Shares" of the Offer to Purchase. See Instruction 2.

- ☐ CHECK HERE IF SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITORY'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 SHARES ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITORY 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 Depository are being tendered. See Instruction 4.

**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 Green Acquisition Corp., a Pennsylvania corporation ("Purchaser") and a wholly owned subsidiary of CSX 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, between the Company and First Chicago Trust Company of New York, as Rights Agent (as amended, the "Rights Agreement"), pursuant to Purchaser's offer to purchase all Shares, including, in each case, the associated Rights, at a price of \$115 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 6, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated December 19, 1996 (the "First Supplement"), and the Second Supplement thereto, dated March 7, 1997 (the "Second Supplement"), receipt of which is hereby acknowledged, and in the related Letters of Transmittal (which, as amended from time to time, together constitute the "Second Offer"). All references herein to Common Shares, ESOP Preferred Shares or Shares includes the associated Rights.

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 tendered pursuant to the Second Offer, but any such transfer or assignment will not relieve Purchaser of its obligations under the Second 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 Second Offer.

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith, in accordance with the terms of the Second Offer (including, if the Second Offer is further 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 that are being tendered hereby (and any and all non-cash dividends, distributions, rights, other Shares or other securities issued or issuable in respect of such Shares or declared, paid or distributed in respect of such Shares on or after December 6, 1996 (collectively, "Distributions")), and irrevocably appoints the Depository the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares 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") and all Distributions, or transfer ownership of such Shares 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 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 and all Distributions, all in accordance with the terms of the Second Offer.

If, on or after December 6, 1996, the Company should declare or pay any cash or stock dividend, other than regular quarterly cash dividends, or make any distribution with respect to the Shares that is payable or distributable to stockholders 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 Second Offer, then, subject to the provisions of Section 14 of the Offer to Purchase, (i) the purchase price per Share payable by Purchaser pursuant to the Second 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 promptly remitted and transferred by each such tendering shareholder to the Depository 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 John W. Snow, Mark G. Aron and Alan A. Rudnick 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 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. This appointment will be effective if, when, and only to the extent that, Purchaser accepts such Shares for payment pursuant to the Second Offer. Upon such acceptance for payment, all prior proxies given by the undersigned with respect to such Shares, 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, 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) or the Amended Voting Trust Agreement (as defined in the Second Supplement), if applicable, 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, Distributions or other securities to be deemed validly tendered, immediately upon Purchaser's acceptance for payment of such Share, Purchaser must be able to exercise full voting rights with respect to such Shares.



The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and all Distributions, that the undersigned own(s) the Shares tendered hereby within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that such tender of Shares complies with Rule 14e-4 under the Exchange Act, and that when such Shares 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 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 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 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 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, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, the First Supplement or the Second Supplement, this tender is irrevocable.

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

Unless otherwise indicated herein in the box entitled "Special Payment Instructions," please issue the check for the purchase price of all Shares purchased, and return all Share Certificates evidencing Shares not purchased or not tendered, 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 of all Shares purchased and all Share Certificates evidencing Shares not tendered or not purchased (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 of all Shares purchased and return all Share Certificates evidencing Shares not purchased or not tendered in the name(s) of, and mail such check and Share Certificates to, the person(s) so indicated. Unless otherwise indicated herein in the box entitled "Special Payment Instructions," please credit any Shares 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 from the name of the registered holder(s) thereof if Purchaser does not accept for payment any of the Shares 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 not tendered or not purchased and/or the check for the purchase price of Shares purchased are to be issued in the name of someone other than the undersigned, or if Shares 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 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 not tendered or not purchased and/or the check for the purchase price of Shares 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)**

X \_\_\_\_\_

X \_\_\_\_\_

(Signature(s) of Holder(s))

Date \_\_\_\_\_, 1997

(Must be signed by registered holder(s) exactly as name(s) appear(s) on common or 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 \_\_\_\_\_

Date \_\_\_\_\_, 1997



## 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 Agent's 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) of Shares 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 are tendered for the account of an Eligible Institution. See Instruction 5. If a Share 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 Share Certificate not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the Share 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 Share Certificate, with the signature(s) on such Share 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 Share Certificates are to be forwarded herewith or if Shares are to be delivered by book-entry transfer pursuant to the procedures set forth in "Procedures for Tendering Shares" of the Offer to Purchase. Share Certificates evidencing all tendered Shares, or confirmation of a book-entry transfer of such Shares, if such procedure is available, into the Depository'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 Depository at one of its addresses set forth on the reverse hereof prior to the Expiration Date (as defined in "Amended Terms of the Second Offer, Expiration Date" of the Second Supplement). If Share Certificates are forwarded to the Depository in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery. Stockholders whose Share Certificates are not immediately available, who cannot deliver their Share Certificates and all other required documents to the Depository 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 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 herewith, must be received by the Depository prior to the Expiration Date; and (iii) in the case of a guarantee of Shares, the Share Certificates, in proper form for transfer, or a confirmation of a book-entry transfer of such Shares, if such procedure is available, into the Depository'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 Depository 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. The term "Agent's Message" means a message, transmitted by a Book-Entry Transfer Facility to, and received by the Depository 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, that such participant has received and agrees to be bound by the terms of this Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

**THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE 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 will be purchased. By execution of this Letter of Transmittal (or a facsimile hereof), all tendering stockholders waive any right to receive any notice of the acceptance of their Shares for payment.

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

4. *Partial Tenders.* (Not applicable to stockholders who tender by book-entry transfer.) If fewer than all the Shares evidenced by any Share Certificate delivered to the Depository herewith are to be tendered hereby, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such cases, new Share Certificate(s) evidencing the remainder of the Shares that were evidenced by the Share Certificates delivered to the Depository 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 Second Offer. All Shares evidenced by Share Certificates delivered to the Depository 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 tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificates evidencing such Shares without alteration, enlargement or any other change whatsoever.

If any Share 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 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 tendered hereby, no endorsements of Share Certificates or separate stock powers are required, unless payment is to be made to, or Share Certificates evidencing Shares 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 Share Certificate(s) evidencing the Shares 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 Share Certificate(s). Signatures on such Share 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 tendered hereby, the Share Certificate(s) evidencing the Shares 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 Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Share 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 to it or its order pursuant to the Second Offer. If, however, payment of the purchase price of any Shares purchased is to be made to, or Share Certificate(s) evidencing Shares 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 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 SHARE CERTIFICATE(S) EVIDENCING THE SHARES TENDERED HEREBY.**

7. *Special Payment and Delivery Instruction.* If a check for the purchase price of any Shares tendered hereby is to be issued, a Share Certificate(s) evidencing Shares 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 Share 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 tendered hereby by book-entry transfer may request that Shares not purchased be credited to such account maintained at a Book-Entry Transfer Facility as such stockholder may designate in the box entitled "Special Payment Instructions" on the reverse hereof. If no such instructions are given, all such Shares 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 were delivered.

8. *Requests for Assistance or Additional Copies.* Requests for assistance may be directed to the Information Agent or Dealer Manager at their respective addresses or telephone numbers set forth below. Additional copies of the Offer to Purchase, the First Supplement, the Second 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 Manager or from brokers, dealers, commercial banks or trust companies.

9. *Substitute Form W-9.* Each tendering shareholder is required to provide the Depository 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 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 Depository is not provided with a TIN within 60 days, the Depository will withhold 31% on all payments of the purchase price to such stockholder until a TIN is provided to the Depository.

10. *Lost, Destroyed or Stolen Certificates.* If any certificate(s) representing Shares has been lost, destroyed or stolen, the shareholder should promptly notify the Depository. 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 SECOND SUPPLEMENT).**

#### **IMPORTANT TAX INFORMATION**

Under the federal income tax law, a shareholder whose tendered Shares 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 and Rights purchased pursuant to the Second 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 purchased pursuant to the Second 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 tendered hereby. If the Shares 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 stockholder until a TIN is provided to the Depositary.



PAYER'S NAME: CITIBANK, N.A., AS DEPOSITARY		
<b>SUBSTITUTE FORM W-9</b>  <b>DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)</b>	<b>PART I — PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.</b>	Social Security Number OR _____ Employer Identification Number (If awaiting TIN write "Applied For")
	<b>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:</b> (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 either because 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 the IRS has notified me that I am no longer subject to backup withholding.	
	<b>CERTIFICATION INSTRUCTIONS —</b> 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.)  <div style="display: flex; justify-content: space-between;"> <div>_____ SIGNATURE</div> <div>DATE _____, 1997</div> </div>	

**NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE SECOND 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 First Supplement, the Second Supplement, the Letter of Transmittal and other tender offer materials may be directed to the Information Agent or the Dealer Manager as set forth below:

*The Information Agent for the Second Offer is:*

**MACKENZIE  
PARTNERS, INC.**

156 Fifth Avenue  
New York, New York 10010  
(212) 929-3500 (call collect)  
or  
Call Toll Free (800) 322-2885

*The Dealer Manager for the Second Offer is:*

**Wasserstein Perella & Co., Inc.**

31 West 52nd Street  
New York, New York 10019  
Call Collect:  
(212) 969-2700

**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**  
**Green Acquisition Corp.**  
a wholly owned subsidiary of  
**CSX Corporation**  
(Not to be Used for Signature Guarantees)

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Second 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, between the Company and First Chicago Trust Company of New York, as Rights Agent, are not immediately available, (ii) time will not permit all required documents to reach Citibank, N.A., as Depositary (the "Depositary"), prior to the Expiration Date (as defined in "Amended Terms of the Second Offer, Expiration Date" of the Second Supplement (as defined below)) or (iii) the procedures 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.

*The Depositary for the Second Offer is:*

**CITIBANK, N.A.**

*By Hand:*

Citibank, N.A.  
Corporate Trust Window  
111 Wall Street, 5th Floor  
New York, New York 10043

*By Mail:*

Citibank, N.A.  
c/o Citicorp Data Distribution, Inc.  
P.O. Box 7072  
Paramus, New Jersey 07652

*By Overnight Carrier:*

Citibank, N.A.  
c/o Citicorp Data Distribution, Inc.  
404 Sette Drive  
Paramus, New Jersey 07652

*Facsimile for Eligible Institutions: (201) 262-3240*

*To confirm fax only: (800) 422-2077*

**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 Green Acquisition Corp., a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 6, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated December 19, 1996, and the Second Supplement thereto, dated March 7, 1997 ("Second Supplement"), and the related Letters of Transmittal (which, as amended from time to time, collectively constitute the "Second Offer"), receipt of each of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedures described in "Procedures for Tendering Shares" of the Offer to Purchase.

Number of Shares:

Name(s) of Record Holder(s):

Certificate Nos. (if available):

Please Print

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

Address(es):

- ☐ The Depository Trust Company  
☐ Philadelphia Depository Trust Company

Zip Code

Area Code and Tel. No.:

Account Number:

Dated: \_\_\_\_\_, 1997

**GUARANTEE**  
**(NOT TO BE USED FOR SIGNATURE GUARANTEES)**

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 (a) represents that the tender of Shares effected hereby complies with Rule 14c-4 of the Securities Exchange Act of 1934, as amended, and (b) guarantees delivery to the Depository, at one of its addresses set forth above, of certificates evidencing the Shares tendered hereby in proper form for transfer, or confirmation of book-entry transfer of such Shares into the Depository'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, (a) 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 (b) in the case of Rights, 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 Right Certificates are distributed to stockholders.

The Eligible Institution that completes this form must communicate the guarantee to the Depository and must deliver the Letter of Transmittal and certificates for Shares to the Depository 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

Title

Zip Code

Name:

Please Print

Area Code and Tel. No.:

Date: \_\_\_\_\_, 1997

**NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE.**  
**SHARE CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.**



<PAGE> 1

[CSX CORPORATION LETTERHEAD]

CONTACTS:

CSX Corporation  
Thomas E. Hoppin  
(804) 782-1450

Kekst and Company  
Richard Wolff  
(212) 593-2655

FOR IMMEDIATE RELEASE

CSX AND CONRAIL SUCCESSFULLY AMEND MERGER AGREEMENT

SHAREHOLDERS TO RECEIVE \$115 PER SHARE IN CASH  
FOR REMAINING STOCK BY JUNE 2, 1997;  
FAR-REACHING RETENTION PACKAGE FOR SUPERVISORY  
AND MANAGEMENT EMPLOYEES INCLUDED

RICHMOND, VA., MARCH 7, 1997 - CSX Corp. (NYSE: CSX) today announced it has successfully negotiated an amendment to its merger agreement with Conrail Inc. (NYSE: CRR), providing for an increase in the price to be paid for the remaining outstanding shares of Conrail to \$115 per share, all in cash.

Under the amended agreement, CSX is amending its outstanding tender offer to increase the price and number of shares sought. The tender offer, which is not subject to any financing condition and is no longer subject to a Conrail shareholder opt-out vote of certain Pennsylvania statutory provisions, is subject to a minimum condition. The tender offer will be followed by a merger in which all Conrail shares not purchased in the tender offer will be converted into \$115 per share in cash. The new expiration date for the tender offer is 5:00 p.m., New York City time, on April 18, 1997. However, under the revised merger agreement, CSX in its discretion may extend the tender offer for any reason through June 2, 1997.

The amended agreement also provides a far-reaching retention and severance package for Conrail's supervisory and management employees and allows CSX to enter into negotiations with Norfolk Southern (NYSE: NSC) on a division of Conrail.

John W. Snow, chairman, president and chief executive officer of CSX, said, "When we initiated our merger with Conrail, we recognized that some concessions would have to be made to Norfolk Southern to ensure that our transaction would result in

(more)

competitive rail systems in the East. Calls from shippers, influential public officials, and other railroads for a pro-competitive division of Conrail only heightened the need for a negotiated settlement.

"We regret that we were not able to proceed with our merger as originally intended, but the amendment we have agreed to today will protect the interests of the shareholders, customers and employees of both Conrail and CSX. It will, I believe, result in two strong, competitive railroads in the East. Just as important, it will help to ensure that the regulatory reforms of the 1980s will be preserved for many generations to come," Snow said.

"We will now focus on negotiating an agreement, including a joint purchase of the Conrail shares, with Norfolk Southern, a determined and fair competitor," Snow said. "We will make every effort to see that the result is a roughly equal division of Conrail and the emergence of two exceptional rail systems in the East. In achieving that, I am confident that together we will produce the winning, pro-competitive application to the Surface Transportation Board (STB) to which we at CSX always have been committed.

"The people of Conrail, the board of directors, the employees, and most certainly senior management," Snow added, "deserve much credit for what they have accomplished. From the dark days of the collapse of the Northeastern railroads now more than 20 years ago, they have created a strong, successful railroad that is widely acclaimed for the tremendous strides it has made in becoming an industry leader.

"Now, with ourselves and with Norfolk Southern, they are about to begin writing a new chapter of railroading in the region. I have no doubt that together we will build an even greater railroad system in the East and two even stronger railroad companies. We welcome the Conrail employees who will join the CSX family," he said.

Prior to the amendment of the merger agreement, CSX had offered \$110 per share in cash for 40 percent of the outstanding shares of Conrail, and a tax-free exchange at a ratio of 1.85619 CSX common shares and an additional \$16 per share in CSX convertible preferred stock for the remaining 60 percent of Conrail's outstanding shares. As of the close of business on March 6, 1997, 564,577 Conrail shares had been tendered and not withdrawn in the CSX tender offer.

CSX, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge and contract logistics management services. CSX's internet address is <http://www.csx.com>.

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This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares. The Second Offer is made solely by the Offer to Purchase, dated December 6, 1996, the Supplement thereto, dated December 19, 1996, the Second Supplement thereto, dated March 7, 1997, and the related Letters of Transmittal and is being made to all holders of Shares. The Second 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 Second 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 Second Offer to be made by a licensed broker or dealer, the Second Offer shall be deemed to be made on behalf of Green Acquisition Corp. by Wasserstein Perella & Co., Inc. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

GREEN ACQUISITION CORP.  
A WHOLLY OWNED SUBSIDIARY OF  
CSX CORPORATION

HAS AMENDED ITS OFFER TO PURCHASE FOR CASH  
AND IS NOW OFFERING TO PURCHASE  
ALL 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.  
AT  
\$115 NET PER SHARE

Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginian corporation ("Parent"), hereby offers to purchase all 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, between the Company and First Chicago Trust Company of New York, as Rights Agent (as amended, the "Rights Agreement"), at a price of \$115 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 December 6, 1996 (the "Offer to Purchase"), the Supplement thereto, dated December 19, 1996 (the "First Supplement"), the Second Supplement thereto, dated March 7, 1997 (the "Second Supplement"), and in the related Letters of Transmittal (which, as amended from time to time, collectively constitute the "Second 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.

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THE SECOND OFFER HAS BEEN EXTENDED. THE SECOND OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, APRIL 18, 1997, UNLESS THE SECOND OFFER IS FURTHER EXTENDED.  
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THE SECOND OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, PRIOR TO THE EXPIRATION OF THE SECOND OFFER THERE SHALL HAVE BEEN VALIDLY TENDERED AND NOT WITHDRAWN SUCH NUMBER OF SHARES WHICH, TOGETHER WITH THE COMMON SHARES ALREADY OWNED BY PARENT THROUGH THE VOTING TRUST AND BY CERTAIN OTHER PARTIES, CONSTITUTES AT LEAST A MAJORITY OF OUTSTANDING SHARES ON A FULLY DILUTED BASIS (AS DEFINED IN THE OFFER TO PURCHASE). THE SECOND OFFER IS NO LONGER CONDITIONED UPON THE PENNSYLVANIA CONTROL TRANSACTION LAW BEING INAPPLICABLE TO THE COMPANY. UNDER THE MERGER AGREEMENT, PURCHASER HAS THE RIGHT IN ITS DISCRETION TO EXTEND THE SECOND OFFER, FROM TIME TO TIME, THROUGH 5:00 P.M., NEW YORK CITY TIME, ON JUNE 2, 1997, WHETHER OR NOT THE CONDITIONS TO THE SECOND OFFER HAVE BEEN SATISFIED OR WAIVED. THE SECOND OFFER IS NOT CONDITIONED ON OBTAINING FINANCING. SEE SECTION 11 OF THE OFFER TO PURCHASE AND SECTIONS 4, 7 AND 8 OF THE SECOND SUPPLEMENT.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE SECOND OFFER (AS AMENDED) AND THE MERGER (AS AMENDED), DETERMINED THAT THE MERGER AGREEMENT (AS AMENDED) AND THE TRANSACTIONS CONTEMPLATED THEREBY (INCLUDING THE SECOND OFFER AND THE MERGER) ARE IN THE BEST INTERESTS OF THE COMPANY AND RECOMMENDS THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE SECOND OFFER AND TENDER THEIR SHARES PURSUANT TO THE SECOND OFFER.

The Second Offer is being made pursuant to the Agreement and Plan of Merger, dated as of October 14, 1996 (as amended by the First Amendment (as defined in the Offer to Purchase), the Second Amendment (as defined in the First Supplement) and the Third Amendment (as defined in the Third Supplement), the "Merger Agreement"). The Merger Agreement provides, among other things, that, following the completion (or expiration) of the Second Offer and the satisfaction or waiver of certain conditions, Purchaser will be merged with and into the Company (the "Merger"), with the Company as the surviving corporation. In the Merger, each outstanding Share (other than Shares held in the treasury of the Company or owned by Parent, Purchaser or any of their respective subsidiaries or affiliates, or any third party, its subsidiaries or affiliates that may, jointly together with Parent, acquire an equity ownership interest in any vehicle that may acquire the Company) will be converted into the right to receive \$115 in cash, without interest. See Section 13 of the Offer to Purchase, Section 4 of the First Supplement and Section 7 of the Second



Supplement.

Purchaser expressly reserves the right, in its sole judgment and subject to the terms of the Merger Agreement, at any time and from time to time and regardless of whether any of the events set forth in Section 15 of the Offer to Purchase, as supplemented by the First and Second Supplements, shall have occurred or shall have been determined by Purchaser to have occurred, (i) to extend the period of time during which the Second 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 Second 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 Offer to Purchase). During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Second Offer, subject to the right of a tendering shareholder to withdraw such shareholder's Shares.

For purposes of the Second Offer, Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not properly withdrawn if, as and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance of such Shares for payment pursuant to the Second Offer. In all cases, upon the terms and subject to the conditions of the Second Offer, payment for Shares purchased pursuant to the Second Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent 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 Second Offer will be made only after timely receipt by the Depositary of (a) 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 Depositary Trust Company or the Philadelphia Depositary Trust Company (collectively, the "Book-Entry Transfer Facilities"), pursuant to the procedures set forth in Section 3 of the Offer to Purchase, (b) the Letters 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 (c) any other documents required by the Letters of Transmittal.

If, for any reason whatsoever, acceptance for payment of any Shares tendered pursuant to the Second Offer is delayed, or if Purchaser is unable to accept for payment or pay for Shares tendered pursuant to the Second Offer, then, without prejudice to Purchaser's rights set forth in the Offer to Purchase, 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 Second Offer to the extent required by law.

If any tendered Shares are not accepted for payment for any reason pursuant to the terms and conditions of the Second Offer, or if Share Certificates are submitted evidencing more Shares than are tendered, Share Certificates evidencing unpurchased Shares will be returned, without expense to the tendering shareholder (or, in the case of Shares tendered by book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility pursuant to the procedures set forth in Section 3 of the Offer to Purchase, such Shares will be credited to an account maintained at such Book-Entry Transfer Facility), as promptly as practicable following the expiration or termination of the Second Offer.

Except as otherwise provided in Section 4 of the Offer to Purchase, tenders of Shares made pursuant to the Second Offer are irrevocable. Shares tendered pursuant to the Second Offer may be withdrawn at any time prior to 5:00 p.m., New York City time, on Friday, April 18, 1997 (or if Purchaser shall have extended the period of time for which the Second Offer is open, at the latest time and date at which the Second Offer, as so extended by Purchaser, shall expire). 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. 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 Second Offer. Withdrawn Shares may, however, be retendered by repeating one of the procedures set forth in Section 3 of the Offer to Purchase 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, is contained in the Offer to Purchase and is incorporated herein by reference.

The Company has provided Purchaser with the Company's shareholder list and security position listings for the purpose of disseminating the Second Offer to holders of Shares. The Second Supplement, the related Letters of Transmittal and other relevant materials will be mailed to record holders of Shares 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 shareholder list, 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 FIRST SUPPLEMENT AND THE SECOND SUPPLEMENT AND THE RELATED LETTERS OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE SECOND OFFER.

Questions and requests for assistance or for additional copies of the Offer to Purchase, the First Supplement, the Second Supplement, the Letters of Transmittal or other tender offer materials may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers as set forth below, and 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 Manager) for soliciting tenders of Shares pursuant to the Second Offer.

The Information Agent for the Second Offer is:

[MACKENZIE PARTNERS, INC. LOGO]

156 Fifth Avenue  
New York, New York 10010  
(212) 929-5500 (Call Collect)  
or  
CALL TOLL-FREE (800) 322-2885

The Dealer Manager for the Second Offer is:

[WASSERSTEIN PERELLA & CO., INC. LOGO]

31 West 52nd Street  
New York, New York 10019  
(212) 969-2700 (Call Collect)

March 10, 1997

Exhibit (c) (12)

Third Amendment to Agreement and Plan of Merger  
dated as of March 7, 1997, by and among  
CSX, Tender Sub and Conrail

See Volume 8



**Exhibit (c) (13)**

AMENDED AND RESTATED VOTING TRUST AGREEMENT

THIS AMENDED AND RESTATED VOTING TRUST AGREEMENT, dated as of March 7, 1997, by and among CSX Corporation, a Virginia corporation ("Parent"), Green Acquisition Corp., a Pennsylvania corporation and a wholly-owned subsidiary of Parent ("Acquiror"), and Deposit Guaranty National Bank, a national banking association (the "Trustee"),

W I T N E S S E T H:

WHEREAS, Parent, Acquiror and Conrail Inc., a Pennsylvania corporation (the "Company"; which term shall instead refer, from and after the effectiveness of the Merger, to the corporation resulting from the Merger), have entered into an Agreement and Plan of Merger, dated as of October 14, 1996 (as it has been and may be amended from time to time, the "Merger Agreement"; capitalized terms used but not defined herein shall have the meanings set forth therein), pursuant to which (i) Acquiror was to commence and did commence the Offer and Second Offer (collectively, the "Tender Offer") for shares of Common Stock of the Company (all such shares accepted for payment pursuant to the Tender Offer or otherwise received, acquired or purchased by or on behalf of Parent or Acquiror, including pursuant to the Option Agreement, the "Acquired Shares"), and (ii) a subsidiary of Acquiror will merge into the Company pursuant to the Merger.

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WHEREAS, Parent, Acquiror and the Trustee have entered into a Voting Trust Agreement, dated as of October 15, 1996 (the "Original Voting Trust Agreement");

WHEREAS, Parent, Acquiror and the Company entered into a First Amendment to the Merger Agreement dated November 5, 1996, a Second Amendment thereto dated December 18, 1996, and a Third Amendment thereto dated March 7, 1997;

WHEREAS, Parent, Acquiror and the Company have entered into a Stock Option Agreement, dated as of October 14, 1996 (as it may be amended from time to time, the "Option Agreement") providing Parent and Acquiror the option to purchase 15,955,477 shares of common stock of the Company;

WHEREAS, the parties intend that, prior to the authorization and approval of the Surface Transportation Board (the "STB"), neither Parent nor Acquiror nor any of their affiliates shall control the Company and the Company shall not have as a director any officer, director, nominee or representative of the Parent, the Acquiror or any of their affiliates;

WHEREAS, Parent and Acquiror wish (and are obligated pursuant to the Merger Agreement and the Option Agreement), simultaneously with the acceptance for payment of Acquired Shares pursuant to the Tender Offer, the Option Agreement, the Merger, or otherwise to deposit such Shares of Common Stock in an independent, irrevocable voting trust, pursuant to the rules of the STB, in order to avoid any

allegation or assertion that the Parent or the Acquiror is controlling or has the power to control the Company prior to the receipt of any required STB approval or exemption;

WHEREAS, Parent, Acquiror and the Trustee wish to amend the Original Voting Trust Agreement to reflect certain changes made in the Merger Agreement by the Second and Third Amendments thereto, and the Company has consented to such amendment, and Parent, Acquiror and the Trustee wish to restate the Voting Trust Agreement as so amended;

WHEREAS, the holder of all outstanding Trust Certificates has assented to such amendment of the Original Voting Trust Agreement, and all requirements for the amendment of the Original Voting Trust Agreement contained therein have been satisfied;

WHEREAS, neither the Trustee nor any of its affiliates has any officers or board members in common or any direct or indirect business arrangements or dealings (as described in Paragraph 9 hereof) with the Parent or the Acquiror or any of their affiliates; and

WHEREAS, the Trustee is willing to continue to act as voting trustee pursuant to the terms of this Trust Agreement and the rules of the STB,

NOW THEREFORE, the parties hereto agree as follows:

1. Creation of Trust -- The Parent and the Acquiror hereby appoint Deposit Guaranty National Bank as Trustee hereunder, and Deposit Guaranty National Bank hereby accepts said appointment and agrees to act as Trustee under this Trust Agreement as provided herein.

2. Trust Is Irrevocable -- This Trust Agreement and the nomination of the Trustee during the term of the trust shall be irrevocable by the Parent and the

Acquiror and their affiliates and shall terminate only in accordance with, and to the extent of, the provisions of Paragraphs 8 and 14 hereof.

3. Deposit of Trust Stock -- The Parent and the Acquiror agree that, prior to acceptance of Acquired Shares purchased pursuant to the Tender Offer, the Acquiror will direct the depository for the Tender Offer to transfer to the Trustee any such Acquired Shares purchased pursuant to the Tender Offer. The Parent and the Acquiror also agree that simultaneously with receipt, acquisition or purchase of any additional shares of Common Stock by either of them, directly or indirectly, or by any of their affiliates, including, without limitation, upon any exercise of the option provided for in the Option Agreement, they will transfer to the Trustee the certificate or certificates for such shares. The Parent and the Acquiror also agree that simultaneously with the receipt by them or by any of their affiliates of any shares of common stock or other voting stock of the Company upon the effectiveness of the Merger, they will transfer to the Trustee the certificate or certificates for such shares. All such certificates shall be duly endorsed or accompanied by proper instruments duly executed for transfer thereof to the Trustee or otherwise validly and properly transferred, and shall be exchanged for one or more Voting Trust Certificates substantially in the form attached hereto as Exhibit A (the "Trust Certificates"), with the blanks therein appropriately filled in. Voting Trust Certificates executed in the form attached to the Original Voting Trust Agreement as Exhibit A shall continue to be valid and obligatory and shall, from and after the execution and delivery of this instrument, be deemed in every respect to be Trust Certificates executed and delivered under this instrument. All shares of Common Stock all other shares of common stock



or other voting securities at any time delivered to the Trustee hereunder are called the "Trust Stock." The Trustee shall present to the Company all certificates representing Trust Stock for surrender and cancellation and for the issuance and delivery to the Trustee of new certificates registered in the name of the Trustee or its nominee.

4. Powers of Trustee -- The Trustee shall be present, in person or represented by proxy, at all annual and special meetings of shareholders of the Company so that all Trust Stock may be counted for the purposes of determining the presence of a quorum at such meetings. Parent and Acquiror agree, and the Trustee acknowledges, that the Trustee shall not participate in or interfere with the management of the Company and shall take no other actions with respect to the Company except in accordance with the terms hereof. The Trustee shall exercise all voting rights in respect of the Trust Stock to approve and effect the Merger, and in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of, the Parent and Acquiror's acquisition of the Company, pursuant to the Merger Agreement, and without limiting the generality of the foregoing, if there shall be with respect to the Board of Directors of the Company an "Election Contest" as defined in the Proxy Rules of the Securities and Exchange Commission ("SEC"), in which one slate of nominees shall support the effectuation of the Merger and another slate oppose it, then the Trustee shall vote in favor of the slate supporting the effectuation of the Merger. In addition, for so long as the Merger Agreement is in effect, the Trustee shall exercise all voting rights in respect of the Trust Stock, to cause any other proposed merger, business combination or similar transaction (including, without limitation, any consolidation, sale or purchase of assets, reorganization, recapitalization, liquidation or winding up of or by the Company) involving the Company, but not

involving the Parent or one of its subsidiaries or affiliates (otherwise than in connection with a disposition pursuant to Paragraph 8), not to be effected. In addition, the Trustee shall exercise all voting rights in respect of the Trust Stock in favor of any proposal or action necessary or desirable to dispose of Trust Stock in accordance with Paragraph 8 hereof. Except as provided in the three immediately preceding sentences, the Trustee shall vote all shares of Trust Stock with respect to all matters, including without limitation the election or removal of directors, voted on by the shareholders of the Company (whether at a regular or special meeting or pursuant to a unanimous written consent) in the same proportion as all shares of Common Stock (other than Trust Stock) are voted with respect to such matters; provided that, except as provided in the three immediately preceding sentences, from and after the effectiveness of the Merger, the Trustee shall vote all shares of Trust Stock in accordance with the instructions of a majority of the persons who are currently the directors of the Company and their nominees as successors and who shall then be directors of the Company, except that the Trustee shall not vote the Trust Stock in favor of taking or doing any act which violates the Merger Agreement or which if taken or done prior to the consummation of the Merger would have been a violation of the Merger Agreement; and except further that if there shall be no such persons qualified to give such instructions hereunder, or if a majority of such persons refuse or fail to give such instructions, then the Trustee shall vote the Trust Stock in its sole discretion, having due regard for the interests of the holders of Trust Certificates as investors in the stock of the Company, determined without reference to such holders' interests in other railroads than the subsidiaries of the Company. In exercising its voting rights in accordance with this Paragraph 4, the

Trustee shall take such actions at all annual, special or other meetings of stockholders of the Company or in connection with any and all consents of shareholders in lieu of a meeting.

5. Further Provisions Concerning Voting of Trust Stock -- The Trustee shall be entitled and it shall be its duty to exercise any and all voting rights in respect of the Trust Stock either in person or by proxy, as herein provided (including without limitation Paragraphs 4 and 8(b) hereof), unless otherwise directed by the STB or a court of competent jurisdiction. Subject to Paragraph 4, the Trustee shall not exercise the voting powers of the Trust Stock in any way so as to create any dependence or intercorporate relationship between (i) any or all of the Parent, the Acquiror and their affiliates, on the one hand, and (ii) the Company or its affiliates, on the other hand. The term "affiliate" or "affiliates" wherever used in this Trust Agreement shall have the meaning specified in Section 11323(c) of Title 49 of the United States Code, as amended. The Trustee shall not, without the prior approval of the STB, vote the Trust Stock to elect any officer, director, nominee or representative of the Parent, the Acquiror or their affiliates as an officer or director of the Company or of any affiliate of the Company. The Trustee shall be kept informed respecting the business operations of the Company by means of the financial statements and other public disclosure documents periodically filed by the Company and affiliates of the Company with the SEC and the STB, and by means of information respecting the Company contained in such statements and other documents filed by the Parent with the SEC and the STB, copies of which shall be promptly furnished to the Trustee by the Company or the Parent, as the case may be, and the Trustee shall be fully protected in relying upon such information. Notwithstanding the foregoing provisions of this Paragraph 5 or any other



provision of this Agreement, however, the registered holder of any Trust Certificate may at any time with the prior written approval of the Company -- but only with the prior written approval of the STB -- instruct the Trustee in writing to vote the Trust Stock represented by such Trust Certificate in any manner, in which case the Trustee shall vote such shares in accordance with such instructions.

6. Transfer of Trust Certificates -- The Trust Certificates shall be transferable on the books of the Trustee by the registered holder upon the surrender thereof properly assigned, in accordance with rules from time to time established for that purpose by the Trustee. Until the consummation of the Amended Second Offer, any transferee shall be subject to the obligations of the transferor hereunder. Until so transferred, the Trustee may treat the registered holder as owner for all purposes. Each transferee of a Trust Certificate issued hereunder shall, by his acceptance thereof, assent to and become a party to this Trust Agreement, and shall assume all attendant rights and obligations. Any such transfer in violation of this Paragraph 6 shall be null and void.

7. Dividends and Distributions -- Pending the termination of this Trust as hereinafter provided, the Trustee shall, immediately following the receipt of each cash dividend or cash distribution as may be declared and paid upon the Trust Stock, pay the same over to or as directed by the Acquiror or to or as directed by the holder of the Trust Certificates hereunder as then appearing on the books of the Trustee. The Trustee shall receive and hold dividends and distributions other than cash upon the same terms and conditions as the Trust Stock and shall issue Trust Certificates representing any new or additional

securities that may be paid as dividends or otherwise distributed upon the Trust Stock to the registered holders of Trust Certificates in proportion to their respective interests.

8. Disposition of Trust Stock; Termination of Trust -- (a) This Trust is accepted by the Trustee subject to the right hereby reserved in the Parent at any time to direct the sale or other disposition of the whole or any part of the Trust Stock, but only as permitted by subparagraph (e) below, whether or not an event described in subparagraph (b) below has occurred. The Trustee shall take all actions reasonably requested by the Parent (including, without limitation, exercising all voting rights in respect of Trust Stock) in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of or with respect to any proposed sale or other disposition of the whole or any part of the Trust Stock by the Acquiror or Parent that is otherwise permitted pursuant to this Paragraph 8, including, without limitation, in connection with the exercise by Parent of its registration rights under the Merger Agreement. The Trustee shall be entitled to rely on a certification from the Parent, signed by its President or one of its Vice Presidents and under its corporate seal, that a disposition of the whole or any part of the Trust Stock is being made in accordance with the requirements of subparagraph (e) below. In the event of a permitted sale of Trust Stock by the Acquiror, the Trustee shall, to the extent the consideration therefor is payable to or controllable by the Trustee, promptly pay, or cause to be paid, upon the order of the Acquiror the net proceeds of such sale to the registered holders of the Trust Certificates in proportion to their respective interests. It is the intention of this Paragraph that no violation of 49 U.S.C. Section 11323 will result from a termination of this Trust.

(b) In the event the STB Approval shall have been granted, then immediately upon the direction of the Parent and the delivery of a certified copy of such order of the STB or other governmental authority with respect thereof, or, in the event that Subtitle IV of Title 49 of the United States Code, or other controlling law, is amended to allow the Acquiror, the Parent or their affiliates to acquire control of the Company without obtaining STB or other governmental approval, upon delivery of an opinion of independent counsel selected by the Trustee that no order of the STB or other governmental authority is required, and, in the event that the Amended Second Offer shall not have previously been consummated, with the prior consent of the Company, the Trustee shall either (x) transfer to or upon the order of the Acquiror, the Parent or the holder or holders of Trust Certificates hereunder as then appearing on the records of the Trustee, its right, title and interest in and to all of the Trust Stock then held by it (or such portion as is represented by the Trust Certificates in the case of such an order by such holders) in accordance with the terms, conditions and agreements of this Trust Agreement and not theretofore transferred by it as provided in subparagraph (a) hereof, or (y) if shareholder approval has not previously been obtained for the Merger, vote the Trust Stock in favor of the Merger, and upon any such transfer of all of the Trust Stock, or any such merger following such STB approval or law amendment permitting control without governmental approval, this Trust shall cease and come to an end.

(c) In the event that (i) the STB Approval shall not have been obtained by December 31, 1998, or (ii) there shall have been an STB Denial, Parent shall use its best efforts to sell the Trust Stock during a period of two years after such date or STB Denial, or such extension of that period as the STB shall approve.



Any such disposition shall be subject to the requirements of subparagraph (e) below, and to any jurisdiction of the STB to oversee Parent's divestiture of Trust Stock. At all times, the Trustee shall continue to perform its duties under this Trust Agreement and, should Parent be unsuccessful in its efforts to sell or distribute the Trust Stock during the period referred to, the Trustee shall then as soon as practicable, and subject to the requirements of subparagraph (e) below, sell the Trust Stock for cash to eligible purchasers in such manner and for such price as the Trustee in its discretion shall deem reasonable after consultation with Parent. (An "eligible purchaser" hereunder shall be a person or entity that is not affiliated with Parent and which has all necessary regulatory authority, if any, to purchase the Trust Stock.) Parent agrees to cooperate with the Trustee in effecting such disposition and the Trustee agrees to act in accordance with any direction made by Parent as to any specific terms or method of disposition, to the extent not inconsistent with any of the terms of this Trust Agreement, including subparagraph (e) below, and with the requirements of the terms of any STB or court order. The proceeds of the sale shall be distributed to or upon the order of Parent or, on a pro rata basis, to the holder or holders of the Trust Certificates hereunder as then known to the Trustee. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before paying to the holder his share of the proceeds. Upon disposition of all the Trust Stock pursuant to this paragraph 8(c), this Trust shall cease and come to an end.

(d) Unless sooner terminated pursuant to any other provision herein contained, this Trust Agreement shall terminate on December 31, 2016, and may be extended by the parties hereto, so long as no violation of 49 U.S.C. Section 11323 will result from such termination or extension. All Trust Stock and any other property held by the Trustee hereunder upon such termination shall be distributed

to or upon the order of the Acquiror. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before the release or transfer of the stock interests evidenced thereby.

(e) No disposition of Trust Stock under this paragraph 8 or otherwise hereunder shall be made except pursuant to one or more broadly distributed public offerings and subject to all necessary regulatory approvals, if any. Notwithstanding the foregoing, Trust Stock may be distributed as otherwise directed by Parent (but, if prior to the earliest of (i) the consummation of the Amended Second Offer; (ii) December 31, 1998, if STB Approval shall not have by then been granted; or (iii) the occurrence of an STB Denial, only with the prior written consent of the Company) subject to any order of the STB pursuant to any of its jurisdiction, in which case the Trustee shall be entitled to rely on a certificate of Parent (in circumstance under which the consent of the Company is required under the preceding parenthetical expression, acknowledged by the Company) that any person or entity to whom the Trust Stock is disposed is not an affiliate of the Parent and has all necessary regulatory authority, if any is necessary, to purchase such Trust Stock. The Trustee shall promptly inform the STB of any transfer or disposition of Trust Stock pursuant to this Paragraph 8. Upon the transfer of all of the Trust Stock pursuant to this Paragraph 8, this Trust shall cease and come to an end.

(f) Except as expressly provided in this Paragraph 8, the Trustee shall not dispose of, or in any way encumber, the Trust Stock, and any transfer, sale or encumbrance in violation of the foregoing shall be null and void.

9. Independence of the Trustee -- Neither the Trustee nor any affiliate of the Trustee may have (i) any officers, or members of their respective boards of directors, in common with the Acquiror, the Parent, or any affiliate of either, or

(ii) any direct or indirect business arrangements or dealings, financial or otherwise, with the Acquiror, the Parent or any affiliate (if either, other than dealings pertaining to the establishment and carrying out of this voting trust. Mere investment in the stock or securities of the Acquiror or the Parent or any affiliate of either by the Trustee, short of obtaining a controlling interest, will not be considered a proscribed business arrangement or dealing, but in no event shall any such investment by the Trustee in voting securities of the Acquiror, the Parent or their affiliates exceed five percent of their outstanding voting securities and in no event shall the Trustee hold a proportion of such voting securities so substantial as to permit the Trustee in any way to control or direct the affairs of the Acquiror, the Parent or their affiliates. Neither the Acquiror, the Parent nor their affiliates shall purchase the stock or securities of the Trustee or any affiliate of the Trustee.

10. Compensation of the Trustee -- The Trustee shall be entitled to receive reasonable and customary compensation for all services rendered by it as Trustee under the terms hereof and said compensation to the Trustee, together with all counsel fees, taxes, or other expenses reasonably incurred hereunder, shall be promptly paid by the Acquiror or the Parent.

11. Trustee May Act Through Agents -- The Trustee may at any time or from time to time appoint an agent or agents and may delegate to such agent or agents the performance of any administrative duty of the Trustee.

12. Concerning the Responsibilities and Indemnification of the Trustee -- The Trustee shall not be liable for any mistakes of fact or law or any error of judgment, or for any act or omission, except as a result of the Trustee's willful misconduct or gross negligence. The Trustee shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance



hereof if such agent or attorney has been selected with reasonable care. The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Trust Agreement. The Trustee shall not be responsible for the sufficiency or the accuracy of the form, execution, validity or genuineness of the Trust Stock, or of any documents relating thereto, or for any lack of endorsement thereon, or for any description therein, nor shall the Trustee be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such Trust Stock or document or endorsement or this Trust Agreement, except for the execution and delivery of this Trust Agreement by this Trustee. The Acquiror and the Parent agree that they will at all times protect, indemnify and save harmless the Trustee, its directors, officers, employees and agents from any loss, cost or expense of any kind or character whatsoever in connection with this Trust except those, if any, growing out of the gross negligence or willful misconduct of the Trustee, and will at all times themselves undertake, assume full responsibility for, and pay all costs and expense of any suit or litigation of any character, including any proceedings before the STB, with respect to the Trust Stock of this Trust Agreement, and if the Trustee shall be made a party thereto, the Acquiror or the Parent will pay all costs and expenses, including reasonable counsel fees, to which the Trustee may be subject by reason thereof; provided, however, that the Acquiror and the Parent shall not be responsible for the cost and expense of any suit that the Trustee shall settle without first obtaining the Parent's written consent. The Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted or suffered by the Trustee hereunder in good faith and in accordance with such opinion.

13. Trustee to Give Account to Holders -- To the extent requested to do so by the Acquiror or any registered holder of a Trust Certificate, the Trustee shall furnish to the party making such request full information with respect to (i) all property theretofore delivered to it as Trustee, (ii) all property then held by it as Trustee, and (iii) all actions theretofore taken by it as Trustee.

14. Resignation, Succession, Disqualification of Trustee -- The Trustee, or any trustee hereafter appointed, may at any time resign by giving forty-five days' written notice of resignation to the Parent and the STB. The Parent shall at least fifteen days prior to the effective date of such notice appoint a successor trustee which shall (i) satisfy the requirements of Paragraph 9 hereof and (ii) be a corporation organized and doing business under the laws of the United States or of any State thereof and authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority. If no successor trustee shall have been appointed and shall have accepted appointment at least fifteen days prior to the effective date of such notice of resignation, the resigning Trustee may petition any competent authority or court of competent jurisdiction for the appointment of a successor trustee. Upon written assumption by the successor trustee of the Trustee's powers and duties hereunder, a copy of the instrument of assumption shall be delivered by the Trustee to the Parent and the STB and all registered holders of Trust Certificates shall be notified of its assumption, whereupon the Trustee shall be discharged of the powers and duties of the Trustee hereunder and the successor trustee shall become vested with such powers and duties. In the event of any material violation by the Trustee of the terms and conditions of this Trust Agreement, the Trustee shall become disqualified from acting as trustee hereunder as soon as a

successor trustee shall have been selected in the manner provided by this paragraph.

15. Amendment -- Subject to the requirements of Section 1.9 of the Merger Agreement, this Trust Agreement may from time to time be modified or amended by agreement executed by the Trustee, the Acquiror (if executed prior to the Merger), the Parent and all registered holders of the Trust Certificates (i) pursuant to an order of the STB, (ii) with the prior approval of the STB, (iii) in order to comply with any order of the STB or (iv) upon receipt of an opinion of counsel satisfactory to the Trustee and the holders of Trust Certificates that an order of the STB approving such modification or amendment is not required and that the amendment is consistent with the STB's regulations regarding voting trusts. Any modification or amendment of this Trust Agreement effected after the Merger may be executed by agreement executed by the Trustee, the Parent and all registered holders of the Trust Certificates, subject to clauses (i), (ii), (iii) or (iv), as may be the case, of the preceding sentence.

16. Governing Law; Powers of the STB -- The provisions of this Trust Agreement and the rights and obligations of the parties hereunder shall be governed by the laws of the Commonwealth of Pennsylvania, except that to the extent any provision hereof may be found inconsistent with subtitle IV, title 49, United States Code or regulations promulgated thereunder, such statute and regulations shall control and such provision hereof shall be given effect only to the extent permitted by such statute and regulations. In the event that the STB shall, at any time hereafter by final order, find that compliance with law requires any other or different action by the Trustee than is provided herein, the Trustee shall act in accordance with such final order instead of the provisions of this Trust Agreement.



17. Counterparts -- This Trust Agreement is executed in four counterparts, each of which shall constitute an original, and one of which shall be held by each of the Parent and the Acquiror and the other two shall be held by the Trustee, one of which shall be subject to inspection by holder of Trust Certificates on reasonable notice during business hours.

18. Filing With the STB -- A copy of this Agreement and any amendments or modifications thereto shall be filed with the STB by the Acquiror.

19. Successors and Assigns -- This Trust Agreement shall be binding upon the successors and assigns to the parties hereto, including without limitation successors to the Acquiror and the Parent by merger, consolidation or otherwise. The parties agree that the Company shall be an express third party beneficiary of this Trust Agreement through and including the earliest of (i) the consummation of the Amended Second Offer; (ii) December 31, 1998, if STB Approval shall not have been granted; or (iii) the occurrence of an STB Denial, but that thereafter the Company shall not be any such third-party beneficiary. Except as otherwise expressly set forth herein, any consent or approval required from the Company hereunder shall mean the prior written consent or approval by a duly adopted resolution of the Company's board of directors, or by its duly authorized officer or other representative, and shall be granted or withheld in the sole discretion of such board, officer or representative.

20. Succession of Functions -- The term "STB" includes any successor agency or governmental department that is authorized to carry out the responsibilities now carried out by the STB with respect to the consideration of the consistency with the public interest of rail mergers and combinations, the regulation of voting trusts in respect of the acquisition of securities of rail carriers

or companies controlling them, and the exemption of approved rail mergers and combinations from the antitrust laws.

21. Notices -- Any notice which any party hereto may give to the other hereunder shall be in writing and shall be given by hand delivery, or by first class registered mail, or by overnight courier service, or by facsimile transmission confirmed by one of the aforesaid methods, sent,

If to Purchaser or Acquiror, to:

CSX Corporation  
One James Center  
901 East Cary Street  
Richmond, Virginia 23219

Attention: General Counsel

If to the Trustee, to:

Deposit Guaranty National Bank  
One Deposit Guaranty Plaza,  
8th Floor  
Jackson, Mississippi 39201

Attention: Corporate Trust Department

With a required copy to:

Deposit Guaranty National Bank  
c/o Commercial National Bank in Shreveport  
333 Texas Street  
Shreveport, LA 71101

Attention: Corporate Trust Department

And if to the holders of Trust Certificates, to them at their addresses as shown on the records maintained by the Trustee.

22. Remedies -- Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will waive,

in any action for specific performance, the defense of adequacy of a remedy at law and (b) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to an order compelling specific performance of this Agreement in any action instituted in any state or federal court sitting in Philadelphia, Pennsylvania. Each party hereto consents to personal jurisdiction in any such action brought in any state or federal court sitting in Philadelphia, Pennsylvania.

IN WITNESS WHEREOF, CSX Corporation and Green Acquisition Corp. have caused this Amended and Restated Trust Agreement to be executed by their authorized officers and their corporate seals to be affixed, attested by their Secretaries or Assistant Secretaries, and Deposit Guaranty National Bank has caused this Amended and Restated Trust Agreement to be executed by its authorized officer or agent and its corporate seal to be affixed, attested to by its Secretary or one of its Assistant Secretaries or other authorized agent, all as of the day and year first above written.

Attest: CSX CORPORATION

-----  
Secretary By -----

Attest: GREEN ACQUISITION CORP.

-----  
Secretary By -----

Attest: DEPOSIT GUARANTY NATIONAL BANK



By

-----

VOTING TRUST CERTIFICATE  
FOR  
COMMON STOCK  
of  
CONRAIL INC.  
INCORPORATED UNDER THE LAWS OF  
THE STATE OF PENNSYLVANIA

THIS IS TO CERTIFY that \_\_\_\_\_ will be entitled, on the surrender of this Certificate, to receive on the termination of the Voting Trust Agreement hereinafter referred to, or otherwise as provided in Paragraph 8 of said Voting Trust Agreement, a certificate or certificates for \_\_\_\_\_ shares of the Common Stock, \$1.00 par value, of Conrail Inc., a Pennsylvania corporation (the "Company"). This Certificate is issued pursuant to, and the rights of the holder hereof are subject to and limited by, the terms of an Amended and Restated Voting Trust Agreement, dated as of March 7, 1997, executed by CSX Corporation, a Virginia corporation, Green Acquisition Corp., a Pennsylvania corporation, and Deposit Guaranty National Bank, as Trustee (as it may be amended from time to time, the "Voting Trust Agreement"), a copy of which Voting Trust Agreement is on file in the office of said Trustee at One Deposit Guaranty Plaza, 8th Floor, Jackson, Mississippi 39201 and open to inspection of any stockholder of the Company and the holder hereof. The Voting Trust Agreement, unless earlier terminated (or extended) pursuant to the terms thereof, will terminate on December 31, 2016, so long as no violation of 49 U.S.C. Section 11323 will result from such termination.

The holder of this Certificate shall be entitled to the benefits of said Voting Trust Agreement, including the right to receive payment equal to the cash dividends, if any, paid by the Company with respect to the number of shares represented by this Certificate.

This Certificate shall be transferable only on the books of the undersigned Trustee or any successor, to be kept by it, on surrender hereof by the registered holder in person or by attorney duly authorized in accordance with the provisions of said Voting Trust Agreement, and until so transferred, the Trustee may treat the registered holder as the owner of this Voting Trust Certificate for all purposes whatsoever, unaffected by any notice to the contrary.

By accepting this Certificate, the holder hereof assents to all the provisions of, and becomes a party to, said Voting Trust Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by its officer duly authorized.

Dated:

DEPOSIT GUARANTY  
NATIONAL BANK

By

-----  
Authorized Officer



[FORM OF BACK OF VOTING TRUST CERTIFICATE]

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells, assigns,  
and transfers unto \_\_\_\_\_ the within Voting Trust  
Certificate and all rights and interests represented thereby, and does hereby  
irrevocably constitute and appoint \_\_\_\_\_ Attorney to  
transfer said Voting Trust Certificate on the books of the within mentioned  
Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

In the Presence of: \_\_\_\_\_

</TEXT>  
</DOCUMENT>

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14D-1  
TENDER OFFER STATEMENT  
(AMENDMENT NO. 22)

PURSUANT TO  
SECTION 14(D) (1) OF THE SECURITIES EXCHANGE ACT OF 1934  
AND

AMENDMENT NO. 31  
TO  
SCHEDULE 13D

CONRAIL INC.  
(NAME OF SUBJECT COMPANY)

CSX CORPORATION  
GREEN ACQUISITION CORP.  
(BIDDERS)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE  
(TITLE OF CLASS OF SECURITIES)  
208368 10 0  
(CUSIP NUMBER OF CLASS OF SECURITIES)

SERIES A ESOP CONVERTIBLE JUNIOR PREFERRED STOCK, WITHOUT PAR VALUE  
(TITLE OF CLASS OF SECURITIES)

NOT AVAILABLE  
(CUSIP NUMBER OF CLASS OF SECURITIES)

MARK G. ARON  
CSX CORPORATION  
ONE JAMES CENTER  
901 EAST CARY STREET  
RICHMOND, VIRGINIA 23219-4031  
(804) 782-1400

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON  
AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDERS)

WITH A COPY TO:

PAMELA S. SEYMON  
WACHTELL, LIPTON, ROSEN & KATZ  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019  
TELEPHONE: (212) 403-1000

This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission on December 6, 1996, as previously amended and supplemented, by Green Acquisition Corp., a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation, to purchase up to an aggregate of 18,344,845 shares of (i) Common Stock, par value \$1.00 per share, and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value, of Conrail Inc., a Pennsylvania corporation, 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 December 6, 1996, as supplemented by the Supplement thereto, dated December 19, 1996, and the related Letters of Transmittal at a purchase price of \$110.00 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the Supplement and the Schedule 14D-1.

**ITEM 10. ADDITIONAL INFORMATION.**

(e) On March 7, 1997, the United States Court of Appeals for the Third Circuit affirmed the November 19, 1996 and January 9, 1997 orders of the United States District Court for the Eastern District of Pennsylvania. A copy of the March 7, 1997 judgment and opinion have been filed as Exhibits (c)(14) and (c)(15), respectively, and the foregoing summary description is qualified in its entirety by reference to such exhibits.

**ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.**

- (c)(14) Judgment of Judges Stapleton, Scirica and Nygaard of the United States Court of Appeals for the Third Circuit, dated March 7, 1997.
- (c)(15) Opinion of Judges Stapleton, Scirica and Nygaard of the United States Court of Appeals for the Third Circuit, dated March 7, 1997.



**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.

**CSX CORPORATION**

By: /s/ MARK G. ARON  
Name: Mark G. Aron  
Title: Executive Vice President  
-- Law and Public Affairs

Dated: March 11, 1997

**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.

**GREEN ACQUISITION CORP.**

By: /s/ MARK G. ARON  
Name: Mark G. Aron  
Title: General Counsel and  
Secretary

Dated: March 11, 1997

## EXHIBIT INDEX

### EXHIBIT NC.

- \* (a) (1) Offer to Purchase, dated December 6, 1996.
- \* (a) (2) Letter of Transmittal.
- \* (a) (3) Notice of Guaranteed Delivery.
- \* (a) (4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- \* (a) (5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- \* (a) (6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- \* (a) (7) Tender Offer Instructions for Participants of Conrail Inc. Dividend Reinvestment Plan.
- \* (a) (8) Text of Press Release issued by Parent and the Company on December 6, 1996.
- \* (a) (9) Form of Summary Advertisement, dated December 6, 1996.
- \* (a) (10) Text of Press Release issued by Parent on December 5, 1996.
- \* (a) (11) Text of Press Release issued by Parent and the Company on December 10, 1996.
- \* (a) (12) Text of Advertisement published by Parent and the Company on December 10, 1996.
- \* (a) (13) Text of Press Release issued by Parent on December 11, 1996.
- \* (a) (14) Text of Advertisement published by Parent and the Company on December 12, 1996.

\* Previously filed.



- \* (a) (15) Supplement to Offer to Purchase, dated December 19, 1996.
- \* (a) (16) Revised Letter of Transmittal.
- \* (a) (17) Revised Notice of Guaranteed Delivery.
- \* (a) (18) Text of Press Release issued by Parent and the Company on December 19, 1996.
- \* (a) (19) Letter from Parent to shareholders of the Company, dated December 19, 1996.
- \* (a) (20) Text of Press Release issued by Parent on December 20, 1996.
- \* (a) (21) Text of Press Release issued by Parent and the Company on January 9, 1997.
- \* (a) (22) Text of Press Release issued by Parent and the Company on January 13, 1997.
- \* (a) (23) Text of Press Release issued by Parent and the Company on January 15, 1997.
- \* (a) (24) Text of Press Release issued by Parent on January 17, 1997.
- \* (a) (25) Text of Press Release issued by Parent on January 22, 1997.
- (a) (25) Deleted.
- \* (a) (26) Text of Letter issued by Parent and the Company dated January 22, 1997.
- \* (a) (27) Text of Advertisement published by Parent and the Company on January 29, 1997.
- \* (a) (28) Text of Press Release issued by Parent and the Company on January 31, 1997.
- \* (a) (29) Text of Press Release issued by Parent on February 14, 1997.

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- \* (a) (30) Text of Press Release issued by Parent on March 3, 1997.
- \* (a) (31) Second Supplement to Offer to Purchase, dated March 7, 1997.
- \* (a) (32) Revised Letter of Transmittal.
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- \* (b) (1) Credit Agreement, dated November 15, 1996 (incorporated by reference to Exhibit (b) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (1) Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (1) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (2) Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (3) Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (3) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (4) Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Bank (incorporated by reference to Exhibit (c) (4) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).

\* Previously filed.

- \* (c) (5) First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (7) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (6) Second Amendment to Agreement and Plan of Merger, dated as of December 18, 1996, by and among Parent, Purchaser and the Company.
- \* (c) (7) Form of Amended and Restated Voting Trust Agreement.
- (c) (8) Deleted.
- \* (c) (9) Text of STB Decision No. 5 of STB Finance Docket No. 33220, dated January 8, 1997.
- \* (c) (10) Unaudited Pro Forma Financial Statements reflecting the Transactions (incorporated by reference to Parent's registration statement on Form S-4, registration number 333-19523).
- \* (c) (11) Text of opinion of Judge Donald VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania as delivered from the bench on January 9, 1997.
- \* (c) (12) Third Amendment to Agreement and Plan of Merger, dated as of March 7, 1997, by and among Parent, Purchaser and the Company.
- \* (c) (13) Form of Amended and Restated Voting Trust Agreement.
- (c) (14) Judgment of Judges Stapleton, Scirica and Nygaard of the United States Court of Appeals for the Third Circuit, dated March 7, 1997.
- (c) (15) Opinion of Judges Stapleton, Scirica and Nygaard of the United States Court of Appeals for the Third Circuit, dated March 7, 1997.
- (d) Not applicable.
- (e) Not applicable.
- (f) Not applicable.

\* Previously filed.



UNITED STATES COURT OF APPEALS  
FOR THE THIRD CIRCUIT

Nos. 96-2025 & 96-2026  
NORFOLK SOUTHERN CORPORATION, ET AL.,  
Appellants in No. 96-2025

v.

PETER D. FERRARA, ET AL.,  
Appellants in No. 96-2026

Nos. 97-1006 & 97-1009

NORFOLK SOUTHERN CORPORATION, ET AL.,  
Appellants in No. 97-1006

v.

PETER D. FERRARA, ET AL.,  
Appellants in No. 97-1009

Appeal from the United States District Court  
For the Eastern District of Pennsylvania  
(D.C. Civil Nos. 96-cv-07167 & 96-cv-07350)

Present: Stapleton, Scirica, and Nygaard, Circuit Judges

JUDGMENT

These causes came on to be heard on the record from the United States District Court for the Eastern District of Pennsylvania and was submitted pursuant to Third Circuit LAR 34.1(a) on February 25, 1997.

On consideration whereof, it is now here ordered and adjudged by this Court that the judgment of the said District Court dated November 19, 1996 and entered November 20, 1996 and the judgment dated January 9, 1997 and entered January 10, 1997, be, and the same are hereby affirmed. All of the above in accordance with the opinion of this Court.

ATTEST:

/s/ P. Douglas Sisk

Clerk

Dated: March 7, 1997

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS  
FOR THE THIRD CIRCUIT

---

NOS. 96-2025 and 96-2026

---

NORFOLK SOUTHERN CORP., ET AL.,

Appellants in No. 96-2025

v.

PETER D. FERRARA, ET AL.,

Appellants in No. 96-2026

---

NOS. 97-1006 and 97-1009

---

NORFOLK SOUTHERN CORP., ET AL.,

Appellants in No. 97-1006

v.

PETER D. FERRARA, ET AL.,

Appellants in No. 97-1009

Appeal from the United States District Court  
For the Eastern District of Pennsylvania  
(D.C. Civil Nos. 96-cv-7167, 96-cv-7350)  
District Judge: Honorable Donald W. Van Artsdalen

---

Submitted Pursuant to Third Circuit LAR 34.1(a)  
February 25, 1997

BEFORE: STAPLETON, SCIRICA AND NYGAARD, Circuit Judges

(Opinion filed March 7, 1997)



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OPINION OF THE COURT

---

PER CURIAM:

In the appeals at Nos. 96-2025 and 96-2026, the appellants appeal from an order of the district court, the primary effect of which was to deny a preliminary injunction to stop a tender offer which subsequently closed on November 20, 1996. In the appeals at Nos. 97-1006 and 97-1009, the appellants appeal from an order of the district court, the primary effect of which was to deny a preliminary injunction to delay a stockholder vote on a charter amendment that subsequently occurred on January 17, 1997.

As appellants in all four appeals stress, they asked the district court for other preliminary injunctive relief in addition to a preliminary restraint against the tender offer and the stockholder vote, and these appeals, as a result, are technically not moot. Nevertheless, we cannot say that the district court, at the time it entered the orders appealed from, abused its discretion in failing to grant any of this additional pendente lite relief. Appellants failed to demonstrate, for example, that they face imminent, irreparable

injury that would be avoided if any of this additional relief were granted.<sup>1</sup>

Because the tender offer and stockholder vote can no longer be enjoined and because we cannot say that the district court abused its discretion in denying other relief, we will affirm the orders giving rise to these appeals.

In reaching this conclusion, we are not unmindful of the fact that the conduct alleged by appellants to be wrongful may have continuing effects. If appellants, at any time before the merits of this case can be fully adjudicated, believe that they face imminent, irreparable injury from any such continuing effects, they are, of course, free to apply to the district court for pendente lite relief directed to whatever threatens such injury. The fact that such relief may become appropriate, however, does not mean that the district court erred in entering its orders of November 19, 1996, and January 9, 1997.

In the event that additional applications for pendente lite relief are filed in the district court and additional appeals follow, those appeals will be submitted by the clerk to this panel and will be expedited and decided on the basis of the existing briefing plus any appropriate supplemental submissions.

-----  
1. The fact that no stockholder meeting or other corporate action of Conrail is currently scheduled and no competing merger proposals are before the Conrail Board makes it difficult for the appellants to demonstrate an immediate threat of irreparable injury. The application for a preliminary injunction in the first filed cases did ask for an order enjoining enforcement of the 270 day lock-out provision and that provision, now extended to 720 days, remains in the merger agreement. However, a pronouncement on the validity of that provision in the context of a request for a preliminary injunction would not, of course, finally resolve the issue of its validity, and, more importantly, the record does not indicate that such a preliminary injunction would save appellants from any immediately threatened irreparable injury or, indeed, change the status quo in any other way. To the contrary, it suggests that the Conrail Board would remain committed to the CSX proposal even if it were not bound by a contract provision.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14D-1  
TENDER OFFER STATEMENT  
(AMENDMENT NO. 23)

PURSUANT TO  
SECTION 14(D) (1) OF THE SECURITIES EXCHANGE ACT OF 1934  
AND

AMENDMENT NO. 33  
TO  
SCHEDULE 13D

CONRAIL INC.  
(NAME OF SUBJECT COMPANY)

CSX CORPORATION  
GREEN ACQUISITION CORP.  
(BIDDERS)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE  
(TITLE OF CLASS OF SECURITIES)  
208368 10 0  
(CUSIP NUMBER OF CLASS OF SECURITIES)

SERIES A ESOP CONVERTIBLE JUNIOR PREFERRED STOCK, WITHOUT PAR VALUE  
(TITLE OF CLASS OF SECURITIES)

NOT AVAILABLE  
(CUSIP NUMBER OF CLASS OF SECURITIES)

MARK G. ARON  
CSX CORPORATION  
ONE JAMES CENTER  
901 EAST CARY STREET  
RICHMOND, VIRGINIA 23219-4031  
(804) 782-1400

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON  
AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDERS)

WITH A COPY TO:

PAMELA S. SEYMON  
WACHTELL, LIPTON, ROSEN & KATZ  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019  
TELEPHONE: (212) 403-1000



This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission on December 6, 1996, as previously amended and supplemented, by Green Acquisition Corp., a Pennsylvania corporation and a wholly owned subsidiary of CSX Corporation, a Virginia corporation, to purchase all shares of (i) Common Stock, par value \$1.00 per share, and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value, of Conrail Inc., a Pennsylvania corporation, 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 December 6, 1996, as supplemented by the Supplement thereto, dated December 19, 1996, and the Second Supplement thereto, dated March 7, 1997, and the related Letters of Transmittal at a purchase price of \$115.00 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the Supplement, the Second Supplement and the Schedule 14D-1.

**ITEM 10. ADDITIONAL INFORMATION.**

(f) On March 12, 1997, Parent published a letter to employees of the Company. A copy of such letter has been filed as Exhibit (a)(36), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

**ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.**

(a)(36) Letter from Parent to employees of the Company, published on March 12, 1997.

**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.

**CSX CORPORATION**

By: /s/ MARK G. ARON  
Name: Mark G. Aron  
Title: Executive Vice President  
-- Law and Public Affairs

**Dated: March 12, 1997**

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.

GREEN ACQUISITION CORP.

By: /s/ MARK G. ARON  
Name: Mark G. Aron  
Title: General Counsel and  
Secretary

Dated: March 12, 1997



## EXHIBIT INDEX

### EXHIBIT NO.

- \* (a) (1) Offer to Purchase, dated December 6, 1996.
- \* (a) (2) Letter of Transmittal.
- \* (a) (3) Notice of Guaranteed Delivery.
- \* (a) (4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- \* (a) (5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- \* (a) (6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- \* (a) (7) Tender Offer Instructions for Participants of Conrail Inc. Dividend Reinvestment Plan.
- \* (a) (8) Text of Press Release issued by Parent and the Company on December 6, 1996.
- \* (a) (9) Form of Summary Advertisement, dated December 6, 1996.
- \* (a) (10) Text of Press Release issued by Parent on December 5, 1996.
- \* (a) (11) Text of Press Release issued by Parent and the Company on December 10, 1996.
- \* (a) (12) Text of Advertisement published by Parent and the Company on December 10, 1996.
- \* (a) (13) Text of Press Release issued by Parent on December 11, 1996.
- \* (a) (14) Text of Advertisement published by Parent and the Company on December 12, 1996.

\* Previously filed.

- \*(a) (15) Supplement to Offer to Purchase, dated December 19, 1996.
- \*(a) (16) Revised Letter of Transmittal.
- \*(a) (17) Revised Notice of Guaranteed Delivery.
- \*(a) (18) Text of Press Release issued by Parent and the Company on December 19, 1996.
- \*(a) (19) Letter from Parent to shareholders of the Company, dated December 19, 1996.
- \*(a) (20) Text of Press Release issued by Parent on December 20, 1996.
- \*(a) (21) Text of Press Release issued by Parent and the Company on January 9, 1997.
- \*(a) (22) Text of Press Release issued by Parent and the Company on January 13, 1997.
- \*(a) (23) Text of Press Release issued by Parent and the Company on January 15, 1997.
- \*(a) (24) Text of Press Release issued by Parent on January 17, 1997.
- \*(a) (25) Text of Press Release issued by Parent on January 22, 1997.
- (a) (25) Deleted.
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- \* (c) (1) Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (1) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (2) Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
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\* Previously filed.



- \* (c) (4) Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Bank (incorporated by reference to Exhibit (c) (4) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
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- \* (c) (7) Form of Amended and Restated Voting Trust Agreement.
- (c) (8) Deleted.
- \* (c) (9) Text of STB Decision No. 5 of STB Finance Docket No. 33220, dated January 8, 1997.
- \* (c) (10) Unaudited Pro Forma Financial Statements reflecting the Transactions (incorporated by reference to Parent's registration statement on Form S-4, registration number 333-19523).
- \* (c) (11) Text of opinion of Judge Donald VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania as delivered from the bench on January 9, 1997.
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- \* (c) (13) Form of Amended and Restated Voting Trust Agreement.
- \* (c) (14) Judgment of Judges Stapleton, Scirica and Nygaard of the United States Court of Appeals for the Third Circuit, dated March 7, 1997.

\* Previously filed.

\* (c) (15) Opinion of Judges Stapleton, Scirica and Nygaard of the United States Court of Appeals for the Third Circuit, dated March 7, 1997.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

\* Previously filed.

- 5 -

CSX  
CORPORATION

One James Center  
Richmond, Virginia 23219

JOHN W. SNOW  
Chairman, President  
Chief Executive Officer

Dear Conrail Employees,

These past four months have been a difficult time for you, I know, given the uncertainty surrounding Conrail's future.

You, the loyal employees of Conrail, can be extraordinarily proud of what you have accomplished over the last twenty years. From the dark days of the collapse of the Northeastern railroads, you have created a strong, successful private sector railroad in the East -- a railroad that is widely acclaimed for the tremendous strides it has made in becoming an industry leader.

Most of you are part of the unions that fought to preserve rail service in the Northeast. Those same unions ensured the transition from public to private sector ownership. Those of you on the management side provided strong leadership for this success story. None of this could have happened without all of you and your tireless dedication. Together, you wrote the Conrail success story.

Now we are about to begin a new chapter of railroading in the region, with large parts of the Conrail system joining with CSX, while the remainder becomes part of Norfolk Southern. For those of you who will be joining the CSX system, I offer you a most hearty welcome! Together we will build an even greater railroad system in the East. I also want to congratulate those of you who will be joining Norfolk Southern. The competition between our two great companies will benefit shippers and the region as we fight to win back traffic and grow our rail businesses. You have demonstrated what hard work, imagination, determination and perseverance can accomplish.

We will value your experience, your ideas and your suggestions as we move forward in these exciting new times. I am confident the best days for Eastern railroading lie ahead, and I am pleased that together we will have the chance to make history anew.

Sincerely,

/s/ John W. Snow



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Schedule 14D-1  
Tender Offer Statement  
(Amendment No. 24)

Pursuant to  
Section 14(d)(1) of the Securities Exchange Act of 1934  
and  
Amendment No. 34  
to  
Schedule 13D<sup>†</sup>  
and  
Amendment No. 11  
to  
Schedule 13D<sup>††</sup>

**Conrail Inc.**

(Name of Subject Company)

**CSX Corporation  
Norfolk Southern Corporation  
Green Acquisition Corp.**  
(Bidders)

Common Stock, Par Value \$1.00 Per Share

(Title of Class of Securities)

208368 10 0

(CUSIP Number of Class of Securities)

Series A ESOP Convertible Junior Preferred Stock, Without Par Value

(Title of Class of Securities)

Not Available

(CUSIP Number of Class of Securities)

Mark G. Aron  
CSX Corporation  
One James Center  
901 East Cary Street  
Richmond, Virginia 23219-4031  
Telephone: (804) 782-1400

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications on Behalf of Bidder)

With a copy to:

Pamela S. Seymon  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Telephone: (212) 403-1000

James C. Bishop, Jr.  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, Virginia 23510  
Telephone: (757) 629-2750

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

**CALCULATION OF FILING FEE**

Transaction Valuation\*

\$8,396,903,710

Amount of Filing Fee\*\*

\$1,679,381

- \* For purposes of calculating the filing fee only. This calculation assumes the purchase of an aggregate of 73,016,554 Shares of Common Stock, par value \$1.00 per share, and Series A ESOP Convertible Junior Preferred Stock, without par value, of Conrail Inc. at \$115 net per Share in cash.  
\*\* 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 Green Acquisition Corp. for such number of Shares.  
<sup>†</sup> of CSX Corporation and Green Acquisition Corp.  
<sup>††</sup> of Norfolk Southern Corporation

- ☒ 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.

Total Amount Previously Paid: \$2,014,438.59

Amount Previously Paid:  
Form or Registration No.:  
Filing Party:

\$403,586.59  
Schedule 14D-1  
CSX Corporation and  
Green Acquisition Corp.  
December 6, 1996

Amount Previously Paid:  
Form or Registration No.:  
Filing Party:

\$1,610,852  
333-19523  
CSX Corporation

Date Filed:

Date Filed:

January 10, 1997

## SCHEDULE 14D-1

CUSIP No. 208368 10 0

Page 1 of 4 pages

1	<b>NAMES OF REPORTING PERSONS</b> <b>S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON</b> NORFOLK SOUTHERN CORPORATION (E.I.N.: 52-1188014)	
2	<b>CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP</b>	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	<b>SEC USE ONLY</b>	
4	<b>SOURCE OF FUNDS</b> BK, WC, OO	
5	<b>CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) or 2(f)</b>	<input type="checkbox"/>
6	<b>CITIZENSHIP OR PLACE OF ORGANIZATION</b> VIRGINIA	
7	<b>AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON</b> 8,200,100 Common Shares*	
8	<b>CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES</b>	<input checked="" type="checkbox"/>
9	<b>PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7)</b> 9.9% of Outstanding Common Shares*	
10	<b>TYPE OF REPORTING PERSON</b> HC and CO	

\* Excludes 17,775,124 Common Shares beneficially owned by CSX Corporation which Norfolk Southern Corporation may be deemed to beneficially own by reason of the CSX/NSC Letter Agreement referred to herein.

## SCHEDULE 14D-1

CUSIP No. 208368 10 0

Page 2 of 4 pages

1	NAMES OF REPORTING PERSONS S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON ATLANTIC ACQUISITION CORPORATION (E.I.N.: 54-1823555)	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) or 2(f)	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION PENNSYLVANIA	
7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 8,200,000 Common Shares*	
8	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES	<input type="checkbox"/>
9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7) 9.9% of outstanding Common Shares*	
10	REPORTING PERSON CO	

\* Excludes 17,775,124 Common Shares beneficially owned by CSX Corporation which Norfolk Southern Corporation may be deemed to beneficially own by reason of the CSX/NSC Letter Agreement referred to herein.



## SCHEDULE 14D-1

CUSIP No. 208368 10 0

Page 3 of 4 pages

1	NAMES OF REPORTING PERSONS S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON CSX CORPORATION
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS BK, WC, 00
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) or 2(f) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION VIRGINIA
7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 17,775,124 Common Shares.* See Section 13 of the Offer to Purchase, dated December 6, 1996 filed and all amendments thereto
8	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES <input checked="" type="checkbox"/>
9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7) Approximately 19.9% of outstanding Shares.*
10	REPORTING PERSON HC and CO

\* Excludes 17,775,124 Common Shares beneficially owned by Norfolk Southern Corporation which CSX Corporation may be deemed to beneficially own by reason of CSX/NSC Letter Agreement referred therein.

## SCHEDULE 14D-1

CUSIP No. 208368 10 0

Page 4 of 4 pages

1	NAMES OF REPORTING PERSONS S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON GREEN ACQUISITION CORP.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) or 2(f)	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION PENNSYLVANIA	
7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 17,775,124 Common Shares.*	
8	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES	<input checked="" type="checkbox"/>
9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7) 19.9% of outstanding Shares.*	
10	REPORTING PERSON CO	

\* Excludes 18,200,100 Common Shares beneficially owned by Norfolk Southern Corporation which CSX Corporation may be deemed to beneficially own by reason of the CSX/NSC Letter Agreement referred to herein.

This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "SEC") on December 6, 1996, as previously amended and supplemented (the "Schedule 14D-1"), by Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation, CSX Corporation, a Virginia corporation ("Parent" or "CSX"), and Norfolk Southern Corporation, a Virginia Corporation ("NSC") to purchase all 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 (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, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 6, 1996, the Supplement thereto, dated December 19, 1996 (the "First Supplement"), the Second Supplement thereto, dated March 7, 1997 (the "Second Supplement"), and the Third Supplement thereto, dated April 10, 1997 (the "Third Supplement"), and the related Letters of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") at a purchase price of \$115 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the First Supplement, the Second Supplement, the Third Supplement and the Schedule 14D-1.

#### **ITEM 1. SECURITY AND SUBJECT COMPANY.**

Item 1(b) is hereby amended and supplemented by reference to the Introduction to the Third Supplement, which Section is incorporated herein by reference.

Item 1(c) is hereby amended and supplemented by reference to Section 2 of the Third Supplement, which Section is incorporated herein by reference.

#### **ITEM 2. IDENTITY AND BACKGROUND.**

Item 2 is hereby amended and supplemented by reference to Section 4 and Schedule A of the Third Supplement, which Section is incorporated herein by reference.

#### **ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.**

Item 3(a) is hereby amended and supplemented by reference to Section 3 of the Third Supplement, which Section is hereby incorporated by reference.

Item 3(b) is hereby amended and supplemented by reference to Section 4 and Section 6 of the Third Supplement, which Section is incorporated herein by reference.

#### **ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.**

Item 4(a) is hereby amended and supplemented by reference to Section 5 of the Third Supplement, which Section is incorporated herein by reference.

Item 4(b) is hereby amended and supplemented by reference to Section 5 of the Third Supplement, which Section 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 reference to Section 7 and Section 8 of the Third Supplement, which Section is incorporated herein by reference.

#### **ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.**

Item 6(a) is hereby amended and supplemented by reference to the Introduction to and Section 4 of the Third Supplement, which Section is incorporated herein by reference.

Item 6(b) is hereby amended and supplemented by reference to Section 4 of the Third Supplement, which Section 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 reference to Section 8 of the Third Supplement, which Section is incorporated herein by reference.

**ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.**

Item 8 is hereby amended and supplemented by reference to Section 11 of the Third Supplement, which Section is incorporated herein by reference.

**ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.**

Item 9 is hereby amended and supplemented by reference to Section 4 of the Third Supplement, which Section is incorporated herein by reference.

**ITEM 10. ADDITIONAL INFORMATION.**

Item 10(b) is hereby amended and supplemented by reference to Section 10 of the Third Supplement, which Section is incorporated herein by reference.

Item 10(e) is hereby amended and supplemented by reference to Section 10 of the Third Supplement, which Section is incorporated herein by reference.

**ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.**

- (a) (37) Text of Press Release issued by CSX and NSC on April 8, 1997.
- (a) (38) Third Supplement to Offer to Purchase, dated April 10, 1997.
- (a) (39) Revised Letter of Transmittal circulated with the Third Supplement.
- (a) (40) Revised Notice of Guaranteed Delivery circulated with the Third Supplement.
- (b) (2) Credit Agreement, dated as of February 10, 1997, by and among NSC, Morgan Guaranty Trust Company of New York, as administrative agent, Merrill Lynch Capital Corporation, as documentation agent, and the banks from time to time parties thereto (incorporated by reference to Exhibit (b) (2) of NSC's and Atlantic Acquisition Corporation's Tender Offer Statement on Schedule 14D-1, dated February 12, 1997).
- (c) (10) Deleted.
- (c) (14) Letter Agreement between CSX and NSC, dated April 8, 1997.
- (c) (15) Fourth Amendment to Agreement and Plan of Merger, dated as of April 8, 1997, by and among CSX, Purchaser and the Company.

**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.

**CSX CORPORATION**

By: /s/ **MARK G. ARON**

Name: **Mark G. Aron**

Title: **Executive Vice President —  
Law and Public Affairs**

Dated: **April 10, 1997**

**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.

**NORFOLK SOUTHERN CORPORATION**

**By: /s/ JAMES C. BISHOP, JR.**

**Name: James C. Bishop, Jr.**

**Title: Executive Vice President-Law**

**Dated: April 10, 1997**



**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.

**ATLANTIC ACQUISITION CORPORATION**

**By: /s/ JAMES C. BISHOP, JR.** \_\_\_\_\_

**Name: James C. Bishop, Jr.**

**Title: Vice President and General Counsel**

**Dated: April 10, 1997**

**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.

**GREEN ACQUISITION CORP.**

By: /s/ MARK G. ARON

Name: Mark G. Aron

Title: General Counsel and Secretary

Dated: April 10, 1997

## EXHIBIT INDEX

Exhibit No.	
* (a) (1)	Offer to Purchase, dated December 6, 1996.
* (a) (2)	Letter of Transmittal.
* (a) (3)	Notice of Guaranteed Delivery.
* (a) (4)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
* (a) (5)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
* (a) (6)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
* (a) (7)	Tender Offer Instructions for Participants of Conrail Inc. Dividend Reinvestment Plan.
* (a) (8)	Text of Press Release issued by Parent and the Company on December 6, 1996.
* (a) (9)	Form of Summary Advertisement, dated December 6, 1996.
* (a) (10)	Text of Press Release issued by Parent on December 5, 1996.
* (a) (11)	Text of Press Release issued by Parent and the Company on December 10, 1996.
* (a) (12)	Text of Advertisement published by Parent and the Company on December 10, 1996.
* (a) (13)	Text of Press Release issued by Parent on December 11, 1996.
* (a) (14)	Text of Advertisement published by Parent and the Company on December 12, 1996.
* (a) (15)	Supplement to Offer to Purchase, dated December 19, 1996.
* (a) (16)	Revised Letter of Transmittal.
* (a) (17)	Revised Notice of Guaranteed Delivery.
* (a) (18)	Text of Press Release issued by Parent and the Company on December 19, 1996.
* (a) (19)	Letter from Parent to shareholders of the Company, dated December 19, 1996.
* (a) (20)	Text of Press Release issued by Parent on December 20, 1996.
* (a) (21)	Text of Press Release issued by Parent and the Company on January 9, 1997.
* (a) (22)	Text of Press Release issued by Parent and the Company on January 13, 1997.
* (a) (23)	Text of Press Release issued by Parent and the Company on January 15, 1997.
* (a) (24)	Text of Press Release issued by Parent on January 17, 1997.
(a) (25)	Deleted.
* (a) (26)	Text of Letter issued by Parent and the Company dated January 22, 1997.
* (a) (27)	Text of Advertisement published by Parent and the Company on January 29, 1997.
* (a) (28)	Text of Press Release issued by Parent and the Company on January 31, 1997.
* (a) (29)	Text of Press Release issued by Parent on February 14, 1997.
* (a) (30)	Text of Press Release issued by Parent on March 3, 1997.
* (a) (31)	Second Supplement to Offer to Purchase, dated March 7, 1997.
* (a) (32)	Revised Letter of Transmittal.
* (a) (33)	Revised Notice of Guaranteed Delivery.
* (a) (34)	Text of Press Release issued by Parent on March 7, 1997.
* (a) (35)	Form of Summary Advertisement, dated March 10, 1997.
* (a) (36)	Letter from Parent to employees of the Company, published on March 12, 1997.
(a) (37)	Text of Press Release issued by CSX and NSC on April 8, 1997.
(a) (38)	Third Supplement to Offer to Purchase, dated April 10, 1997.
(a) (39)	Revised Letter of Transmittal circulated with the Third Supplement.
(a) (40)	Revised Notice of Guaranteed Delivery circulated with the Third Supplement.



Exhibit No.	
* (b) (1)	Credit Agreement, dated November 15, 1996 (incorporated by reference to Exhibit (b) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
(b) (2)	Credit Agreement, dated as of February 10, 1997, by and among NSC, Morgan Guaranty Trust Company of New York, as administrative agent, Merrill Lynch Capital Corporation, as documentation agent, and the banks from time to time parties thereto (incorporated by reference to NSC's and Atlantic Acquisition Corporation's Tender Offer Statement on Schedule 14D-1, dated February 12, 1997).
* (c) (1)	Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (1) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
* (c) (2)	Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
* (c) (3)	Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (3) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
* (c) (4)	Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Bank (incorporated by reference to Exhibit (c) (4) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
* (c) (5)	First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (7) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
* (c) (6)	Second Amendment to Agreement and Plan of Merger, dated as of December 18, 1996, by and among Parent, Purchaser and the Company.
* (c) (7)	Form of Amended and Restated Voting Trust Agreement.
(c) (8)	Deleted.
* (c) (9)	Text of STB Decision No. 5 of STB Finance Docket No. 33220, dated January 8, 1997.
(c) (10)	Deleted.
* (c) (11)	Text of opinion of Judge Donald VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania as delivered from the bench on January 9, 1997.
* (c) (12)	Third Amendment to Agreement and Plan of Merger, dated as of March 7, 1997, by and among Parent, Purchaser and the Company.
* (c) (13)	Form of Amended and Restated Voting Trust Agreement.
(c) (14)	Letter Agreement between CSX and NSC, dated April 8, 1997.
(c) (15)	Fourth Amendment to Agreement and Plan of Merger, dated as of April 8, 1997, by and among CSX, Purchaser and the Company.
(d)	Not applicable.
(e)	Not applicable.
(f)	Not applicable.

\* Previously filed.

Exhibit 99.A.37

CONTACTS: THOMAS E. HOPPIN  
CSX CORPORATION  
804-782-1450

ROBERT FORT  
NORFOLK SOUTHERN CORPORATION  
757-629-2710

FOR IMMEDIATE RELEASE

CSX, NORFOLK SOUTHERN AGREE ON DIVISION OF CONRAIL;  
JOINT ACQUISITION AND JOINT STB APPLICATION ALSO SET

RICHMOND and NORFOLK, Va. - April 8, 1997 - CSX Corporation (NYSE: CSX) and Norfolk Southern Corporation (NYSE: NSC) today announced that they have reached agreement on a division of the routes and assets of Conrail Inc.

The two companies said they will form a jointly owned entity to acquire all outstanding shares of Conrail for \$115 in cash per share. Norfolk Southern will contribute \$5.9 billion for its 58 percent share of the acquisition and CSX will contribute \$4.3 billion for its 42 percent share. The totals include amounts previously spent by Norfolk Southern and CSX to acquire Conrail shares.

The companies also said they will file a joint application with the Surface Transportation Board in June seeking approval of the Conrail acquisition and division.

CSX's pending tender offer for the remaining shares of Conrail will be amended to include Norfolk Southern and will be extended to May 23, 1997. The shares purchased in the offer will be placed in a joint voting trust pending STB approval of the proposed transaction.

As part of the agreement, CSX and Norfolk Southern will move to dismiss all pending litigation between the two companies.

Norfolk Southern and CSX said the plan will create balanced competition in the East, restore rail competition in regions now served only by Conrail, and improve service to customers.

The result will be two strong competitors that will provide single-line service between the New York metropolitan area and Chicago, between New York and St. Louis and between the New York area and markets to the south and southwest. Implementation of the plan is expected to bring new business and new jobs to the rail industry and the regions now served by both companies.

The companies said they are confident the plan will earn support from customers and the public, and are hopeful the STB will consider the joint application on an expedited schedule.

Under the plan, Norfolk Southern and CSX will divide all of Conrail's principal routes, which form an "X" crossing in Ohio, with each railroad operating two of the four legs of the "X". Norfolk Southern will obtain about 58 percent of Conrail and CSX about 42 percent, based on the revenues generated by Conrail's lines and facilities in 1995.

-- MORE --



In arriving at the proposed division, the companies focused on producing the best fit with their existing systems and optimizing service to customers.

CSX will operate the legs between Boston and Cleveland through Albany and Buffalo with connecting lines to Montreal, New York and New Jersey and between Cleveland and St. Louis (former New York Central mainlines). In addition, CSX will operate Conrail's line connecting New York and Philadelphia (a former Reading line) and the line that connects Crestline, Ohio and Chicago, a portion of which west of Fort Wayne, Ind., now is owned by Norfolk Southern. CSX will also operate the line between Toledo and Columbus, Ohio.

Norfolk Southern will operate legs of the "X" between Chicago and Cleveland (a former New York Central mainline) and the Conrail line between Cleveland and northern New Jersey via Pittsburgh and Harrisburg (mostly the former Pennsylvania Railroad mainline). In addition, Norfolk Southern will operate the Conrail line serving the metropolitan New York area between northern New Jersey and Buffalo through Binghamton, N.Y., (former Erie Lackawanna) and another between Buffalo and Harrisburg, Pa.

Norfolk Southern will operate most Conrail lines in Michigan, Maryland, Delaware and Pennsylvania. It also will operate the routes between Toledo and Detroit, Columbus and Cincinnati and between Columbus and Charleston, W. Va.

Norfolk Southern and CSX jointly will operate Conrail assets in major terminal areas such as Detroit and northern and southern New Jersey. The two companies also will share access to certain lines in Philadelphia and Indianapolis, and to the rail lines serving the Monongahela coal fields in southwestern Pennsylvania.

The joint STB application will address traffic flows, terminal operations and related matters; outline the capital investments each company plans to make in new connections and facilities and to increase capacity on critical routes; and detail operating savings and other public benefits resulting from the transaction. Norfolk Southern and CSX will jointly solve the few "2-to-1" points created by their division of Conrail.

CSX Corporation, headquartered in Richmond, Va., is an international transportation company offering a variety of rail, container-shipping, intermodal, trucking, barge and contract logistics management services. The company's 18,000 route-mile rail system links 20 states to the East and Midwest.

Norfolk Southern is a Virginia-based holding company with headquarters in Norfolk, Va. It owns a major freight railroad, Norfolk Southern Railway Company, which operates more than 14,300 miles of road in 20 states primarily in the Southeast and Midwest, and the Province of Ontario, Canada. The corporation also owns North American Van Lines, Inc., and Pocahontas Land Corporation, a natural resources company.

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Note: Maps showing the proposed division of Conrail are available on the World Wide Web sites of CSX and Norfolk Southern.

(Norfolk Southern: <http://www.nscorp.com>; CSX: <http://www.csx.com>)

</TEXT>

</DOCUMENT>

**Exhibit 99.A.38**

THIRD SUPPLEMENT TO THE OFFER TO PURCHASE DATED DECEMBER 6, 1996

GREEN ACQUISITION CORP.  
CURRENTLY A WHOLLY OWNED SUBSIDIARY OF  
CSX CORPORATION  
IS AMENDING THE SECOND OFFER TO INCLUDE  
NORFOLK SOUTHERN CORPORATION  
AS A CO-BIDDER AS DESCRIBED BELOW

THE SECOND OFFER HAS BEEN EXTENDED. THE SECOND OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, MAY 23, 1997, UNLESS THE SECOND OFFER IS FURTHER EXTENDED.

CSX Corporation, a Virginia corporation ("CSX"), and Norfolk Southern Corporation, a Virginia corporation ("NSC"), have entered into a letter agreement, dated April 8, 1997 (the "CSX/NSC Letter Agreement"), which provides, among other things, (i) for the termination of the NSC tender offer commenced on February 12, 1997 (the "NSC Second Offer") and the dismissal of litigation between CSX and NSC, (ii) that Green Acquisition Corp. ("Purchaser") will, directly or indirectly, become a jointly owned subsidiary of CSX and NSC, (iii) that, through Purchaser, CSX and NSC will jointly acquire all Shares not already owned by CSX and NSC through the Second Offer and the Merger, and will jointly provide the funds necessary therefor, and (iv) that Conrail Inc. (the "Company") will continue to be managed by its Board of Directors until the requisite approval of the Surface Transportation Board (the "STB") is obtained and, following receipt of such approval, CSX and NSC will be separately allocated certain of the Company's railroad operations and will jointly operate certain other railroad operations of the Company. See Section 8 of this Third Supplement.

Except as otherwise set forth in this Third Supplement, the terms and conditions previously set forth in the Offer to Purchase, dated December 6, 1996, the Supplement thereto, dated December 19, 1996, and the Second Supplement thereto, dated March 7, 1997, remain applicable in all respects to the Second Offer, and this Third Supplement should be read in conjunction with the Offer to Purchase, the First Supplement and the Second Supplement. Unless the context requires otherwise, terms not defined herein have the meanings ascribed to them in the Offer to Purchase, the First Supplement and the Second Supplement.

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THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE SECOND OFFER AND THE MERGER, DETERMINED THAT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY ARE IN THE BEST INTERESTS OF THE COMPANY AND RECOMMENDS THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE SECOND OFFER AND TENDER THEIR SHARES PURSUANT TO THE SECOND OFFER.

IMPORTANT

Any shareholder desiring to tender all or any portion of such shareholder's shares of common stock, par value \$1.00 per share ("Common Shares"), or shares of Series A ESOP Convertible Junior Preferred Stock, without par value ("ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of the Company should either (i) complete and sign one of the (blue) Letters of Transmittal (or a facsimile thereof) circulated with the Offer to Purchase, the First Supplement or the Second Supplement or the (green) Letter of Transmittal circulated with this Third Supplement in accordance with the instructions in such Letter of Transmittal, have such shareholder's signature thereon guaranteed if required by Instruction 1 to such Letter of Transmittal, mail or deliver such Letter of Transmittal (or such facsimile thereof) and any other required documents to the Depository and either deliver the certificates for such Shares to the Depository along with such Letter of Transmittal (or a facsimile thereof) or deliver such Shares pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase prior to the expiration of the Second 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 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. Any shareholder tendering Shares with a (blue) Letter of Transmittal (or a facsimile thereof) circulated with the Offer to Purchase, the First Supplement or the Second Supplement will be deemed to have tendered on the terms set forth in the (green) Letter of Transmittal circulated with this Third Supplement.

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

Questions and requests for assistance or for additional copies of this Third Supplement, the Second Supplement, the First Supplement, the Offer to Purchase, the Letter of Transmittal or other tender offer materials 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 Third Supplement.

The Dealer Managers for the Second Offer are:  
WASSERSTEIN PERELLA & CO., INC.

J.P. MORGAN & CO.

MERRILL LYNCH & CO.



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

INTRODUCTION

The following information amends and supplements (i) the Offer to Purchase, dated December 6, 1996 (the "Offer to Purchase"), of Purchaser, (ii) the Supplement to the Offer to Purchase (the "First Supplement"), dated December 19, 1996, of Purchaser, and (iii) the Second Supplement to the Offer to Purchase (the "Second Supplement"), dated March 7, 1997, of Purchaser. Pursuant to an amendment to the Schedule 14D-1, NSC has been added as a co-bidder as described in Section 8 of this Third Supplement; and, pursuant to the CSX/NSC Letter Agreement, the NSC Second Offer has been terminated. Pursuant to the Second Offer, Purchaser is offering to purchase all Shares of the Company, at a price of \$115 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, as amended and supplemented by the First Supplement, the Second Supplement, this Third Supplement, and in the (green) Letter of Transmittal circulated with this Third Supplement (which together constitute the "Second Offer"). Any shareholder tendering shares with a (blue) Letter of Transmittal (or a facsimile thereof) circulated with the Offer to Purchase, the First Supplement or the Second Supplement will be deemed to have tendered on the terms set forth in the (green) Letter of Transmittal circulated with this Third Supplement.

This Third Supplement should be read in conjunction with the Offer to Purchase, the First Supplement, and the Second Supplement. Except as otherwise set forth in this Third Supplement and the revised Letters of Transmittal, the terms and conditions previously set forth in the Offer to Purchase, the First Supplement, the Second Supplement and the Letters of Transmittal mailed with the Offer to Purchase, the First Supplement, and the Second Supplement remain applicable in all respects to the Second Offer. Unless the context requires otherwise, terms not defined herein have the meanings ascribed to them in the Offer to Purchase, the First Supplement or the Second Supplement. All information contained herein relating to NSC and its subsidiaries has been solely provided by NSC; and all information contained herein relating to CSX and its subsidiaries (including Purchaser) has been solely provided by CSX.

On April 8, 1997, the Company, Purchaser and CSX entered into the Fourth Amendment (the "Fourth Amendment") to the Merger Agreement (as amended through the Fourth Amendment, the "Merger Agreement") in order to, among other things, facilitate entering into the CSX/NSC Letter Agreement and consummating the transactions contemplated thereby. See Section 8 of this Third Supplement.

CSX and NSC have entered into the CSX/NSC Letter Agreement, which provides, among other things, (i) for the termination of the NSC Second Offer and the dismissal of litigation between CSX and NSC (ii) that Purchaser will, directly or indirectly, become a jointly owned subsidiary of CSX and NSC, (iii) that, through Purchaser, CSX and NSC will jointly acquire all Shares not already owned by CSX and NSC through the Second Offer and the Merger, and will jointly provide the funds necessary therefor, and (iv) that the Company will continue to be managed by its Board of Directors until the requisite approval of the STB is obtained and, following the Control Date, CSX and NSC will be separately allocated certain of the Company's railroad operations and will jointly operate certain other railroad operations of the Company. See Section 8 of this Third Supplement. In accordance with the CSX/NSC Letter Agreement, on April 9, 1997, NSC terminated the NSC Second Offer.

The conditions to the Second Offer have not been changed. The Second Offer is conditioned upon, among other things, the Minimum Condition which requires that prior to the expiration of the Second Offer there shall have been validly tendered and not withdrawn such number of Shares which, together with the Common Shares already beneficially owned by CSX and by NSC, constitutes at least a majority of outstanding Shares on a fully diluted basis (as defined herein). The Company has informed CSX that as of March 31, 1997 there were outstanding 90,840,890 Shares and options or other rights to purchase Shares. CSX beneficially owns 17,775,124 Shares (excluding 15,955,477 Common Shares issuable upon exercise of the Company Stock Option, which is currently exercisable by CSX), all of which Shares were acquired by Purchaser in the First Offer. NSC beneficially owns 8,200,100 Shares, all except 100 Shares of which were acquired by NSC pursuant to its tender offer consummated on February 4, 1997 (the "NSC First Offer"),

and which will be included in the computation toward satisfaction of the Minimum Condition. For purposes of the Second Offer, "fully diluted basis" assumes the issuance of all Shares upon the exercise of all outstanding stock options (other than pursuant to the Company Stock Option) or in satisfaction of any performance shares or phantom stock awards, whether or not such stock options are presently exercisable or such performance shares or phantom stock awards are presently vested. Based on the foregoing and assuming no additional Shares (or options, warrants or rights exercisable for, or securities convertible into, Shares) have been or will be issued after March 31, 1997, if Purchaser were to purchase 32,432,834 Shares, the Minimum Condition would be satisfied. The Merger Agreement provides that, without the consent of the Company, Purchaser will not waive the Minimum Condition.

The Second Offer is being made pursuant to the Merger Agreement which provides that, following the completion (or expiration) of the Second Offer and the satisfaction or waiver of certain conditions, Green Merger Corp., a Pennsylvania corporation and a wholly owned subsidiary of Purchaser ("Merger Sub"), will be merged with and into the Company (the "Merger"), with the Company as the surviving corporation (the "Surviving Corporation"), in accordance with the Pennsylvania Law. As more fully described in Section 7 of the Second Supplement and Section 8 of this Third Supplement, in the Merger, each outstanding Share (other than Shares held in the treasury of the Company or owned by CSX, Purchaser, NSC or any of their respective subsidiaries or affiliates) will be converted into the right to receive \$115 in cash, without interest. The time at which the Merger is consummated in accordance with the Merger Agreement is hereinafter referred to as the "Effective Time."

The Merger may be approved by the affirmative vote of holders of a majority of the outstanding Shares. Therefore, if the Minimum Condition is satisfied and the Second Offer is consummated, CSX, Purchaser and NSC will beneficially own (through voting trusts) a sufficient number of Shares to ensure that the Merger is approved. In addition, the "short-form" merger provisions of the Pennsylvania Law provide that if, following consummation of the Second Offer, CSX, Purchaser and NSC beneficially own (through voting trusts) 80% or more of the Shares, they will be able to ensure that the Merger is consummated without the vote of the Company's other shareholders.

THE SECOND OFFER DOES NOT CONSTITUTE A SOLICITATION OF PROXIES FOR ANY MEETING OF COMPANY SHAREHOLDERS. ANY SUCH SOLICITATION WHICH CSX, NSC OR PURCHASER MIGHT MAKE WOULD BE MADE ONLY PURSUANT TO SEPARATE PROXY MATERIALS IN COMPLIANCE WITH THE REQUIREMENTS OF SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "EXCHANGE ACT").

Under the Pennsylvania Control Transaction Law, by virtue of entering into the CSX/NSC Letter Agreement, any holder of Shares may make written demand on either CSX, NSC or Purchaser for payment of cash in an amount equal to the "fair value" (as defined in the Pennsylvania Control Transaction Law) of each such Share as of the date of the CSX/NSC Letter Agreement. In order to make such written demand, certain procedures specified in the Pennsylvania Control Transaction Law must be strictly complied with by the demanding shareholder. SECTION 10 OF THIS THIRD SUPPLEMENT CONTAINS THE NOTICE REQUIRED UNDER THE PENNSYLVANIA CONTROL TRANSACTION LAW AND ALSO SETS FORTH THE PROCEDURES THAT MUST BE FOLLOWED BY A SHAREHOLDER WHO WISHES TO EXERCISE SUCH SHAREHOLDER'S RIGHTS THEREUNDER. SEE ALSO APPENDIX A TO THIS THIRD SUPPLEMENT WHICH SETS FORTH IN FULL THE TEXT OF THE PENNSYLVANIA CONTROL TRANSACTION LAW. CSX, NSC and Purchaser believe and intend to take the position with respect to any such demands that the "fair value" of each Share is \$115 in cash, the price being offered in the Second Offer. In addition, under the federal securities laws, none of CSX, NSC or Purchaser may, directly or indirectly, purchase or make any arrangement to purchase any Shares otherwise than pursuant to the Second Offer (which would include under the Pennsylvania Control Transaction Law), until after consummation (or termination) of the Second Offer. Accordingly, any holder of Shares who does not tender Shares pursuant to the Second Offer and who elects instead to comply with the procedures set forth in the Pennsylvania Control Transaction Law (see Section 10 of this Third Supplement) by making a demand that such holder be paid the "fair value" of his Shares, will not receive payment for his Shares until a date subsequent to the date that Shares are acquired in the Second Offer. CSX, NSC and Purchaser believe that it is unlikely that a demanding shareholder will receive more than \$115 per Share.

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Procedures for tendering Shares are set forth in Section 3 of the Offer to Purchase. Tendering shareholders may use the original (blue) Letter of Transmittal and the original (gray) Notice of Guaranteed Delivery previously circulated with the Offer to Purchase or the revised (blue) Letters of Transmittal and revised (gray) Notices of Guaranteed Delivery circulated with the First Supplement and the Second Supplement and the revised (green) Letter of Transmittal and the revised (pink) Notice of Guaranteed Delivery circulated with this Third Supplement. While the original Letter of Transmittal circulated with the Offer to Purchase refers to the Offer to Purchase, the revised Letter of Transmittal circulated with the First Supplement refers to the Offer to Purchase and the First Supplement, the revised Letter of Transmittal circulated with the Second Supplement refers to the Offer to Purchase, the First Supplement and the Second Supplement and the Letter of Transmittal circulated with this Third Supplement refers to the Offer to Purchase, the First Supplement, the Second Supplement and this Third Supplement, shareholders using any such document to tender Shares will nevertheless receive \$115 per Share for each Share validly tendered and not withdrawn and accepted for payment pursuant to the Second Offer, subject to the conditions of the Second Offer (including that Purchaser shall be entitled to receive any dividends, including regular quarterly cash dividends, declared or paid on or after April 8, 1997, on the Shares with a record date on or prior to May 30, 1997 or make a reduction in the purchase price for Shares purchased in the Second Offer in lieu of such receipt), and no proration will apply. In the Fourth Amendment, the Company has agreed that it will not declare or pay any dividend (including regular quarterly cash dividends) on the Company's capital stock with a record date on or prior to May 30, 1997. Accordingly, if Purchaser purchases Shares pursuant to the Second Offer on the currently scheduled expiration date of May 23, 1997, shareholders whose Shares are purchased in the Second Offer will not be entitled to receive any further dividends on their Shares. Shareholders who have previously validly tendered and not withdrawn Shares pursuant to the Second Offer are not required to take any further action in order to receive, subject to the conditions of the Second Offer (including as set forth above), the tender price of \$115 per Share, if the Shares are accepted for payment and paid for by Purchaser pursuant to the Second Offer, except as may be required by the guaranteed delivery procedures if such procedures were utilized. See Section 3 of the Offer to Purchase and Sections 1 and 9 of this Third Supplement.

THE OFFER TO PURCHASE, THE FIRST SUPPLEMENT, THE SECOND SUPPLEMENT, THIS THIRD SUPPLEMENT AND THE LETTERS OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE SECOND OFFER.

1. Amended Terms of the Second Offer; Expiration Date. The discussion set forth in Section 1 of the Offer to Purchase, Section 1 of the First Supplement, Section 1 of the Second Supplement and the amendments thereto are hereby amended and supplemented as follows:

The term "Expiration Date" means 5:00 P.M., New York City time, on Friday, May 23, 1997 unless and until Purchaser, in its sole discretion (but subject to the terms of the Merger Agreement), shall have extended the period of time during which the Second Offer is open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Second Offer, as so extended by Purchaser, shall expire.

This Third Supplement, the revised (green) Letter of Transmittal and other relevant materials will be mailed to record holders of Shares whose names appear on the Company's shareholder list and will be furnished, for subsequent transmittal to beneficial owners of Shares, to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing.

2. Price Range of Shares; Dividends. The discussion set forth in Section 6 of the Offer to Purchase, Section 3 of the First Supplement, Section 3 of the Second Supplement and the amendments thereto are hereby amended and supplemented as follows:

The high and low sales prices per Common Share on the NYSE composite tape for the first quarter of 1997 were \$113 1/4 and \$98 1/2, respectively. The high and low sales prices per Common Share on the NYSE composite tape for the second quarter of 1997 (through April 9, 1997) were \$113 3/4 and \$112 3/4, respectively. On April 9, 1997, the last full trading day prior to the date of this Third Supplement, the reported closing sale

price per Common Share on the NYSE composite tape was \$113 5/8. SHAREHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE COMMON SHARES.

According to published financial sources, the Company paid its regular quarterly cash dividend of \$.475 per Common Share on March 17, 1997.

3. Certain Information Concerning the Company. The discussion set forth in Section 8 of the Offer to Purchase and the amendments thereto are hereby amended and supplemented as follows:

Certain Operating Relationships Between the Company and NSC. Various subsidiaries of each of NSC, on the one hand, and the Company, on the other hand, have operating relationships with each other. The principal interchange points between railroads of NSC and the Company are located at Hagerstown, Maryland, Buffalo, New York, and Cincinnati and Toledo, Ohio. In 1993, 1994 and 1995, the percentage of total loads handled by NSC which were interchanged to or from the Company was 6.6%, 6.2% and 6.3%, respectively. In connection with interchanges, either or both railroads of NSC and the Company may be the party billing the shipper of such interchange freight, and in cases where one of the parties bills for the entire shipment, such party periodically will remit to the other party the net amount of the proceeds due to such other carrier in accordance with standard industry practice. In addition, NSC and the Company, together with other railroads, cooperate in terminal switching operations at certain major locations and also have proprietary interests in various terminal companies in their service territories.

In addition to the foregoing, the railroads of NSC and the Company are parties to various trackage rights and haulage agreements. Haulage generally involves movement by the owning railroad, with its crews, of traffic in the account of the using railroad to and from points on the owning railroad. Under trackage rights agreements the using railroad operates its own trains with its employees carrying traffic in its account over the lines of the owning railroad. Among the various cooperative arrangements between NSC and the Company are: (i) NSC trackage rights on the Company's line between Cincinnati and Columbus, Ohio, (ii) haulage by NSC of the Company's automotive traffic from Bloomington, Illinois, to Lafayette, Indiana, and haulage by NSC of certain other Company traffic between Peoria, Illinois and Lafayette, Indiana, and (iii) NSC trackage rights on the Company's line at Cincinnati, Ohio. In addition to the foregoing, NSC and the Company (together with Union Pacific Railroad) operate a fleet of intermodal containers that are free to move over the lines of each participant.

Between 1993 and 1995, NSC purchased from the Company, for approximately \$11 million, approximately 120 miles of the Company's Fort Wayne line extending from Tolleston to Fort Wayne, Indiana. At various times during this period, NSC operated over some or all of that line under trackage rights agreements. Currently, the Company continues to serve several customers in the Fort Wayne area using trackage rights over former Company lines now owned by NSC.

Triple Crown Services Company. On April 1, 1993, NSC and the Company formed Triple Crown Services Company ("TCS"), a Delaware partnership, to provide intermodal services previously operated by a wholly owned subsidiary of NSC. The Company paid NSC \$15.0 million for a one-half interest in TCS. Since 1993 both NSC and the Company have made additional capital contributions to TCS and guaranteed financing of TCS equipment purchases. TCS provides intermodal services throughout the eastern United States. Intermodal services involve the movement of traffic both over the highway and on rail lines. Major TCS initiatives, policies, budgets, and other matters are subject to approval by a Management Committee consisting of equal numbers of NSC and Company senior officers. The TCS Management Committee establishes overall strategy for TCS. Relationships among TCS, NSC and the Company are governed by bilateral and trilateral written agreements. TCS's revenues for 1993 (after April 1, 1993) were \$101.7 million; for 1994 and 1995, they were \$148.2 million and \$143.0 million, respectively.

Doublestack Clearances. In connection with the creation of the TCS partnership, NSC and the Company agreed to cooperate to eliminate clearance impediments for doublestack traffic between New Jersey on the Company's lines, and Atlanta, Georgia, on lines of NSC's railroads. Doublestacking of intermodal containers permits one container to be placed on top of another container for movement in specialized railcars. However, because the height of doublestacked containers often is greater than that of a standard railcar, certain structures over rail lines, such as tunnels, overpasses and bridges, must be modified to permit

doublestack service to be operated. NSC's cost for clearance work between its connections with the Company at Hagerstown, Maryland and Atlanta, Georgia, was approximately \$4.0 million.

4. Certain Information Concerning Purchaser, CSX and NSC. The discussion set forth in Section 9 of the Offer to Purchase and the amendments thereto are hereby amended and supplemented as follows:

CSX. Set forth below is certain selected historical consolidated financial information relating to CSX and its subsidiaries which has been excerpted or derived from audited financial statements presented in CSX's 1996 Annual Report on Form 10-K for the fiscal year ended December 27, 1996.

#### CSX CORPORATION

#### SELECTED CONSOLIDATED FINANCIAL INFORMATION (IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

<Table>  
<Caption>

	FISCAL YEAR ENDED		
	DEC. 27, 1996	DEC. 29, 1995	DEC. 30, 1994
<S>	<C>	<C>	<C>
INCOME STATEMENT DATA:			
Operating revenue.....	\$10,536	\$10,304	\$ 9,409
Operating expense.....	9,014	9,178	8,227
Operating income.....	1,522	1,126	1,182
Net earnings.....	855	618	652
PER SHARE INFORMATION:			
Earnings per share(1).....	\$ 4.00	\$ 2.94	\$ 3.12

</Table>

<Table>  
<Caption>

	AT		
	DEC. 27, 1996	DEC. 29, 1995	DEC. 30, 1994
<S>	<C>	<C>	<C>
BALANCE SHEET DATA:			
Current assets.....	\$ 2,072	\$ 1,935	\$ 1,665
Properties -- net.....	11,906	11,297	11,044
Total assets.....	16,965	14,282	13,724
Long-term debt, current portion.....	101	486	312
Total current liabilities.....	2,757	2,991	2,505
Long-term debt, excluding current portion.....	4,331	2,222	2,618
Total shareholders' equity.....	4,995	4,242	3,731

</Table>

- (1) All per share data has been adjusted a for two-for-one stock split distributed on December 21, 1995.

NSC. NSC is a Virginia corporation with its principal executive offices located at Three Commercial Place, Norfolk, Virginia 23510. NSC is a holding company that owns all the common stock of and controls a major freight railroad, Norfolk Southern Railway Company; a motor carrier, North American Van Lines, Inc. ("North American"); and a natural resources company, Pocahontas Land Corporation ("Pocahontas Land"). The railroad system's lines extend over more than 14,300 miles of road in 20 states, primarily in the Southeast and Midwest, and the Province of Ontario, Canada. North American provides household moving and specialized freight handling services in the United States and Canada, and offers certain motor carrier services worldwide. Pocahontas Land manages approximately 900,000 acres of coal, natural gas and timber resources in Alabama, Illinois, Kentucky, Tennessee, Virginia and West Virginia.

NSC is subject to the information and reporting requirements of the Exchange Act and is required to file reports and other information with the SEC relating to its business, financial condition and other matters. Information, as of particular dates, concerning NSC's directors and officers, their remuneration, stock options granted to them, the principal holders of NSC's securities, any material interests of such persons in



transactions with NSC and other matters is required to be disclosed in proxy statements distributed to NSC's shareholders and filed with the SEC. These reports, proxy statements and other information should be available for inspection and copies may be obtained in the same manner as set forth for the Company in Section 8 of the Offer to Purchase. NSC's common stock is listed on the NYSE, and reports, proxy statements and other information concerning NSC should also be available for inspection at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

Set forth below is certain selected historical consolidated financial information relating to NSC and its subsidiaries which has been excerpted or derived from audited financial statements presented in NSC's 1996 Annual Report to Stockholders. More comprehensive financial information is included in such reports and other documents filed by NSC with the SEC. The financial information summary set forth below is qualified in its entirety by reference to such reports and other documents which have been filed with the SEC, including the financial information and related notes contained therein, which are incorporated herein by reference. Such reports and other documents may be inspected at and copies may be obtained from the offices of the SEC or the NYSE in the manner set forth above.

NORFOLK SOUTHERN CORPORATION  
SELECTED CONSOLIDATED FINANCIAL DATA  
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

<Table>  
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	YEAR ENDED DECEMBER 31,		
	1996	1995	1994
	<C>	<C>	<C>
<S>			
INCOME STATEMENT DATA:			
Operating revenues.....	\$ 4,770.0	\$ 4,668.0	\$ 4,581.3
Operating expenses.....	3,573.0	3,581.7	3,515.9
Operating income.....	1,197.0	1,086.3	1,065.4
Net income to common shareholders.....	770.4	712.7	667.8
PER SHARE INFORMATION:			
Net earnings per common share.....	6.09	5.44	4.90
BALANCE SHEET DATA:			
Current assets.....	\$ 1,456.8	\$ 1,342.8	\$ 1,327.5
Property, less accumulated depreciation.....	9,529.1	9,258.8	8,897.1
Total assets.....	11,416.4	10,904.8	10,587.8
Current liabilities.....	1,190.3	1,205.8	1,131.8
Long-term debt, excluding current portion.....	1,800.3	1,553.3	1,547.8
Total shareholders' equity.....	4,977.6	4,829.0	4,684.8

</Table>

The name, citizenship, business address, principal occupation or employment and five-year employment history for each of the directors and executive officers of NSC are set forth in Schedule A hereto.

On October 18, 1996, Atlantic Investment Company, a wholly owned subsidiary of NSC ("Atlantic"), purchased in a market transaction 100 Common Shares at a price of \$86 per Share. On October 23, 1996, Atlantic transferred beneficial ownership of such shares to Atlantic Acquisition Corporation, a Pennsylvania corporation and a wholly owned subsidiary of NSC ("AAC"), which AAC subsequently transferred back to Atlantic on February 4, 1997. On February 4, 1997, AAC accepted for payment 8,200,000 Common Shares pursuant to the NSC First Offer at a price of \$115 per Share. In addition, L.I. Prillaman, the Executive Vice President-Marketing of NSC, owns 20 Common Shares, and Kathryn B. McQuade, Vice President-Internal Audit of NSC, owns 50 Common Shares. Further, the spouse of E.B. Leisenring, Jr., a director of NSC, is (i) the sole beneficiary of three trusts, the trustee of which is Mellon Bank, that hold 5,869 Common Shares and (ii) a one-fourth beneficiary of a trust (the "CSB Trust"), the trustee of which is CoreStates Bank, that holds 1,500 Common Shares. On October 18, 1996, the CSB Trust sold 500 Common Shares at \$85.625 per Share. Except as set forth in this Third Supplement, none of NSC or, to the best knowledge of NSC or AAC, any of the persons listed in Schedule A hereto, or any associate or majority-owned subsidiary of such persons, beneficially owns any equity security of the Company, and none of NSC, AAC or, to the best knowledge of

NSC or ACC, any of the other persons referred to above, or any of the respective directors, executive officers or subsidiaries of any of the foregoing, has effected any transaction in any equity security of the Company during the past 60 days.

Except as set forth in this Third Supplement, none of NSC, AAC or, to the best knowledge of NSC or AAC, any of the persons listed in Schedule A hereto has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, without limitation, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of the Company, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies. Except as set forth in this Third Supplement, none of NSC, AAC or, to the best knowledge of NSC or AAC, any of the persons listed in Schedule A hereto has had any transactions with the Company or any of its executive officers, directors or affiliates that would require reporting under the rules of the SEC.

For a number of years, certain members of senior management of NSC, including David R. Goode, Chairman, President and Chief Executive Officer of NSC, have spoken numerous times with senior management of the Company, including the Company's Chairman and Chief Executive Officer, David M. LeVan, concerning a possible business combination between NSC and the Company.

Except as set forth in the Offer to Purchase, the First Supplement, the Second Supplement or this Third Supplement, there have been no contacts, negotiations or transactions between NSC, its subsidiaries or, to the best knowledge of NSC, any of the persons listed in Schedule A hereto, on the one hand, and the Company or its executive officers, directors or affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors, or a sale or other transfer of a material amount of assets.

5. Source and Amount of Funds. The discussion set forth in Section 10 of the Offer to Purchase, Section 4 of the Second Supplement and the amendments thereto are hereby amended and supplemented as follows:

Purchaser estimates that the total amount of funds required to purchase all outstanding Shares pursuant to the Second Offer will be approximately \$7.6 billion (including related fees and expenses). See "Fees and Expenses" in Section 17 of the Offer to Purchase. The necessary funds are expected to be provided by CSX and NSC, as provided in the CSX/ NSC Letter Agreement. It is expected that, if all outstanding Shares are purchased pursuant to the Second Offer, NSC will contribute or otherwise pay approximately \$5.1 billion (including related fees and expenses) and CSX will contribute or otherwise pay approximately \$2.5 billion (including related fees and expenses).

CSX plans to obtain the funds for contributions from its available cash and working capital, through the issuance of long- or short-term debt and other similar securities (including, without limitation, commercial paper notes) through borrowings under the Facility or through a combination of these sources.

NSC plans to obtain the necessary funds from its available cash and working capital, and either through the issuance of long-term or short-term debt securities (including, without limitation, commercial paper notes), preferred stock, depository shares or common stock or under a new bank credit facility (that would replace the NSC Credit Agreement (as defined and described below)), or through a combination of the above sources. NSC has filed with the SEC a Registration Statement on Form S-3 under the Securities Act of 1933, as amended, to register the sale of up to \$4.3 billion of debt securities, preferred stock, depository shares and common stock which may be issued, in whole or in part, to finance NSC's portion of the purchase price for Shares pursuant to the Second Offer and the Merger.

NSC's commercial paper program involves the private placement of unsecured, commercial paper notes with varying maturities of up to 270 days. The commercial paper issuances generally have an effective interest rate approximating the then market rate of interest for commercial paper of similar rating. Currently the weighted average interest rate for commercial paper outstanding is approximately 5.4%. NSC may refinance any commercial paper borrowings used to finance the purchase of Shares pursuant to the Second Offer and the

Merger through private placements of additional commercial paper, borrowings under the NSC Credit Facility (as defined below) or under any successor facility or, depending on market or business conditions and subject to certain restrictions on the incurrence of indebtedness set forth in the NSC Credit Agreement (as defined below) or in any successor agreement, through such other financing as NSC may deem appropriate.

To finance payment of the NSC First Offer, NSC issued and sold \$1.0 billion in commercial paper, supported by the NSC Credit Agreement.

As of February 10, 1997, NSC entered into a Credit Agreement (the "NSC Credit Agreement") with Morgan Guaranty Trust Company of New York, as administrative agent (the "Administrative Agent"), Merrill Lynch Capital Corporation, as documentation agent (in such capacity and together with the Administrative Agent, the "Arrangers"), and certain financial institutions (the "Lenders"), under which the Lenders agreed to provide NSC with a senior credit facility (the "NSC Credit Facility") providing an aggregate principal amount not to exceed \$13 billion in loans to finance NSC's acquisition of Shares, to pay related fees and expenses, to refinance NSC's and NSC's share of the Company's existing debt and for working capital purposes. On April 9, 1997, NSC terminated the term loan commitments previously available to it under the NSC Credit Agreement, but retained the revolving credit facility.

As currently constituted, the NSC Credit Facility consists of a revolving credit facility, under which NSC has not borrowed, providing up to \$1.65 billion of revolving loans, which will bear interest at a rate per annum equal to, at the option of NSC, any of (i) the Eurodollar rate plus a margin of 0.1%, (ii) an adjusted CD rate plus a margin of 0.225% or (iii) the higher of Morgan's prime rate or the federal funds rate plus .50% (the "Base Rate") or a money market rate, and will mature on August 1, 1998. The NSC Credit Facility also provides for a facility fee accruing on the total amount available or outstanding thereunder at a rate which will initially be .25% per annum and may be adjusted depending upon NSC's senior unsecured long-term debt ratings to between .125% and .375% per annum. In addition, during all times that both NSC's senior unsecured long-term debt and the loans under the NSC Credit Facility have ratings below investment grade, such loans will bear interest at a rate per annum equal to the rates described above that would otherwise be applicable to such loans plus an additional margin of .125%.

The NSC Credit Agreement contains certain financial covenants as well as certain restrictions on, among other things, (i) maturities or amortization of indebtedness prior to six months after the final maturity of the loans under the NSC Credit Facility, (ii) indebtedness of subsidiaries, (iii) liens, (iv) mergers, consolidations, liquidations, dissolutions and sales of assets, (v) transactions with affiliates, and (vi) the ability of subsidiaries to pay dividends. The financial covenants require NSC to maintain specified (i) minimum interest coverage ratios, (ii) minimum consolidated net worth, and (iii) maximum leverage ratios. The covenants also restrict payments, transfers or other distributions from NSC to the Company prior to the later of the consummation of the Merger or the date on which the approval of the STB shall have been obtained.

In connection with the NSC Credit Agreement, NSC has agreed to pay the Arrangers and the Lenders certain fees, to reimburse the Arrangers and the Lenders for certain expenses and to provide certain indemnities, as is customary for commitments of the type described herein.

It is anticipated that any indebtedness incurred by NSC under the NSC Credit Facility will be repaid from funds generated internally by NSC and its subsidiaries (including, after the Merger, if consummated, funds generated through operation of certain routes and assets of the Company and its subsidiaries), through additional borrowings, or through a combination of such sources. No final decisions have been made concerning the method NSC will employ to repay such indebtedness. Such decisions when made will be based on NSC'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. Prior to consummation of the Second Offer, NSC intends to enter into a new credit agreement, and if successful in doing so, expects to terminate the revolving credit facility under the NSC Credit Agreement.

The foregoing description of the NSC Credit Agreement is qualified in its entirety by reference to the full text of the NSC Credit Agreement, a copy of which has been filed with the SEC as an exhibit to the Schedule 14D-1.



6. Background of the Second Offer Since March 7, 1996; Contacts with the Company. The discussion set forth in Section 11 of the Offer to Purchase, Section 3 of the First Supplement, Section 5 of the Second Supplement and the amendments thereto are hereby amended and supplemented as follows:

On March 7, 1997, the United States Court of Appeals for the Third Circuit affirmed the November 19, 1996 and January 9, 1997 orders of the United States District Court for the Eastern District of Pennsylvania.

Following execution of the Third Amendment, CSX and NSC entered into negotiations respecting a joint acquisition of the Company, which negotiations culminated in execution of the Fourth Amendment, followed by execution of the CSX/NSC Letter Agreement, on April 8, 1997.

7. Purpose of the Second Offer and the Merger; Plans for the Company. The discussion set forth in Section 12 of the Offer to Purchase, Section 6 of the Second Supplement and the amendments thereto are hereby amended and supplemented as follows:

See the summary of the CSX/NSC Letter Agreement under Section 8 of this Third Supplement for a discussion of certain provisions relating to CSX's and NSC's plans for the Company.

Based upon discussions with the Company, CSX believes that the total quantifiable benefits to CSX from the Merger and the transactions contemplated by the CSX/NSC Letter Agreement will be approximately \$280 million annually (versus Conrail's current operations), based on the realization of operating cost savings of \$165 million and a reduction in the requirement for annual capital spending of \$40 million (from operating efficiencies, facility consolidations, overhead rationalization and other activities) and new traffic volumes (contributing \$75 million) generated by enhanced service.

8. Merger Agreement; Other Agreements. The discussion set forth in Section 13 of the Offer to Purchase, Section 4 of the First Supplement, Section 7 of the Second Supplement and the amendments thereto are hereby amended and supplemented as set forth below.

The following summary of certain provisions of the CSX/NSC Letter Agreement is qualified in its entirety by reference to the CSX/NSC Letter Agreement, a copy of which has been filed with the SEC as an exhibit to the Schedule 14D-1. Certain capitalized terms used herein without definition have the meanings assigned to such terms in the CSX/NSC Letter Agreement.

Formation of CSX/NSC Acquisition Sub. The CSX/NSC Letter Agreement provides that, promptly following the execution of the CSX/NSC Letter Agreement, CSX (or CSX and NSC) will form a new entity in a form to be selected ("CSX/NSC Acquisition Sub"). The authorized capital stock or similar equity interests or units of CSX/NSC Acquisition Sub (the "Equity") will consist solely of two classes with identical economic and other rights, except that one class will have voting rights and the other class will not have voting rights. CSX/NSC Acquisition Sub will be capitalized by CSX and NSC through the Stock Contributions, which will have a deemed aggregate valuation of \$2,898,263,640, and Cash Contributions, all as described below. Upon and immediately following the Stock Contributions as described below, the Equity with voting rights of CSX/NSC Acquisition Sub will be owned 50% by CSX and 50% by NSC (with a deemed aggregate valuation of \$1,886,000,000), and the Equity without voting rights of CSX/NSC Acquisition Sub will be owned solely by CSX (or its controlled subsidiary) (with a deemed aggregate valuation of \$1,012,263,640) and will represent 34.94% of the aggregate Equity represented by the outstanding voting and non-voting Equity of CSX/NSC Acquisition Sub. In connection with each Cash Contribution made under the CSX/NSC Letter Agreement by CSX (or its controlled subsidiary) or NSC (or its controlled subsidiary), non-voting Equity will be issued to the contributing party with a deemed valuation equal to the amount of the related Cash Contribution.

Contributions. The CSX/NSC Letter Agreement provides that, through the mechanics described herein, concurrently with the formation of CSX/NSC Acquisition Sub, CSX will contribute to CSX/NSC Acquisition Sub all the capital stock of Purchaser and NSC will contribute to CSX/NSC Acquisition Sub all of its interest in 8,200,000 Shares (such transactions, the "Stock Contributions"). In connection with the Stock Contributions, CSX will be permitted to retain 100 Shares outside of CSX/NSC Acquisition Sub (corresponding to the 100 Shares being retained by NSC outside of CSX/NSC Acquisition Sub). The CSX/NSC Letter Agreement provides that all Shares currently owned by Purchaser (other than the 100 Shares described above) and held in a voting trust and all Shares currently owned by AAC and held in a voting trust and all additional Shares acquired pursuant to the Second Offer and the Merger, will continue to be held in voting trusts for the benefit of CSX/NSC Acquisition Sub until the Control Date. In furtherance thereof, without prejudice to CSX's and NSC's obligations to make the Stock Contributions upon the formation of CSX/NSC Acquisition Sub as promptly as practicable following the execution of the CSX/NSC Letter Agreement, upon consummation of the Second Offer, CSX and NSC will cause the Shares currently held in the CSX and AAC voting trusts to be transferred to a consolidated voting trust for the benefit of CSX/NSC Acquisition Sub, to which all additional Shares acquired pursuant to the Second Offer and the Merger will be transferred for the benefit of CSX/NSC Acquisition Sub. The CSX/NSC Letter Agreement provides that, in addition to the Stock Contributions described above, each of CSX (or its controlled subsidiary) and NSC (or its controlled subsidiary) will contribute cash to CSX/NSC Acquisition Sub to fulfill its obligations under the CSX/NSC Letter Agreement (including, without limitation, for the purpose of purchasing in the Second Offer and the Merger all Shares not already held in the CSX and AAC voting trusts) (each, a "Cash Contribution") in amounts such that the aggregate cash amount expended (excluding legal, investment banking and other advisory fees and associated expenses and including only the amounts paid for the Shares and amounts specifically required under the CSX/NSC Letter Agreement to be shared by Percentage) to acquire Shares by CSX, NSC and CSX/NSC Acquisition Sub is borne 42% by CSX and 58% by NSC (the 42%/CSX and 58%/NSC is referred to as the "Percentage"), valuing all Shares acquired prior to the date of the CSX/NSC Letter Agreement by CSX at \$110 per share and by NSC at \$115 per share; provided that CSX will not be required to make Cash Contributions to CSX/NSC Acquisition Sub unless and until NSC shall have made at least \$1,757,125,979 in Cash Contributions to CSX/NSC Acquisition Sub. Such Cash Contributions will be made in accordance with the terms under the subsection entitled "Formation of CSX/NSC Acquisition Sub" above and at such times as are required to fulfill obligations under the CSX/NSC Letter Agreement (including, without limitation, for Purchaser to purchase Shares in the Second Offer and the Merger). All cash contributed by CSX and NSC to CSX/NSC Acquisition Sub to purchase Shares in the Second Offer and the Merger in accordance with the CSX/NSC Letter Agreement will be contributed by CSX/NSC Acquisition Sub to Purchaser to be used by Purchaser (or Merger Sub) to purchase Shares in accordance with the Merger Agreement.

The CSX/NSC Letter Agreement provides that CSX's and NSC's obligations to make the Stock Contributions and the Cash Contributions and their other obligations under the CSX/NSC Letter Agreement are not subject to the condition that definitive documentation has been agreed to by CSX and NSC. The only conditions to CSX's and NSC's obligations to make the Cash Contributions for the consummation of the Second Offer and the Merger will be those same conditions applicable to CSX and Purchaser as set forth in the Second Offer and in the Merger Agreement, respectively. In addition, notwithstanding whether the conditions to consummation of the Second Offer or Merger are satisfied, CSX and NSC will be obligated to make Cash Contributions as provided in the CSX/NSC Letter Agreement or indemnity payments as provided in the CSX/NSC Letter Agreement in order to satisfy any claims made against CSX and NSC following the date of the CSX/NSC Letter Agreement under the Merger Agreement or the CSX/NSC Letter Agreement.

Governance of CSX/NSC Acquisition Sub. The CSX/NSC Letter Agreement provides that each of CSX and NSC will have equal decision-making authority with respect to matters relating to CSX/NSC Acquisition Sub and its subsidiaries (which, following the Stock Contributions, will include Purchaser and Merger Sub); and that, until the Stock Contributions, CSX will not take any action concerning the formation, organization, governance or activities of CSX/NSC Acquisition Sub, without the prior agreement of NSC. Following the Stock Contributions, each of CSX and NSC will have and may exercise a 50% voting interest in CSX/NSC Acquisition Sub (which may also be held in one or more controlled subsidiaries) and will have the



right to appoint 50% of CSX/NSC Acquisition Sub's directors or similar governing representatives. Each of CSX and NSC will be entitled to appoint a full time Co-Chief Executive Officer of CSX/NSC Acquisition Sub, and all CSX/NSC Acquisition Sub executive appointments will be subject to approval by the board of directors or similar governing body of CSX/NSC Acquisition Sub. In addition, CSX and NSC will establish a protocol for the management of CSX/NSC Acquisition Sub as well as a list of those items that will require board approval. Such provisions will apply equally to the governance of the Company following the Control Date in order to effectuate the transactions contemplated by the CSX/NSC Letter Agreement (including on-going operation of Shared Assets) as approved by the STB.

**Second Offer.** The CSX/NSC Letter Agreement provides that each of CSX and NSC will have equal decision-making authority with respect to the Second Offer and the Merger Agreement including any amendment thereof. In furtherance of the foregoing, neither CSX nor NSC will, without the prior agreement of the other party, (x) agree to any modifications of the terms, conditions and/or timing of the Second Offer or make any determination as to the satisfaction of any conditions thereto or (y) agree to any modifications of the terms and conditions of, or give any consent or waiver or exercise any right of termination under, the Merger Agreement, including without limitation any decision regarding the exercise of the Company Stock Option or under the provisions of the Merger Agreement summarized in Section 7 of the Second Supplement under "Interim Operations of the Company". In addition, upon consummation of the Second Offer, the Company Stock Option will be cancelled without any consideration paid to CSX. The CSX/NSC Letter Agreement provides that CSX will not take any action that would reasonably be expected to result in the Company having a right to terminate the Merger Agreement in accordance with its terms (and NSC will not take any action including, without limitation, by withholding consent or making determinations, in any case, that could reasonably be expected to result in the Company having a right to terminate the Merger Agreement, including as a result of a breach by CSX of the Merger Agreement). In addition, CSX will consult and agree with NSC prior to providing any notices to the Company under the Merger Agreement and will promptly provide NSC with copies of all written notices provided by CSX to the Company or received by CSX from the Company under the Merger Agreement.

**Allocation of Assets.** The CSX/NSC Letter Agreement provides that, subject to necessary regulatory approvals and implementation, the Company's routes, assets in proximity to such routes and certain facilities will be made available to CSX and NSC, and CSX and NSC will have shared access to certain specified shared assets, all as specified in an agreed map and certain schedules. The map reprinted inside the back cover of this Third Supplement shows the approximate division of the Company's routes as contemplated by the CSX/NSC Letter Agreement. Such map is intended to be illustrative only and is qualified in its entirety by reference to the CSX/NSC Letter Agreement itself. Pursuant to this arrangement, subject to certain exceptions, following the implementation date, (i) NSC will have use of and responsibility for the management and costs (including lease costs, if any) of the Altoona and Hollidaysburg shops, and (ii) CSX will have use of and responsibility for the management and costs (including lease costs) of the Company headquarters building and the Company information technology facilities in Philadelphia. Notwithstanding the foregoing, CSX and NSC will jointly use and have responsibility for certain designated system support operations, including the management of a portion of the Company headquarters function and management at system support operations sufficient for the management of the Surviving Corporation.

The CSX/NSC Letter Agreement provides that generally: rolling stock, locomotives and work equipment will be allocated to, and made available for use by, CSX and NSC in accordance with their respective Percentages; all Company rolling-stock-related inventory and supplies (including rolling-stock-related system stockpiles) at the Altoona and Hollidaysburg shops as of the Control Date will be made available to NSC; all Company furniture, fixtures, computers, office supplies and equipment (other than equipment and system stockpiles of supplies and inventory, which will be made available as otherwise provided) will be allocated to the party to whom the related assets are made available; and all other assets not otherwise specifically made available by the CSX/NSC Letter Agreement will be pooled assets and will be made available or shared based on Percentage.

**Further Actions.** The CSX/NSC Letter Agreement provides that, following the Control Date, Company lines and assets proposed to be operated by CSX or by NSC will be segregated from other Company lines and



assets through the creation of subsidiaries or operating divisions or through other means. Subject to any necessary regulatory approval, CSX and NSC will take and will cause the Company to take such action as is necessary to name NSC nominees as the officers and directors of the subsidiary or other entity holding the lines and assets to be operated by NSC, and to name CSX nominees as the officers and directors of the subsidiary or other entity holding the line and assets to be operated by CSX.

The CSX/NSC Letter Agreement provides that it is the parties' current intention that the Surviving Corporation will be preserved following the Merger, that the division of the Company assets and the assumption of liabilities relating to Company assets will be specified in more detail in definitive documentation and that the Company assets and liabilities will be shared pursuant to long-term operating agreements, leases, one or more partnerships and/or limited liability companies and indemnity arrangements which will be set forth in definitive documentation.

**Allocation of Liabilities.** The CSX/NSC Letter Agreement contains provisions regarding the allocation of the Company's liabilities, including employee-related liabilities, as between CSX and NSC, providing that certain liabilities will be shared by Percentage, certain liabilities will be allocated solely to either CSX or NSC and certain liabilities will be allocated to the party to which the assets related to such liabilities are allocated.

**Definitive Documentation.** The CSX/NSC Letter Agreement provides that, promptly after execution of the CSX/NSC Letter Agreement, CSX and NSC will negotiate in good faith toward reaching and will enter into and execute fuller documentation with respect to the transactions contemplated by the CSX/NSC Letter Agreement, which documentation will supersede the CSX/NSC Letter Agreement.

**STB.** The CSX/NSC Letter Agreement provides for coordination by CSX and NSC in seeking STB approval for the transactions contemplated by the Merger Agreement and the CSX/NSC Letter Agreement.

**NSC Second Offer.** Pursuant to the CSX/NSC Letter Agreement, NSC has terminated the NSC Second Offer. NSC had agreed that, upon consummation of the Second Offer as modified in accordance with the CSX/NSC Letter Agreement, NSC will withdraw its letter relating to the Company's 1997 Annual Meeting of Shareholders and, until such withdrawal, will take no action in furtherance of the matters covered by such letter without CSX's consent, unless the date of the Company's 1997 Annual Meeting of Shareholders is changed.

**Litigation.** The CSX/NSC Letter Agreement provides that, promptly following execution of the CSX/NSC Letter Agreement, CSX and NSC will take such action as is necessary to dismiss with prejudice all pending lawsuits between the parties relating to the acquisition of the Company, and CSX, under the Merger Agreement, will not consent to the taking of any action by the Company respecting, and following the Merger will request pursuant to the Merger Agreement the dismissal with prejudice of, all claims and litigation against NSC, its officers and affiliates relating to the Company acquisition. In addition, CSX will request pursuant to the Merger Agreement that the Company join in a stay or similar adjournment of any such proceeding.

**Certain Obligations; Indemnification.** The CSX/NSC Letter Agreement provides that CSX and NSC will cause the Surviving Corporation to honor all commitments of the Surviving Corporation under the Merger Agreement. Except as may otherwise be provided in the CSX/NSC Letter Agreement, to the extent that, following the date of the CSX/NSC Letter Agreement, any claims are made under or in connection with the Merger Agreement against the Surviving Corporation, CSX or NSC or any of their respective affiliates, CSX and NSC will share any liability thereunder by Percentage, and each of CSX and NSC will indemnify the other for its proportionate share according to Percentage, except to the extent that any such liability results from a breach by the indemnified party of the terms of the CSX/NSC Letter Agreement. However, the indemnification contemplated in the foregoing sentence will not cover certain liabilities to be borne solely by CSX or NSC.

The following summary of certain provisions of the Merger Agreement, as amended through the Fourth Amendment, is qualified in its entirety by the full text of the Merger Agreement and the amendments thereto, copies of which have been filed with the SEC as exhibits to the Schedule 14D-1.

The Merger. Under the Fourth Amendment, upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the Pennsylvania Law, Merger Sub will be merged with and into the Company at the Effective Time. The Company will be the surviving corporation of the Merger and will succeed to and assume all rights and obligations of Merger Sub in accordance with the Pennsylvania Law. The articles of incorporation and by-laws of Merger Sub, as in effect immediately prior to the Effective Time, will be the articles of incorporation and by-laws, respectively, of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law, provided that the articles of incorporation of the Surviving Corporation will provide that the Surviving Corporation will be named "Conrail Inc."

Voting Trust. Under the Fourth Amendment, CSX and the Company have agreed that, simultaneously with the purchase by CSX, Purchaser or their affiliates of Shares pursuant to the Second Offer, the Company Stock Option Agreement or otherwise, such Shares will be deposited in a voting trust (the "Voting Trust") in accordance with the terms and conditions of a voting trust agreement substantially in the form attached to the Merger Agreement (the "Voting Trust Agreement"). Subject to applicable law and to the rules, regulations and practices of the STB, the Voting Trust may be modified or amended, and other voting trusts may be employed with respect to Common Shares, at any time by CSX in its sole discretion (provided that the terms of the Voting Trust governing the voting of or transfer or disposition of Common Shares will not be amended prior to the consummation of the Second Offer without the Company's consent and provided further that the Company has consented to the adoption of an amended and restated voting trust agreement substantially in the form attached to the Fourth Amendment (the "CSX/NSC Voting Trust Agreement"), the CSX/NSC Voting Trust Agreement not to be effective prior to the consummation of the Second Offer without the Company's consent).

Conversion of Shares. Under the Fourth Amendment, each share of Common Stock, par value \$1.00 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time will, at the Effective Time, by virtue of the Merger and without any action on the part of any person, become one duly authorized, validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation.

Representations and Warranties. Under the Fourth Amendment, the Company has made representations and warranties with respect to the Rights Agreement and state anti-takeover laws.

In connection with the Fourth Amendment, other than with respect to the Pennsylvania Control Transaction Law, the Company has represented that its Board of Directors has taken all action necessary or advisable so as to render inoperative with respect to the transactions contemplated by the Merger Agreement (including the Offer, the Second Offer, the Merger and the execution, delivery and performance of the transactions contemplated by the CSX/NSC Letter Agreement) or by the Company Stock Option Agreement or the CSX/NSC Letter Agreement all applicable state anti-takeover statutes.

In connection with the Fourth Amendment, the Company has represented that the Company Rights Agreement has been amended (collectively, the "Company Rights Plan Amendment") to (i) render the Company Rights Agreement inapplicable to the Offer, the Second Offer, the Merger and the other transactions contemplated by the Merger Agreement, the Company Stock Option Agreement and the CSX/NSC Letter Agreement or any purchases of Shares under the Pennsylvania Control Transaction Law, and (ii) ensure that (y) neither CSX nor any of its controlled subsidiaries nor NSC nor any of its controlled subsidiaries nor any other entity formed for the purpose of acquiring the Company wholly owned by CSX and NSC is an Acquiring Person (as defined in the Company Rights Agreement) pursuant to the Company Rights Agreement and (z) a Shares Acquisition Date, Distribution Date or Trigger Event (in each case as defined in the Company Rights Agreement) does not occur by reason of the approval, execution or delivery of the Merger Agreement, the Company Stock Option Agreement or the CSX/NSC Letter Agreement, or the consummation of the Offer, the Second Offer or the Merger or the consummation of the other transactions contemplated by the Merger Agreement, the Company Stock Option Agreement or the CSX/NSC Letter Agreement or any purchases of Shares under the Pennsylvania Control Transaction Law, and the Company Rights Agreement may not be further amended by the Company without the prior consent of CSX in its sole discretion.



Interim Operations of the Company. Under the Fourth Amendment, the Company has agreed that, following the date of the Third Amendment, its Board of Directors will not declare, and the Company will not pay, any dividend on the Company's capital stock with a record date on or prior to May 30, 1997.

Shareholders' Meetings. Under the Fourth Amendment, the Company has agreed not to take any action to change the date set for its 1997 Annual Meeting from December 19, 1997 without the prior consent of CSX in its sole discretion.

Anti-Takeover Laws. Under the Fourth Amendment, the Company has agreed to (i) take all action necessary to ensure that no state anti-takeover statute or similar statute or regulation is or becomes operative with respect to the Second Offer, the Merger, the Merger Agreement, the Company Stock Option Agreement, the CSX/NSC Letter Agreement or any of the transactions contemplated by the Merger Agreement, the CSX/NSC Letter Agreement or the Company Stock Option Agreement and (ii) if any state anti-takeover statute or similar statute or regulation is or becomes operative with respect to the Second Offer, the Merger, the Merger Agreement, the Company Stock Option Agreement, the CSX/NSC Letter Agreement or any transaction contemplated by the Merger Agreement, the CSX/NSC Letter Agreement or the Company Stock Option Agreement, take all action necessary to ensure that the Second Offer, the Merger and the other transactions contemplated by the Merger Agreement, the CSX/NSC Letter Agreement and the Company Stock Option Agreement may be consummated as promptly as practicable on the terms contemplated by the Merger Agreement, the CSX/NSC Letter Agreement and the Company Stock Option Agreement and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by the Merger Agreement, the CSX/NSC Letter Agreement and the Company Stock Option Agreement.

Rights Agreement. Under the Fourth Amendment, the Company has agreed that its Board of Directors will take all further action (in addition to that referred to above) reasonably requested in writing by CSX (including redeeming the Company Rights immediately prior to the Effective Time or amending the Company Rights Agreement) in order to render the Company Rights inapplicable to the Offer, the Second Offer, the Merger and the other transactions contemplated by the Merger Agreement, the Company Stock Option Agreement and the CSX/NSC Letter Agreement. Except as provided above with respect to the Offer, the Merger and the other transactions contemplated by the Merger Agreement, the Company Stock Option Agreement and the CSX/NSC Letter Agreement, the Board of Directors of the Company will not (a) amend the Company Rights Agreement or (b) take any action with respect to, or make any determination under, the Company Rights Agreement, including a redemption of the Company Rights or any action to facilitate a Takeover Proposal in respect of the Company.

9. Dividends and Distributions. The discussion set forth in Section 14 of the Offer to Purchase and the amendments thereto are hereby amended and supplemented as follows:

The Company has agreed in the Fourth Amendment that, following April 8, 1997, its Board of Directors will not declare, and the Company will not pay, any dividend on the Company's capital stock with a record date on or prior to May 30, 1997.

In connection with the foregoing, the (green) Letter of Transmittal provides that, by executing a Letter of Transmittal as set forth above, or failing to withdraw a Letter of Transmittal already executed and delivered, a tendering shareholder irrevocably appoints designees of Purchaser as such shareholder's proxies, each with full power of substitution, to the full extent of such shareholder's rights with respect to the Shares tendered by such shareholder and accepted for payment by Purchaser (and any and all cash or noncash dividends (other than regular quarterly cash dividends except as provided below), distributions, rights, other Shares, or other securities issued or issuable in respect of such Shares on or after the date of the Merger Agreement and any cash dividends, including regular quarterly cash dividends, declared or paid on or after April 8, 1997 with a record date on or prior to May 30, 1997). See the (green) Letter of Transmittal circulated with this Third Supplement.



10. Certain Legal Matters; Regulatory Approvals. The discussion set forth in Section 16 of the Offer to Purchase, Section 6 of the First Supplement, Section 9 of the Second Supplement and the amendments thereto are hereby amended and supplemented as follows:

STB Matters; Acquisition of Control. STB approval or exemption of the Merger is not a condition to the Merger. However, the acquisition of control over the Company by CSX, NSC and their respective affiliates requires STB approval or exemption. CSX and NSC intend to file a joint application with the STB for control and division of the Company and for such other matters involved in such division as might be required to be approved by the STB. CSX and NSC are filing a new Notice of Intent to File Railroad Control Application and are requesting a waiver that would permit them to file their joint application prior to the date that is three months from the date of the filing of the Notice of Intent. CSX and NSC are also requesting that the respective dockets previously established by the STB for the separate CSX and NSC applications for control of the Company be dismissed. In addition, CSX and NSC are filing a request that the STB establish an expedited procedural schedule to consider CSX's and NSC's joint application in light of the fact that the STB will not be required to consider two competing applications for control of the Company. The STB approval process described in "STB Matters; Acquisition of Control," "Conditions" and "Judicial Review -- Stay" in Section 16 of the Offer to Purchase, as amended by Section 6 of the First Supplement and Section 9 of the Second Supplement, would be applicable to the joint application to be filed by CSX and NSC seeking STB approval of acquisition of control over, or division of, the Company.

STB Matters; The Voting Trust. The Amended Voting Trust Agreement described in Section 9 of the Second Supplement has not been executed by the parties or submitted to the STB staff for an informal opinion that the use of the Amended Voting Trust Agreement would effectively insulate CSX and its affiliates from a violation of the governing statute and STB policy that would result from an unauthorized acquisition by CSX of a sufficient interest in the Company to result in control of the Company. CSX intends that the provisions of the original Voting Trust Agreement, dated October 15, 1996, between CSX, Purchaser and the Voting Trustee (which is currently in effect), or the Amended Voting Trust Agreement will govern the Voting Trust until the consummation of the Second Offer.

CSX and NSC intend to enter into the CSX/NSC Voting Trust Agreement which provides for a consolidated voting trust to hold the Shares currently beneficially owned by CSX and NSC and held in voting trusts and Shares to be acquired pursuant to the Second Offer. In that regard, it is contemplated that, effective upon the consummation of the Second Offer and the Merger, NSC will cause 8,200,000 Shares currently beneficially owned by NSC and held in the AAC voting trust to be transferred to the Voting Trustee to be held as Trust Stock under the CSX/NSC Voting Trust Agreement. The parties to the CSX/NSC Voting Trust Agreement would be CSX, NSC, Purchaser and CSX/NSC Acquisition Sub.

CSX and NSC have not reached final agreement on the terms of the CSX/NSC Voting Trust Agreement. It is contemplated that the CSX/NSC Voting Trust Agreement would become effective only upon the consummation of the Second Offer.

If CSX determines that it wishes the Amended Voting Trust Agreement to govern the Voting Trust until the consummation of the Second Offer, CSX will obtain an opinion of counsel that STB approval is not required for such amendment and will seek an informal opinion from the STB staff that use of the Voting Trust under the Amended Voting Trust Agreement would effectively insulate CSX and its affiliates from a violation of the governing statute and STB policy. In addition, if CSX and NSC reach an agreement as to the CSX/NSC Voting Trust Agreement, CSX and NSC would obtain an opinion of counsel and seek an informal opinion from the STB staff that use of the CSX/NSC Voting Trust Agreement would effectively insulate CSX, NSC and their affiliates from a violation of the governing statute and STB policy. CSX believes that the Amended Voting Trust Agreement is consistent with the STB's policies regarding voting trusts, and CSX and NSC intend that the CSX/NSC Voting Trust Agreement would be consistent with the STB's policies regarding voting trusts, but there can be no assurance that the STB staff will provide the requested opinion.

It is also possible that the U.S. Department of Justice or railroad competitors of CSX or NSC, or others, may argue that CSX, NSC and their respective affiliates should not be permitted to use the voting trust

mechanism to acquire Shares and effectuate the Merger prior to final STB approval of the acquisition of control of the Company. CSX and NSC believe it is unlikely that such arguments would prevail, but there can be no assurance in this regard.

Pennsylvania Control Transaction Law -- General. The following summary of the provisions of the Pennsylvania Control Transaction Law is qualified in its entirety by reference to such law, the full text of which is attached hereto as Appendix A. THIS DISCUSSION AND APPENDIX SHOULD BE REVIEWED CAREFULLY BY ANY SHAREHOLDER WHO WISHES TO EXERCISE STATUTORY APPRAISAL RIGHTS OR WHO WISHES TO PRESERVE THE RIGHT TO DO SO BECAUSE FAILURE STRICTLY TO COMPLY WITH ANY OF THE PROCEDURAL REQUIREMENTS OF THE LAW MAY RESULT IN A FORFEITURE OR WAIVER OF RIGHTS. All references to a shareholder or a Company shareholder in the Pennsylvania Control Transaction Law and this summary are to the record holder of Company stock as to which appraisal rights under the Pennsylvania Control Transaction Law are asserted. A person having a beneficial interest in Shares that is held of record in the name of another person, such as a broker or nominee, must follow the steps summarized below to perfect rights under the Pennsylvania Control Transaction Law.

THE FOLLOWING CONSTITUTES NOTICE UNDER THE PENNSYLVANIA CONTROL TRANSACTION LAW AS REQUIRED THEREUNDER.

Under the Pennsylvania Control Transaction Law, by virtue of entering into the CSX/NSC Letter Agreement, which may be considered a "control transaction" for purposes of the Pennsylvania Control Transaction Law, any holder of record of Shares as of April 8, 1997 is entitled to make written demand on CSX, NSC or Purchaser for payment of cash in an amount equal to the "fair value" (as defined in the Pennsylvania Control Transaction Law) of each Share as of the date on which the "control transaction" occurs. Under the Pennsylvania Control Transaction Law, "fair value" is defined as a value not less than the highest price paid per share by the controlling person or group at any time during the 90-day period ending on and including the date of the control transaction (i.e., from January 9, 1997 through April 8, 1997) plus an increment representing any value (including, without limitation, any proportion of any value for acquisition of control of the corporation) that may not be reflected in such price. Under this definition of "fair value", the minimum value that a holder of Shares would be entitled to receive would be the \$115 per Share paid in the NSC first Offer.

CSX, NSC and Purchaser believe and intend to take the position that "fair value" under the Pennsylvania Control Transaction Law is \$115 per Share without interest thereon. However, if a holder of record of Shares believes that the "fair value" of his Shares is higher than \$115 per Share, he is entitled to an appraisal procedure for determining the fair value of his Shares. To facilitate this procedure, as required by the Pennsylvania Control Transaction Law, CSX, NSC and Purchaser have filed a petition with the caption In Re: Conrail Inc. Statutory Proceeding Pursuant to Subchapter 25E of the Pennsylvania Business Corporation Law/Petition For Determination of Fair Value Pursuant to 15 Pa. C.S. sec.2545 and 2547 in the Court of Common Pleas of Philadelphia County (the "Court"), April Term, 1997, No. 704. The Court is located at 280 City Hall, Philadelphia, PA 19107, and any holder electing to proceed with a court-appointed appraiser under the Pennsylvania Control Transaction Law should send the required forms (as described below) to the Court at such address before the date indicated in the next paragraph.

Procedure for Demand. To validly perfect a demand under the Pennsylvania Control Transaction Law, a record holder must, within 20 days following the date of this Third Supplement, make written demand on CSX, NSC or Purchaser for payment of the "fair value" of such record holder's Shares. Any such demand must state the number and class or series of the Shares owned by the demanding shareholder with respect to which the demand is made. Such notice should be sent to Green Acquisition Corp. c/o CSX Corporation, One James Center, 901 East Cary Street, Richmond, Virginia 23219, Attention: Mark G. Aron, with a copy to Norfolk Southern Corporation, Three Commercial Place, Norfolk, Virginia 23510, Attention: James C. Bishop, Jr. If, within 10 days after the date that Purchaser accepts for payment Shares pursuant to the Second Offer or terminates the Second Offer (the 10th such day referred to herein as the "Impasse Date"), CSX, NSC or Purchaser, on the one hand, and any demanding shareholder, on the other hand, are unable to agree



on the fair value of the Shares or a binding procedure for the determination of fair value with respect to which the demand has been made, then any such demanding shareholder who desires to obtain the rights and remedies described below may, at any time until 30 days following the Impasse Date, surrender to the Court certificates for the Shares, duly endorsed for transfer to CSX, NSC or Purchaser, with a notice stating that the certificates are being surrendered to the Court in connection with the petition filed with the Court discussed above. Any shareholder failing to give such notice and surrender his certificates will have no further right to receive payment under the Pennsylvania Control Transaction Law for such Shares, and in accordance with the Merger Agreement such Shares will be converted in the Merger into the right to receive the Merger Consideration. All certificates surrendered to the Court will be held in escrow for CSX, NSC and Purchaser; and, following the expiration of the period in which certificates may be validly surrendered, the Court will provide a notice to CSX, NSC and Purchaser as to the number of Shares so surrendered. Under the Pennsylvania Control Transaction Law, CSX, NSC or Purchaser will then be required to make a "partial payment" for Shares so surrendered within 10 business days of receipt of the Court's notice at a per Share price equal to the "partial payment" amount, which amount shall be paid by the Court to the demanding shareholders who have validly surrendered certificates. Under the Pennsylvania Control Transaction Law, a "partial payment" is \$115 in cash, which is the highest price paid per Share by the controlling person or group from January 9, 1997 through April 8, 1997.

**Payment of Fair Value.** Pursuant to Section 14(d) of the Exchange Act and rules promulgated thereunder by the SEC, none of Purchaser, CSX or NSC may, directly or indirectly, purchase or make any arrangement to purchase any Shares otherwise than pursuant to the Second Offer during the pendency of the Second Offer. Consequently, CSX, NSC and Purchaser will not make payment on any demand for payment until after the Second Offer is consummated or terminated; and the Impasse Date has been set by CSX, NSC and Purchaser in recognition of the foregoing restrictions under the Exchange Act applicable to Purchaser, CSX and NSC. Promptly after consummation or termination of the Second Offer, CSX, NSC or Purchaser shall take the position that the "fair value" of such Shares is, and offer payment to holders of Shares who have made demand under the Pennsylvania Control Transaction Law in the amount of, \$115 per Share in cash without interest.

**Appraisal Procedure.** Upon receipt of any Share certificate surrendered as provided above, the Court shall, as soon as practicable but in any event within 30 days, appoint an appraiser with experience in appraising share values of companies of like nature to the Company to determine the fair value for the Shares so surrendered. The appraiser so appointed by the Court shall, as soon as reasonably practicable, determine the "fair value" of the Shares subject to its appraisal and the appropriate market rate of interest on the amount then owed by CSX, NSC and Purchaser to the holders of such Shares. The determination of any appraiser so appointed by the Court shall be final and binding on CSX, NSC and Purchaser and on all shareholders who so surrendered their Share certificates to the Court, except that the determination of the appraiser shall be subject to review to the extent and within the time provided or prescribed by law in the case of other appointed judicial officers.

Shareholders who surrender certificates for Shares as described above to the Court will retain the right to vote their Shares and receive dividends or other distributions thereon until the Court receives payment in full for each of the Shares so surrendered of the "partial payment" amount, and thereafter such rights shall become those of CSX, NSC and Purchaser. In addition, the fair value (as determined by the appraiser) of any such dividends or other distributions so received by the surrendering shareholder shall be subtracted from any amount owing to such shareholder under the Pennsylvania Control Transaction Law.

**Costs and Expenses of Valuation Proceedings.** The costs and expense of any appraiser or other agents appointed by the Court in the appraisal procedure will be assessed against CSX, NSC and Purchaser. The costs and expenses of any other procedure to determine fair value shall be paid as agreed to by the parties agreeing to the procedure.

**Norfolk Southern Litigation and Shareholder Litigation.** The CSX/NSC Letter Agreement provides that, promptly following execution of the CSX/NSC Letter Agreement, CSX and NSC will take such action as is necessary to dismiss with prejudice all pending lawsuits between the parties relating to the acquisition of the Company, and CSX, under the Merger Agreement, will not consent to the taking of any action by the



Company respecting, and, following the Merger will request pursuant to the Merger Agreement the dismissal with prejudice of, all claims and litigation against NSC, its officers and affiliates relating to the Company acquisition. In addition, CSX will request pursuant to the Merger Agreement that the Company join in a stay or similar adjournment of any such proceeding.

11. Fees and Expenses. The discussion set forth in Section 17 of the Offer to Purchase and the amendments thereto are hereby amended and supplemented as follows:

Except as set forth below, NSC will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Shares pursuant to the Second Offer. Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc. (the "NSC Dealer Managers") together with Wasserstein Perella & Co., Inc. are acting as Dealer Managers in connection with the Second Offer and the Merger. NSC paid each of the NSC Dealer Managers an advisory fee of \$2,500,000 upon the commencement of the NSC First Offer. Upon the earliest to occur of (i) the successful closing of any tender offer by NSC or one or more persons formed by or affiliated with NSC (an "NSC Affiliate") for securities of the Company (defined as the acceptance for payment by NSC or an NSC Affiliate of a majority of the Company's outstanding capital stock), (ii) the execution of a definitive agreement providing for (a) any merger, consolidation, reorganization or other business combination pursuant to which the business of the Company is combined with NSC or one or more persons formed by or affiliated with NSC, including without limitation, any joint venture (a "Business Combination"), (b) the acquisition by NSC or an NSC Affiliate by way of a tender or exchange offer, negotiated purchase or other means of a majority of the then outstanding capital stock of the Company, (c) the acquisition, directly or indirectly, by NSC or an NSC Affiliate of all or a substantial portion of the assets, revenues or income of the Company (an "Asset Acquisition"), or (d) the acquisition, directly or indirectly, by NSC or an NSC Affiliate of control of the Company through a proxy contest, NSC has agreed to pay each of the NSC Dealer Managers an additional advisory fee of \$2,500,000. In addition, NSC has agreed to pay each of the NSC Dealer Managers a success fee of .125% of the aggregate transaction value (less the amount of any previously paid advisory fees) upon the consummation of a Business Combination or Asset Acquisition. Parent has also agreed to reimburse, directly or indirectly, the NSC Dealer Managers, in their capacities as NSC Dealer Managers and financial advisors) for their reasonable out-of-pocket expenses, including the reasonable fees and expenses of their legal counsel, incurred in connection with their engagement and to indemnify such firms and certain related persons against certain liabilities and expenses in connection with their engagement, including certain liabilities under the federal securities laws. The NSC Dealer Managers have rendered various investment banking and other advisory services to NSC and its affiliates in the past and are expected to continue to render such services for which they have received and will continue to receive customary compensation from NSC and its affiliates. The NSC Dealer Managers and/or their affiliates, in their capacity as arrangers and/or lenders, may also receive fees from NSC in connection with the activities.

GREEN ACQUISITION CORP.

April 10, 1997

## SCHEDULE A

INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE  
OFFICERS OF NSC AND AAC

1. Directors and Executive Officers of NSC. Set forth below is the name, current business address, citizenship and the present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each director and executive officer of NSC. Unless otherwise indicated, each person identified below is employed by NSC. The principal address of NSC and, unless otherwise indicated below, the current business address for each individual listed below is Three Commercial Place, Norfolk, Virginia 23510. Directors are identified by an asterisk. Each such person is a citizen of the United States.

&lt;Table&gt;

&lt;Caption&gt;

NAME AND PRINCIPAL BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
<S>	<C>
David R. Goode*.....	Chairman, President and Chief Executive Officer (since September 1992); President (from October 1991 to September 1992); and prior thereto was Executive Vice President -- Administration; Director, Caterpillar, Inc. (since June 1993); Director, Georgia -- Pacific Corporation (since July 1992); Director, TRINOVA Corporation (since January 1993); Director, Texas Instruments Incorporated (since February 1996).
James L. Bishop, Jr.....	Executive Vice President -- Law (since March 1996); and prior thereto was Vice President -- Law.
R. Alan Brogan.....	Executive Vice President -- Transportation Logistics and President, North American Van Lines, Inc. (since December 1992); Vice President -- Quality Management (from April 1991 to December 1992); and prior thereto was Vice President -- Material Management and Property Services.
P.O. Box 982 Fort Wayne, IN 46801 -- 0988	
L.I. Prillaman.....	Executive Vice President -- Marketing (since October 1995); Vice President -- Properties (from December 1992 to October 1995); and prior thereto was Vice President and Controller.
Stephen C. Tobias.....	Executive Vice President -- Operations (since July 1994); Senior Vice President -- Operations (from October 1993 to July 1994); Vice President -- Strategic Planning (from December 1992 to October 1993); and prior thereto was Vice President -- Transportation; Director, TTX Company (since January 1993).
Henry C. Wolf.....	Executive Vice President -- Finance (since June 1993); and prior thereto was Vice President -- Taxation; Director, Greater Norfolk Corporation (since May 1994); Director, Shenandoah Life (since November 1995).
William B. Bales.....	Senior Vice President -- International (since October 1995); Vice President -- Coal Marketing (from August 1993 to October 1995); and prior thereto was Vice President -- Coal and Ore Traffic.
110 Franklin Rd., S.E. Roanoke, VA 24012	
Paul N. Austin.....	Vice President -- Personnel (since June 1994); Assistant Vice President -- Personnel (from February 1993 to June 1994); and prior thereto was Director -- Compensation.

&lt;/Table&gt;

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## &lt;Table&gt;

&lt;Caption&gt;

NAME AND PRINCIPAL BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
<S>	<C>
James W. McClellan.....	Vice President -- Strategic Planning (since October 1993); Assistant Vice President -- Corporate Planning (from March 1992 to October 1993); and prior thereto was Director -- Corporate Development.
Kathryn B. McQuade..... 110 Franklin Rd., S.E. Roanoke, VA 24042	Vice President -- Internal Audit (since December 1992); Director -- Income Tax Administration (from May 1991 to December 1992); and prior thereto was Director -- Federal Income Tax Administration.
Charles W. Moorman.....	Vice President -- Information Technology (since October 1993); Vice President -- Employee Relations (from December 1992 to October 1993); Vice President -- Personnel and Labor Relations (from February to December 1992); Assistant Vice President -- Stations, Terminals and Transportation Planning (from March 1991 to February 1992); and prior thereto was Senior Director Transportation Planning.
Phillip R. Ogden..... 99 Spring Street, S.W. Atlanta, GA 30303	Vice President -- Engineering (since December 1992); and prior thereto was Assistant Vice President -- Maintenance; Director, Norfolk and Portsmouth Belt Line Railroad Company (since December 1993).
John P. Rathbone.....	Vice President and Controller (since December 1992); and prior thereto was Assistant Vice President -- Internal Audit.
William J. Romig.....	Vice President and Treasurer (since April 1992); and prior thereto was Assistant Vice President -- Finance.
Donald W. Seale.....	Vice President -- Merchandise Marketing (since August 1993); Assistant Vice President -- Sales and Service (from May 1992 to August 1993); and prior thereto was Director -- Metals, Waste and Construction.
Robert S. Spenski.....	Vice President -- Labor Relations (since June 1994); and prior thereto was Senior Assistant Vice President -- Labor Relations.
Rashe W. Stephens.....	Vice President -- Quality Management (since December 1996); and prior thereto was Assistant Vice President -- Public Affairs.
William C. Wooldridge.....	Vice President -- Law (since March 1996); prior thereto was General Counsel -- Corporate.
Dezora M. Martin.....	Corporate Secretary (since April 1995); Assistant Corporate Secretary (from October 1993 to April 1995); and prior thereto was Assistant Corporate Secretary -- Planning.
Gerald L. Baliles*..... Hunton & Williams 951 E. Byrd St. Riverfront Plaza, East Tower Richmond, VA 23219-4074	Director (since 1990); Partner, Hunton & Williams (since 1990); Director, Dibrell Brothers, Inc. (from March 1992 to March 1995) and Newport News Shipbuilding Inc. (since 1997).
Carroll A. Campbell, Jr.*..... American Council of Life Insurance 1001 Pennsylvania Ave., N.W. Washington, DC 20004	Director (since July 1996); President and Chief Executive Officer, American Council of Life Insurance (since January 1995); Governor of South Carolina (from January 1987 to January 1995); Director, AVX Corporation (since July 1995); Director, FLUOR Corporation (since January 1995).

&lt;/Table&gt;



## &lt;Table&gt;

&lt;Caption&gt;

NAME AND PRINCIPAL BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
<S>	<C>
Gene R. Carter*..... Association for Supervision and Curriculum Development 1250 N. Pitt Street Alexandria, VA 22314-1403	Director (since 1992); Executive Director, Association for Supervision and Curriculum Development (since July 1992); Superintendent of Schools, Norfolk, Virginia (from July 1983 to June 1992).
L. E. Coleman*..... 7 Trillium Lane, Eastman Graham, NH 03753	Director (since 1982); Chairman, The Lubrizol Corporation (from January 1996 to March 1996); Chairman of the Board and CEO (from April 1982 to December 1995); Director, The Lubrizol Corporation (since at least 1991); and Director, Harris Corporation (since January 1985).
T. Marshall Hahn, Jr.*..... Georgia-Pacific Corporation P.O. Box 105605 Atlanta, GA 30348-5605	Director (since 1985); Honorary Chairman of the Board, Georgia-Pacific Corporation (since December 1993); Chairman of the Board (from May 1993 to December 1993); Chairman of the Board and Chief Executive Officer (from February 1985 to May 1993); Director, SunTrust Banks, Inc. (since July 1984); Director, Trust Company Bank of Georgia (since 1987); Director, Coca-Cola Enterprises (since 1987).
Landon Hilliard*..... Brown Brothers Harriman & Co. 59 Wall Street New York, NY 10005	Director (since 1992); Partner, Brown Brothers Harriman & Co. (since January 1979); Director, Owens-Corning Fiberglas Corporation (since April 1989).
E.B. Leisenring, Jr.*..... The Philadelphia Contributionship One Tower Bridge, Suite 801 West Conshohocken, PA 19428	Director (since 1982); Chairman of The Philadelphia Contributionship (since January 1996); Chairman and Chief Executive Officer, Penn Virginia Corporation (from December 1933 to April 1992); Director, Penn Virginia Corporation (from September 1952 to October 1992); Director, Westmoreland Coal Company (from September 1952 to June 1996); Director, Fidelity Bank, N.A. (a wholly owned subsidiary of First Fidelity Bancorporation) (from 1960 to January 1994); Director, PICO Products, Inc. (since November 1994); Director, SKF USA Inc. (a controlled subsidiary of Aktiebolaget SKF, a Swedish corporation) (from January 1966 to March 1996).
Arnold B. McKinnon*.....	Director (since 1986); Chairman and Chief Executive Officer, Norfolk Southern Corporation (from September 1991 to August 1992); Chairman, President and Chief Executive Officer, Norfolk Southern Corporation (from March 1987 to September 1991).
Jane Margaret O'Brien*..... St. Mary's College of Maryland St. Mary's City, MD 20686	Director (since 1994); President, St. Mary's College of Maryland (since July 1996); President, Hollins College (from July 1991 to June 1996); Dean of the Faculty, Middlebury College (from 1989 to 1991); Director, Landmark Communications, Inc. (since 1994).
Harold W. Pote*..... The Beacon Group 399 Park Avenue New York, NY 10022	Director (since 1988); Partner, The Beacon Group (since April 1993); President, PBS Properties, Inc. (since November 1990); President and Chief Executive Officer, First Fidelity Bancorporation (from April 1984 to December 1988); Director, Turecamo Maritime, Inc. (from June 1990 to June 1996).

&lt;/Table&gt;

2. Directors and Executive Officers of AAC. Set forth below is the name, current business address, citizenship and the present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each director and officer of AAC. Unless otherwise indicated, each person identified below is employed by AAC and has held such position since the formation of AAC on October 23, 1996. The principal address of AAC and, unless otherwise indicated below, the current business address for each individual listed below is Three Commercial Place, Norfolk, Virginia 23510. Directors are identified by an asterisk. Each such person is a citizen of the United States.

<Table>

<Caption>

NAME AND PRINCIPAL  
BUSINESS ADDRESS

PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT  
AND FIVE-YEAR EMPLOYMENT HISTORY

<S>

David R. Goode\*

James C. Bishop, Jr.\*

L.I. Prillman

Henry C. Wolf\*

Dezora M. Martin

</Table>

<C>

President; see part 1 above for five-year  
employment history.

Vice President and General Counsel; see part  
1 above for five-year employment history.

Vice President; see part 1 above for  
five-year employment history.

Vice President and Treasurer; see part 1  
above for five-year employment history.

Corporate Secretary; see part 1 above for  
five-year employment history.

PENNSYLVANIA BUSINESS CORPORATION LAW

TITLE 15. CORPORATIONS AND UNINCORPORATED ASSOCIATIONS  
PART II. CORPORATIONS  
SUBPART B. BUSINESS CORPORATIONS  
ARTICLE C. DOMESTIC BUSINESS CORPORATION ANCILLARIES  
CHAPTER 25. REGISTERED CORPORATIONS  
SUBCHAPTER E. CONTROL TRANSACTIONS

sec.2541. APPLICATION AND EFFECT OF SUBCHAPTER

(a) General rule. -- Except as otherwise provided in this section, this subchapter shall apply to a registered corporation unless:

(1) the registered corporation is one described in section 2502(1)(ii) or (2) (relating to registered corporation status);

(2) the bylaws, by amendment adopted either: (i) by March 23, 1984; or (ii) on or after March 23, 1988, and on or before June 21, 1988; and, in either event, not subsequently rescinded by an article amendment, explicitly provide that this subchapter shall not be applicable to the corporation in the case of a corporation which on June 21, 1988, did not have outstanding one or more classes or series of preference shares entitled, upon the occurrence of a default in the payment of dividends or another similar contingency, to elect a majority of the members of the board of directors (a bylaw adopted on or before June 21, 1988, by a corporation excluded from the scope of this paragraph by the restriction of this paragraph relating to certain outstanding preference shares shall be ineffective unless ratified under paragraph (3));

(3) the bylaws of which explicitly provide that this subchapter shall not be applicable to the corporation by amendment ratified by the board of directors on or after December 19, 1990, and on or before March 19, 1991, in the case of a corporation: (i) which on June 21, 1988, had outstanding one or more classes or series of preference shares entitled, upon the occurrence of a default in the payment of dividends or another similar contingency, to elect a majority of the members of the board of directors; and (ii) the bylaws of which on that date contained a provision described in paragraph (2); or

(4) the articles explicitly provide that this subchapter shall not be applicable to the corporation by a provision included in the original articles, by an article amendment adopted prior to the date of the control transaction and prior to or on March 23, 1988, pursuant to the procedures then applicable to the corporation, or by an articles amendment adopted prior to the date of the control transaction and subsequent to March 23, 1988, pursuant to both: (i) the procedures then applicable to the corporation; and (ii) unless such proposed amendment has been approved by the board of directors of the corporation, in which event this subparagraph shall not be applicable, the affirmative vote of the shareholders entitled to cast at least 80% of the votes which all shareholders are entitled to cast thereon. A reference in the articles or bylaws to former section 910 (relating to right of shareholders to receive payment for shares following a control transaction) of the act of May 5, 1933 (P.L. 364, No. 106), known as the Business Corporation Law of 1933, shall be deemed a reference to this subchapter for the purposes of this section. See section 101(c) (relating to references to prior statutes).

(b) Inadvertent transactions. -- This subchapter shall not apply to any person or group that inadvertently becomes a controlling person or group if that controlling person or group, as soon as practicable, divests itself of a sufficient amount of its voting shares so that it is no longer a controlling person or group.

(c) Certain subsidiaries. -- This subchapter shall not apply to any corporation that on December 23, 1983, was a subsidiary of any other corporation.



sec.2542. DEFINITIONS

The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Control transaction." The acquisition by a person or group of the status of a controlling person or group.

"Controlling person or group." A controlling person or group as defined in section 2543 (relating to controlling person or group).

"Fair value." A value not less than the highest price paid per share by the controlling person or group at any time during the 90-day period ending on and including the date of the control transaction plus an increment representing any value, including, without limitation, any proportion of any value payable for acquisition of control of the corporation, that may not be reflected in such price.

"Partial payment amount." The amount per share specified in section 2545(c)(2) (relating to contents of notice).

"Subsidiary." Any corporation as to which any other corporation has or has the right to acquire, directly or indirectly, through the exercise of all warrants, options and rights and the conversion of all convertible securities, whether issued or granted by the subsidiary or otherwise, voting power over voting shares of the subsidiary that would entitle the holders thereof to cast in excess of 50% of the votes that all shareholders would be entitled to cast in the election of directors of such subsidiary, except that a subsidiary will not be deemed to cease being a subsidiary as long as such corporation remains a controlling person or group within the meaning of this subchapter.

"Voting shares." The term shall have the meaning specified in section 2552 (relating to definitions).

sec.2543. CONTROLLING PERSON OR GROUP

(a) General rule. -- For the purpose of this subchapter, a "controlling person or group" means a person who has, or a group of persons acting in concert that has, voting power over voting shares of the registered corporation that would entitle the holders thereof to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation. (b) Exceptions generally.--Notwithstanding subsection (a):

(1) A person or group which would otherwise be a controlling person or group within the meaning of this section shall not be deemed a controlling person or group unless, subsequent to the later of March 23, 1988, or the date this subchapter becomes applicable to a corporation by bylaw or article amendment or otherwise, that person or group increases the percentage of outstanding voting shares of the corporation over which it has voting power to in excess of the percentage of outstanding voting shares of the corporation over which that person or group had voting power on such later date, and to at least the amount specified in subsection (a), as the result of forming or enlarging a group or acquiring, by purchase, voting power over voting shares of the corporation.

(2) No person or group shall be deemed to be a controlling person or group at any particular time if voting power over any of the following voting shares is required to be counted at such time in order to meet the 20% minimum: (i) Shares which have been held continuously by a natural person since January 1, 1983, and which are held by such natural person at such time. (ii) Shares which are held at such time by any natural person or trust, estate, foundation or other similar entity to the extent the shares were acquired solely by gift, inheritance, bequest, devise or other testamentary distribution or series of these transactions, directly or indirectly, from a natural person who had acquired the shares prior to January 1, 1983. (iii) Shares which were acquired pursuant to a stock split, stock dividend, reclassification or similar recapitalization with respect to shares described under this paragraph that have been held continuously since their issuance by the corporation by the natural person or entity that acquired them from the corporation or that were acquired, directly or indirectly, from such natural person or entity, solely pursuant to a transaction or series of transactions described in subparagraph (ii), and that are held

at such time by a natural person or entity described in subparagraph (ii). (iv) Control shares as defined in section 2562 (relating to definitions) which have not yet been accorded voting rights pursuant to section 2564(a) (relating to voting rights of shares acquired in a control-share acquisition). (v) Shares, the voting rights of which are attributable to a person under subsection (d) if: (A) the person acquired the option or conversion right directly from or made the contract, arrangement or understanding or has the relationship directly with the corporation; and (B) the person does not at the particular time own or otherwise effectively possess the voting rights of the shares. (vi) Shares acquired directly from the corporation or an affiliate or associate, as defined in section 2552 (relating to definitions), of the corporation by a person engaged in business as an underwriter of securities who acquires the shares through his participation in good faith in a firm commitment underwriting registered under the Securities Act of 1933.

(3) In determining whether a person or group is or would be a controlling person or group at any particular time, there shall be disregarded voting power arising from a contingent right of the holders of one or more classes or series of preference shares to elect one or more members of the board of directors upon or during the continuation of a default in the payment of dividends on such shares or another similar contingency.

(c) Certain record holders. -- A person shall not be a controlling person under subsection (a) if the person holds voting power, in good faith and not for the purpose of circumventing this subchapter, as an agent, bank, broker, nominee or trustee for one or more beneficial owners who do not individually or, if they are a group acting in concert, as a group have the voting power specified in subsection (a), or who are not deemed a controlling person or group under subsection (b).

(d) Existence of voting power. -- For the purposes of this subchapter, a person has voting power over a voting share if the person has or shares, directly or indirectly, through any option, contract, arrangement, understanding, conversion right or relationship, or by acting jointly or in concert or otherwise, the power to vote, or to direct the voting of, the voting share.

#### sec.2544. RIGHT OF SHAREHOLDERS TO RECEIVE PAYMENT FOR SHARES

Any holder of voting shares of a registered corporation that becomes the subject of a control transaction who shall object to the transaction shall be entitled to the rights and remedies provided in this subchapter.

#### sec.2545. NOTICE TO SHAREHOLDERS

(a) General rule. -- Prompt notice that a control transaction has occurred shall be given by the controlling person or group to: (1) Each shareholder of record of the registered corporation holding voting shares. (2) The court, accompanied by a petition to the court praying that the fair value of the voting shares of the corporation be determined pursuant to section 2547 (relating to valuation procedures) if the court should receive, pursuant to section 2547, certificates from shareholders of the corporation or an equivalent request for transfer of uncertificated securities.

(b) Obligations of the corporation. -- If the controlling person or group so requests, the corporation shall, at the option of the corporation and at the expense of the person or group, either furnish a list of all such shareholders to the person or group or mail the notice to all such shareholders.

(c) Contents of notice. -- The notice shall state that: (1) All shareholders are entitled to demand that they be paid the fair value of their shares. (2) The minimum value the shareholder can receive under this subchapter is the highest price paid per share by the controlling person or group within the 90-day period ending on and including the date of the control transaction, and stating that value. (3) If the shareholder believes the fair value of his shares is higher, this subchapter provides an appraisal procedure for determining the fair value of such shares, specifying the name of the court and its address and the caption of the petition referenced in subsection (a)(2), and stating that the information is provided for the possible use by the shareholder in electing to proceed with a court-appointed appraiser under section 2547. There shall be included in, or enclosed with, the notice a copy of this subchapter.

(d) Optional procedure. -- The controlling person or group may, at its option, supply with the notice referenced in subsection (c) a form for the shareholder to demand payment of the partial payment amount directly from the controlling person or group without utilizing the court-appointed appraiser procedure of section 2547, requiring the shareholder to state the number and class or series, if any, of the shares owned by him, and stating where the payment demand must be sent and the procedures to be followed.

sec. 2546. SHAREHOLDER DEMAND FOR FAIR VALUE

(a) General rule. -- After the occurrence of the control transaction, any holder of voting shares of the registered corporation may, prior to or within a reasonable time after the notice required by section 2545 (relating to notice to shareholders) is given, which time period may be specified in the notice, make written demand on the controlling person or group for payment of the amount provided in subsection (c) with respect to the voting shares of the corporation held by the shareholder, and the controlling person or group shall be required to pay that amount to the shareholder pursuant to the procedures specified in section 2547 (relating to valuation procedures).

(b) Contents of demand. -- The demand of the shareholder shall state the number and class or series, if any of the shares owned by him with respect to which the demand is made.

(c) Measure of value. -- A shareholder making written demand under this section shall be entitled to receive cash for each of his shares in an amount equal to the fair value of each voting share as of the date on which the control transaction occurs, taking into account all relevant factors, including an increment representing a proportion of any value payable for acquisition of control of the corporation.

(d) Purchases independent of subchapter. -- The provisions of this subchapter shall not preclude a controlling person or group subject to this subchapter from offering, whether in the notice required by section 2545 or otherwise, to purchase voting shares of the corporation at a price other than that provided in subsection (c), and the provisions of this subchapter shall not preclude any shareholder from agreeing to sell his voting shares at that or any other price to any person.

sec. 2547. VALUATION PROCEDURES

(a) General rule. -- If, within 45 days (or such other time period, if any, as required by applicable law) after the date of the notice required by section 2545 (relating to notice to shareholders), or, if such notice was not provided prior to the date of the written demand by the shareholder under section 2546 (relating to shareholder demand for fair value), then within 45 days (or such other time period, if any, required by applicable law) of the date of such written demand, the controlling person or group and the shareholder are unable to agree on the fair value of the shares or on a binding procedure to determine the fair value of the shares, then each shareholder who is unable to agree on both the fair value and on such a procedure with the controlling person or group and who so desires to obtain the rights and remedies provided in this subchapter shall, no later than 30 days after the expiration of the applicable 45-day or other period, surrender to the court certificates representing any of the shares that are certificated shares, duly endorsed for transfer to the controlling person or group, or cause any uncertificated shares to be transferred to the court as escrow agent under subsection (c) with a notice stating that the certificates or uncertificated shares are being surrendered or transferred, as the case may be, in connection with the petition referenced in section 2545 or, if no petition has theretofore been filed, the shareholder may file a petition within the 30-day period in the court praying that the fair value (as defined in this subchapter) of the shares be determined.

(b) Effect of failure to give notice and surrender certificates. -- Any shareholder who does not so give notice and surrender any certificates or cause uncertificated shares to be transferred within such time period shall have no further right to receive, with respect to shares the certificates of which were not so surrendered or the uncertificated shares which were not so transferred under this section, payment under this subchapter from the controlling person or group with respect to the control transaction giving rise to the rights of the shareholder under this subchapter.



(c) Escrow and notice. -- The court shall hold the certificates surrendered and the uncertificated shares transferred to it in escrow for, and shall promptly, following the expiration of the time period during which the certificates may be surrendered and the uncertificated shares transferred, provide a notice to the controlling person or group of the number of shares so surrendered or transferred.

(d) Partial payment for shares. -- The controlling person or group shall then make a partial payment for the shares so surrendered or transferred to the court, within ten business days of receipt of the notice from the court, at a per-share price equal to the partial payment amount. The court shall then make payment as soon as practicable, but in any event within ten business days, to the shareholders who so surrender or transfer their shares to the court of the appropriate per-share amount received from the controlling person or group.

(e) Appointment of appraiser. -- Upon receipt of any share certificate surrendered or uncertificated share transferred under this section, the court shall, as soon as practicable but in any event within 30 days, appoint an appraiser with experience in appraising share values of companies of like nature to the registered corporation to determine the fair value of the shares.

(f) Appraisal procedure. -- The appraiser so appointed by the court shall, as soon as reasonably practicable, determine the fair value of the shares subject to its appraisal and the appropriate market rate of interest on the amount then owed by the controlling person or group to the holders of the shares. The determination of any appraiser so appointed by the court shall be final and binding on both the controlling person or group and all shareholders who so surrendered their share certificates or transferred their shares to the court, except that the determination of the appraiser shall be subject to review to the extent and within the time provided or prescribed by law in the case of other appointed judicial officers. See 42 Pa.C.S. ss 5105(a)(3) (relating to right to appellate review) and 5571(b) (relating to appeals generally).

(g) Supplemental payment. -- Any amount owed, together with interest, as determined pursuant to the appraisal procedures of this section shall be payable by the controlling person or group after it is so determined and upon and concurrently with the delivery or transfer to the controlling person or group by the court (which shall make delivery of the certificate or certificates surrendered or the uncertificated shares transferred to it to the controlling person or group as soon as practicable but in any event within ten business days after the final determination of the amount owed) of the certificate or certificates representing shares surrendered or the uncertificated shares transferred to the court, and the court shall then make payment, as soon as practicable but in any event within ten business days after receipt of payment from the controlling person or group, to the shareholders who so surrendered or transferred their shares to the court of the appropriate per-share amount received from the controlling person or group.

(h) Voting and dividend rights during appraisal proceedings. -- Shareholders who surrender their shares to the court pursuant to this section shall retain the right to vote their shares and receive dividends or other distributions thereon until the court receives payment in full for each of the shares so surrendered or transferred of the partial payment amount (and, thereafter, the controlling person or group shall be entitled to vote such shares and receive dividends or other distributions thereon). The fair value (as determined by the appraiser) of any dividends or other distributions so received by the shareholders shall be subtracted from any amount owing to such shareholders under this section.

(i) Powers of the court. -- The court may appoint such agents, including the transfer agent of the corporation, or any other institution, to hold the share certificates so surrendered and the shares surrendered or transferred under this section, to effect any necessary change in record ownership of the shares after the payment by the controlling person or group to the court of the amount specified in subsection (h), to receive and disburse dividends or other distributions, to provide notices to shareholders and to take such other actions as the court determines are appropriate to effect the purposes of this subchapter.

(j) Costs and expenses. -- The costs and expenses of any appraiser or other agents appointed by the court shall be assessed against the controlling person or group. The costs and expenses of any other procedure to determine fair value shall be paid as agreed to by the parties agreeing to the procedure.

(k) Jurisdiction exclusive. -- The jurisdiction of the court under this subchapter is plenary and exclusive and the controlling person or group, and all shareholders who so surrendered or transferred their shares to the court shall be made a party to the proceeding as in an action against their shares.

(l) Duty of corporation. -- The corporation shall comply with requests for information, which may be submitted pursuant to procedures maintaining the confidentiality of the information, made by the court or the appraiser selected by the court. If any of the shares of the corporation are not represented by certificates, the transfer, escrow or retransfer of those shares contemplated by this section shall be registered by the corporation, which shall give the written notice required by section 1528(f) (relating to uncertificated shares) to the transferring shareholder, the court and the controlling shareholder or group, as appropriate in the circumstances.

(m) Payment under optional procedure. -- Any amount agreed upon between the parties or determined pursuant to the procedure agreed upon between the parties shall be payable by the controlling person or group after it is agreed upon or determined and upon and concurrently with the delivery of any certificate or certificates representing such shares or the transfer of any uncertificated shares to the controlling person or group by the shareholder.

(n) Title to shares. -- Upon full payment by the controlling person or group of the amount owed to the shareholder or to the court, as appropriate, the shareholder shall cease to have any interest in the shares.

#### sec.2548. COORDINATION WITH CONTROL TRANSACTION

(a) General rule. -- A person or group that proposes to engage in a control transaction may comply with the requirements of this subchapter in connection with the control transaction, and the effectiveness of the rights afforded in this subchapter to shareholders may be conditioned upon the consummation of the control transaction.

(b) Notice. -- The person or group shall give prompt written notice of the satisfaction of any such condition to each shareholder who has made demand as provided in this subchapter.

Facsimile copies of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal, certificates for the Shares and any other required documents should be sent by each shareholder of the Company or such shareholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below:

The Depositary for the Second Offer is:

CITIBANK, N.A.

<Table>

<S>

By Hand:  
Citibank, N.A.  
Corporate Trust Window  
111 Wall Street, 5th Floor  
New York, New York 10043

<C>

By Mail:  
Citibank, N.A.  
c/o Citicorp Data  
Distribution, Inc.  
P.O. Box 7072  
Paramus, New Jersey 07653

<C>

By Overnight Carrier:  
Citibank, N.A.  
c/o Citicorp Data  
Distribution, Inc.  
404 Sette Drive  
Paramus, New Jersey 07652

</Table>

Facsimile for Eligible Institutions: (201) 262-3240  
To confirm fax only: (800) 422-2077

Any questions or requests for assistance or additional copies of the Offer to Purchase, the First Supplement, the Second Supplement, this Third Supplement, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Information Agent or the Dealer Managers at their respective telephone numbers and locations listed below. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Second Offer.

The Information Agent for the Second Offer is:  
mackenzie logo

156 Fifth Avenue  
New York, New York 10010  
(212) 929-5500 (call collect)  
or  
CALL TOLL FREE (800) 322-2885

The Dealer Managers for the Second Offer are:

<Table>

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WASSERSTEIN PERELLA & CO., INC.  
31 West 52nd Street  
New York, New York 10019  
Call Collect:  
(212) 963-2700

<C>

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

<C>

MERRILL LYNCH & CO.  
World Financial Center  
North Tower  
New York, New York 10281-1305  
(212) 449-8211 (call collect)

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Exhibit 99.A.39

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 DECEMBER 6, 1996,  
THE SUPPLEMENT THERETO  
DATED DECEMBER 19, 1996,  
THE SECOND SUPPLEMENT THERETO  
DATED MARCH 7, 1997,  
AND THE THIRD SUPPLEMENT THERETO  
DATED APRIL 10, 1997  
BY

GREEN ACQUISITION CORP.  
CSX CORPORATION  
AND  
NORFOLK SOUTHERN CORPORATION

THE SECOND OFFER HAS BEEN EXTENDED. THE SECOND OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, MAY 23, 1997, UNLESS THE SECOND OFFER IS FURTHER EXTENDED.

The Depository for the Second Offer is:  
CITIBANK, N.A.

<Table>  
<S>

By Hand:  
Citibank, N.A.  
Corporate Trust Window  
111 Wall Street, 5th Floor  
New York, New York 10043

<C>

By Mail:  
Citibank, N.A.  
c/o Citicorp Data Distribution,  
Inc.  
P.O. Box 7072  
Paramus, New Jersey 07653

<C>

By Overnight Carrier:  
Citibank, N.A.  
c/o Citicorp Data Distribution,  
Inc.  
404 Sette Drive  
Paramus, New Jersey 07652

</Table>

Facsimile for Eligible Institutions: (201) 262-3240  
To confirm fax only: (800) 422-2077

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 Letter of Transmittal is to be completed by shareholders of Conrail Inc. either if 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"), are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to the Depository'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 procedures described in "Procedures for Tendering Shares" of the Offer to Purchase (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 Depository.

This revised Letter of Transmittal circulated with the Third Supplement (as defined below), the Letter of Transmittal circulated with the Second Supplement (as defined below), the First Supplement (as defined below) or the Letter of Transmittal circulated with the Offer to Purchase is to be completed by shareholders either if certificates evidencing Shares (as defined below) are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to the Depository'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 procedures described in Section 3 of the Offer to Purchase (as defined below). DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITORY.

Holders of Shares will be required to tender one Right (as defined below) for each Share tendered to effect a valid tender of such Share. Until the Distribution Date (as defined in the Offer to Purchase) 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 Third Supplement), a tender of Shares will constitute a tender of the associated Rights. If a Distribution Date has occurred, certificates representing a number of Rights equal to the number of Shares being tendered must be delivered to the Depository in order for such Shares to be validly tendered. If a Distribution Date has occurred, a tender of Shares without Rights constitutes an agreement by the tendering shareholder to deliver certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Second Offer (as defined below) to the Depository within three New York Stock Exchange, Inc. trading days after the date such certificates are distributed. Purchaser (as defined below) reserves the right to require that it receive such certificates prior to accepting Shares for payment. Payment for Shares tendered and purchased pursuant to the Second Offer will be made only after timely receipt by the Depository of, among other things, such 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 Second Offer.

Shareholders whose Share Certificates are not immediately available or who cannot deliver their Share Certificates and all other documents required hereby to the Depository prior to the Expiration Date or who cannot complete the procedures for delivery by book-entry transfer on a timely basis and who wish to tender their Shares must do so pursuant to the guaranteed delivery procedure described in "Procedures for Tendering Shares" of the Offer to Purchase. See Instruction 2.

- [ ] CHECK HERE IF SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITORY'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 SHARES ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITORY 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 \_\_\_\_\_



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DESCRIPTION OF SHARES TENDERED

<Caption>

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S)  
(PLEASE FILL IN, IF BLANK)

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<Caption>

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SHARE CERTIFICATE(S) TENDERED  
(ATTACH ADDITIONAL LIST IF NECESSARY)

<Caption>

CERTIFICATE NUMBER(S)\*

TOTAL NUMBER OF SHARES  
REPRESENTED BY CERTIFICATE(S)

NUMBER OF SHARE  
TENDERED\*\*

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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  
Depository are being tendered. See Instruction 4.

</Table>

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 Green Acquisition Corp., a Pennsylvania corporation ("Purchaser") 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, between the Company and First Chicago Trust Company of New York, as Rights Agent (as amended, the "Rights Agreement"), pursuant to Purchaser's offer to purchase all Shares, including, in each case, the associated Rights, at a price of \$115 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 6, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated December 19, 1996 (the "First Supplement"), the Second Supplement thereto, dated March 7, 1997 (the "Second Supplement"), and the Third Supplement thereto, dated April 10, 1997 (the "Third Supplement"), receipt of which is hereby acknowledged, and in the related Letters of Transmittal (which, as amended from time to time, together constitute the "Second Offer"). All references herein to Common Shares, ESOP Preferred Shares or Shares includes the associated Rights.

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 tendered pursuant to the Second Offer, but any such transfer or assignment will not relieve Purchaser of its obligations under the Second 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 Second Offer.

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith, in accordance with the terms of the Second Offer (including, if the Second Offer is further 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 that are being tendered hereby (and any and all non-cash dividends, distributions, rights, other Shares or other securities issued or issuable in respect of such Shares or declared, paid or distributed in respect of such Shares on or after December 6, 1996 and any cash dividends and other distributions declared on or after April 8, 1997 and payable to holders of Shares of record on a date on or prior to May 30, 1997 (collectively, "Distributions")), and irrevocably appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares 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") and all Distributions, or transfer ownership of such Shares 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 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 and all Distributions, all in accordance with the terms of the Second Offer.

If, on or after December 6, 1996, the Company should declare or pay (x) any cash or stock dividend, other than regular quarterly cash dividends, or make any distribution with respect to the Shares that is payable or distributable to stockholders 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 Second Offer or (y) any cash dividend or other distribution with respect to the Shares, including regular quarterly cash dividends, that is payable to stockholders of record on a date on or prior to May 30, 1997, then, subject to the provisions of Section 14 of the Offer to Purchase and Section 9 of the Third Supplement, any such 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 promptly remitted and transferred by each such tendering shareholder to the Depositary for the account of Purchaser, accompanied by appropriate documentation of transfer or, in lieu of such receipt, in the case of any cash dividend or distribution, the purchase price per Share payable by Purchaser pursuant to the Second Offer will be reduced by the amount of any such cash dividend or distribution. If, on or after the date of the Fourth Amendment (as defined in the Third Supplement), the Company's Board of Directors should declare or the Company should pay then, subject to the provisions of Section 14 of the Offer to Purchase and Section [9] of the Third Supplement, the purchase price per Share payable by Purchaser pursuant to the Second Offer may be reduced by the amount of any such cash dividend or other distribution in lieu of such cash dividend or other distribution to be received by the tendering shareholder being received and held by such tendering shareholder for the account of Purchaser and being required to be promptly remitted 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 John W. Snow, Mark G. Aron and Alan A. Rudnick 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 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. This appointment will be effective if, when, and only to the extent that, Purchaser accepts such Shares for payment pursuant to the Second Offer. Upon such acceptance for payment, all prior proxies given by the undersigned with respect to such Shares, 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, 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), the Amended Voting Trust Agreement (as defined in the Second Supplement), or the CSX/NSC Voting Trust Agreement (as defined in the Third Supplement), as applicable, 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, Distributions or other securities to be deemed validly tendered, immediately upon Purchaser's acceptance for payment of such Share, Purchaser must be able to exercise full voting rights with respect to such Shares.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and all Distributions, that the undersigned own(s) the Shares tendered hereby and that when such Shares 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 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 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 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 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, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, the First Supplement, the Second Supplement or the Third Supplement this tender is irrevocable.

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

Unless otherwise indicated herein in the box entitled "Special Payment Instructions," please issue the check for the purchase price of all Shares purchased, and return all Share Certificates evidencing Shares not purchased or not tendered, 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 of all Shares purchased and all Share Certificates evidencing Shares not tendered or not purchased (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 of all Shares purchased and return all Share Certificates evidencing Shares not purchased or not tendered in the name(s) of, and mail such check and Share Certificates to, the person(s) so indicated. Unless otherwise indicated herein in the box entitled "Special Payment Instructions," please credit any Shares 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 from the name of the registered holder(s) thereof if Purchaser does not accept for payment any of the Shares 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 not tendered or not purchased and/or the check for the purchase price of Shares purchased are to be issued in the name of someone other than the undersigned, or if Shares 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 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 not tendered or not purchased and/or the check for the purchase price of Shares 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)

X

X

(SIGNATURE(S) OF HOLDER(S))

Date , 1997

(Must be signed by registered holder(s) exactly as name(s) appear(s) on common or 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

Date

, 1997

## 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 Agent's 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) of Shares 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 are tendered for the account of an Eligible Institution. See Instruction 5. If a Share 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 Share Certificate not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the Share 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 Share Certificate, with the signature(s) on such Share 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 Share Certificates are to be forwarded herewith or if Shares are to be delivered by book-entry transfer pursuant to the procedures set forth in "Procedures for Tendering Shares" of the Offer to Purchase. Share Certificates evidencing all tendered Shares, or confirmation of a book-entry transfer of such Shares, if such procedure is available, into the Depository'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 Depository at one of its addresses set forth on the reverse hereof prior to the Expiration Date (as defined in "Amended Terms of the Second Offer; Expiration Date" of the Third Supplement). If Share Certificates are forwarded to the Depository in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery. Stockholders whose Share Certificates are not immediately available, who cannot deliver their Share Certificates and all other required documents to the Depository 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 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 herewith, must be received by the Depository prior to the Expiration Date; and (iii) in the case of a guarantee of Shares, the Share Certificates, in proper form for transfer, or a confirmation of a book-entry transfer of such Shares, if such procedure is available, into the Depository'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 Depository 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. The term "Agent's Message" means a message, transmitted by a Book-Entry Transfer Facility to, and received by the Depository 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, that such participant has received and agrees to be bound by the terms of this Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING SHAREHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITORY. 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 will be purchased. By execution of this Letter of Transmittal (or a facsimile hereof), all tendering stockholders waive any right to receive any notice of the acceptance of their Shares for payment.

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



4. Partial Tenders. (Not applicable to stockholders who tender by book-entry transfer.) If fewer than all the Shares evidenced by any Share Certificate delivered to the Depository herewith are to be tendered hereby, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such cases, new Share Certificate(s) evidencing the remainder of the Shares that were evidenced by the Share Certificates delivered to the Depository 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 Second Offer. All Shares evidenced by Share Certificates delivered to the Depository 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 tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificates evidencing such Shares without alteration, enlargement or any other change whatsoever.

If any Share 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 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 tendered hereby, no endorsements of Share Certificates or separate stock powers are required, unless payment is to be made to, or Share Certificates evidencing Shares 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 Share Certificate(s) evidencing the Shares 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 Share Certificate(s). Signatures on such Share 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 tendered hereby, the Share Certificate(s) evidencing the Shares 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 Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Share 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 to it or its order pursuant to the Second Offer. If, however, payment of the purchase price of any Shares purchased is to be made to, or Share Certificate(s) evidencing Shares 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 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 SHARE CERTIFICATE(S) EVIDENCING THE SHARES TENDERED HEREBY.

7. Special Payment and Delivery Instructions. If a check for the purchase price of any Shares tendered hereby is to be issued, or Share Certificate(s) evidencing Shares 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 Share 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 tendered hereby by book-entry transfer may request that Shares not purchased be credited to such account maintained at a Book-Entry Transfer Facility as such stockholder may designate in the box entitled "Special Payment Instructions" on the reverse hereof. If no such instructions are given, all such Shares 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 were delivered.

8. Requests for Assistance or Additional Copies. Requests for assistance may be directed to the Information Agent or Dealer Managers at their respective addresses or telephone numbers set forth below. Additional copies of the Offer to Purchase, the First Supplement, the Second Supplement, the Third 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 Depository 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 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 Depository is not provided with a TIN within 60 days, the Depository will withhold 31% on all payments of the purchase price to such stockholder until a TIN is provided to the Depository.

10. Lost, Destroyed or Stolen Certificates. If any certificate(s) representing Shares has been lost, destroyed or stolen, the shareholder should promptly notify the Depository. 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 THIRD SUPPLEMENT).**

#### IMPORTANT TAX INFORMATION

Under the federal income tax law, a shareholder whose tendered Shares are accepted for payment is required by law to provide the Depository (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 Depository 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 and Rights purchased pursuant to the Second 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 Depository. 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 Depository 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 purchased pursuant to the Second Offer, the shareholder is required to notify the Depository 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 tendered hereby. If the Shares 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 stockholder until a TIN is provided to the Depositary.



PAYER'S NAME: CITIBANK, N.A., AS DEPOSITARY

<Table>

SUBSTITUTE  
FORM W-9  
DEPARTMENT OF  
THE TREASURY  
INTERNAL  
REVENUE SERVICE  
PAYER'S REQUEST  
FOR TAXPAYER  
IDENTIFICATION  
NUMBER (TIN)

<S>

<C>

<C>

PART I -- PLEASE PROVIDE YOUR TIN IN THE Social Security Number OR  
BOX AT RIGHT AND CERTIFY BY SIGNING AND /  
DATING BELOW.

Employer Identification Number  
(If awaiting TIN write "Applied For")

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 either because 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 the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION 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.)

DATE \_\_\_\_\_, 1997

SIGNATURE \_\_\_\_\_

</Table>

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE SECOND 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 First Supplement, the Second Supplement, the Third 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 Second Offer is:

mackenzie logo

156 Fifth Avenue  
New York, New York 10010  
(212) 929-5500 (call collect)  
or  
CALL TOLL FREE (800) 322-2885

The Dealer Managers for the Second Offer is:

<Table>

<S>

WASSERSTEIN PERELLA & CO., INC.  
31 West 52nd Street  
New York, New York 10019  
Call Collect:  
(212) 969-2700

<C>

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

<C>

MERRILL LYNCH & CO.  
World Financial Center  
North Tower  
New York, New York 10281-1305  
(212) 449-8211 (call collect)

</Table>

</TEXT>  
</DOCUMENT>

Exhibit 99.A.40

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

GREEN ACQUISITION CORP.  
CSX CORPORATION  
AND  
NORFOLK SOUTHERN CORPORATION  
(Not to be Used for Signature Guarantees)

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Second 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, between the Company and First Chicago Trust Company of New York, as Rights Agent, are not immediately available, (ii) time will not permit all required documents to reach Citibank, N.A., as Depositary (the "Depositary"), prior to the Expiration Date (as defined in "Amended Terms of the Second Offer; Expiration Date" of the Third Supplement (as defined below)) or (iii) the procedures 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.

The Depositary for the Second Offer is:

CITIBANK, N.A.

<Table>

<Caption>

	By Hand:	By Mail:	By Overnight Carrier:
<S>	Citibank, N.A. Corporate Trust Window 111 Wall Street, 5th Floor New York, New York 10043	<C> Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 7072 Paramus, New Jersey 07653	<C> Citibank, N.A. c/o Citicorp Data Distribution, Inc. 404 Sette Drive Paramus, New Jersey 07652
		Facsimile for Eligible Institutions: (201) 262-3240 To confirm fax only: (800) 422-2077	

</Table>

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 Green Acquisition Corp., a Pennsylvania corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 6, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated December 19, 1996, the Second Supplement thereto, dated March 7, 1997, the Third Supplement thereto, dated April 10, 1997 (the "Third Supplement"), and the (green) Letter of Transmittal circulated with the Third Supplement (which, as amended from time to time, collectively constitute the "Second Offer"), receipt of each of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedures described in "Procedures for Tendering Shares" of the Offer to Purchase.

<Table>

<S>

Number of Shares: .....

<C>

Name(s) of Record Holder(s): .....

Certificate Nos. (if available): .....

PLEASE PRINT

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

☐ The Depository Trust Company

Address(es): .....

☐ Philadelphia Depository Trust Company

ZIP CODE

Area Code and Tel. No.: .....

Account Number: .....

Dated: ....., 1997

</Table>

GUARANTEE

(NOT TO BE USED FOR SIGNATURE GUARANTEES)

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 Depository, at one of its addresses set forth above, of certificates evidencing the Shares tendered hereby in proper form for transfer, or confirmation of book-entry transfer of such Shares into the Depository'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, (a) 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 (b) in the case of Rights, 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 Right Certificates are distributed to stockholders.

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

<Table>

<S>

NAME OF FIRM .....

<C>

AUTHORIZED SIGNATURE .....

ADDRESS .....

TITLE .....

Name: .....

ZIP CODE

PLEASE PRINT

Area Code and Tel. No.: .....

Date: ....., 1997

</Table>

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

</TEXT>

</DOCUMENT>

Exhibit (c) (14)

Letter Agreement between CSX and NSC,  
dated April 8, 1997

See Volume 8

Exhibit (c) (15)

Fourth Amendment to Agreement and Plan of Merger  
dated as of April 8, 1997, by and among  
CSX, Tender Sub and Conrail

See Volume 8



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
-----

Schedule 14D-1  
Tender Offer Statement  
(Amendment No. 25)

Pursuant to  
Section 14(d)(1) of the Securities Exchange Act of 1934  
and  
Amendment No. 35  
to  
Schedule 13D+  
and  
Amendment No. 12  
to  
Schedule 13D++  
-----

Conrail Inc.  
(Name of Subject Company)

CSX Corporation  
Norfolk Southern Corporation  
Green Acquisition Corp.  
(Bidders)

Common Stock, Par Value \$1.00 Per Share  
(Title of Class of Securities)  
208368 10 0

(CUSIP Number of Class of Securities)  
Series A ESOP Convertible Junior Preferred Stock, Without Par Value  
(Title of Class of Securities)  
Not Available  
(CUSIP Number of Class of Securities)

Mark G. Aron  
CSX Corporation  
One James Center  
901 East Cary Street  
Richmond, Virginia 23219-4031  
Telephone: (804) 782-1400

James C. Bishop, Jr.  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, Virginia 23510  
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:

Pamela S. Seymon  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Telephone: (212) 403-1000

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

-----  
+ of CSX Corporation and Green Acquisition Corp.  
++ of Norfolk Southern Corporation

## SCHEDULE 14D-1

CUSIP No. 208368 10 0

1	NAMES OF REPORTING PERSONS S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON	
	CSX CORPORATION	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS BK, WC, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) or 2(f)	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	VIRGINIA	
7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
	17,775,124 Common Shares.*	
8	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES	<input checked="" type="checkbox"/>
9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7)	
	Approximately 19.9% of outstanding Shares.*	
10	REPORTING PERSON	
	HC and CO	

- \* Excludes 8,200,100 Common Shares beneficially owned by Norfolk Southern Corporation which CSX Corporation may be deemed to beneficially own by reason of the CSX/NSC Letter Agreement referred to herein. Also excludes 15,955,477 Common Shares purchasable upon exercise of the Company Stock Option. See Section 13 of the Offer to Purchase, dated December 6, 1996, and all amendments thereto.

SCHEDULE 14D-1

CUSIP No. 208368 10 0

1	NAMES OF REPORTING PERSONS S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
	GREEN ACQUISITION CORPORATION
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS AF
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) or 2(f) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION  PENNSYLVANIA
7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  17,775,124 Common Shares.*
8	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES <input checked="" type="checkbox"/>
9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7)  Approximately 19.9% of outstanding Shares.*
10	REPORTING PERSON  CO

\* Excludes 8,200,100 Common Shares beneficially owned by Norfolk Southern Corporation which CSX Corporation may be deemed to beneficially own by reason of the CSX/NSC Letter Agreement referred to herein. Also excludes 15,955,477 Common Shares purchasable upon exercise of the Company Stock Option. See Section 13 of the Offer to Purchase, dated December 6, 1996, and all amendments thereto.

This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "SEC") on December 6, 1996, as previously amended and supplemented (the "Schedule 14D-1"), by Green Acquisition Corp. ("Purchaser"), a Pennsylvania corporation, CSX Corporation, a Virginia corporation ("Parent" or "CSX"), and Norfolk Southern Corporation, a Virginia corporation ("NSC"), to purchase all 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 (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, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 6, 1996, the Supplement thereto, dated December 19, 1996 (the "First Supplement"), the Second Supplement thereto, dated March 7, 1997 (the "Second Supplement"), and the Third Supplement thereto, dated April 10, 1997 (the "Third Supplement"), and the related Letters of Transmittal (which, together with any amendments or supplements thereto, constitute the "Second Offer") at a purchase price of \$115 per Share, net to the tendering shareholder in cash. Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer to Purchase, the First Supplement, the Second Supplement, the Third Supplement and the Schedule 14D-1.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Item 4 is hereby amended and supplemented by the following:

(b) J.P. Morgan Securities Inc. and Merrill Lynch & Co. (collectively, the "Arrangers"), Merrill Lynch Capital Corporation ("MLCC") and Morgan Guaranty Trust Company of New York ("Morgan") have entered into a commitment letter with NSC, dated April 22, 1997 (the "NSC Bank Commitment Letter"), pursuant to which MLCC and Morgan have each committed to provide up to \$500,000,000 of a total \$7 billion in required borrowings pursuant to a new senior credit facility (the "New NSC Credit Facility") to finance NSC's requirements under the Second Offer and the Merger, to pay its portion of related fees and expenses, to refinance NSC's existing debt (including under the NSC Credit Agreement) and for general corporate purposes, including to support commercial paper issuances. It is anticipated that the Arrangers will arrange and/or syndicate the New NSC Credit Facility with a group of commercial banks (the "Lenders").

Morgan's and MLCC's obligations to make loans to NSC to fund the purchase price of Shares purchased in the Second Offer and the Merger are (and the Lenders' obligations will be) subject to the following conditions, among others: (i) approval of the CSX/NSC Voting Trust by all required governmental and regulatory bodies, (ii) the absence of a material adverse change in the consolidated financial condition, operations, assets, business or prospects of NSC and its subsidiaries or Conrail and its subsidiaries or with respect to financial, bank syndication or capital market conditions and (iii) the absence of any amendments or modifications to the Second Offer and the Merger Agreement which could, in the reasonable opinion of the Arrangers, impede or delay the Merger or otherwise materially adversely affect the Second Offer, the parties to the Second Offer or the Lenders.

The New NSC Credit Facility will consist of two facilities, a \$3.5 billion unsecured 364-day revolving credit facility (the "364 Day Facility") and a \$3.5 billion unsecured five-year revolving credit facility (the "5 Year Facility"). Loans under the 364 Day Facility will bear interest at a rate per annum equal to, at the option of NSC, any of (i) the Eurodollar rate plus a margin depending upon NSC's senior unsecured long-term debt ratings of between .50% and .155%, (ii) an adjusted CD rate plus a margin depending upon NSC's senior unsecured long-term debt ratings of between .625% and .28%, (iii) the higher of (A) Morgan's prime rate or (B) the federal funds rate plus .50% (the "Base Rate") or (iv) a money market rate, and will mature 364 days from the closing under the New NSC Credit Facility (the "Closing Date"). The

5 Year Facility will mature five years after the Closing Date and loans thereunder will bear interest at a rate per annum equal to, at the option of NSC, any of (i) the Eurodollar rate plus a margin depending on NSC's senior unsecured long-term debt ratings of between .45% and .135%, (ii) an adjustable CD rate plus a margin depending on NSC's senior unsecured long-term debt ratings of between .575% and .26%, (iii) the Base Rate or (iv) a money market rate. The New NSC Credit Facility will also provide for a facility fee accruing on the total amount available or outstanding under the 364 Day Facility at a rate which will be, depending upon NSC's senior unsecured long-term debt ratings, between .15% and .045% per annum and a facility fee accruing on the total amount available or outstanding under the 5 Year Facility at a rate which will be, depending upon NSC's senior unsecured long-term debt ratings, between .20% and .065%.

The New NSC Credit Facility will contain certain financial covenants as well as certain restrictions on, among other things, (i) indebtedness of subsidiaries, (ii) liens, (iii) mergers, consolidations and sales of assets, and (iv) transactions with affiliates. The financial covenants will require NSC to maintain a specified minimum consolidated net worth and maximum leverage ratios.

The New NSC Credit Facility will contain certain representations and warranties regarding, among other things, corporate existence, power and authority, enforceability of the loan documents related to the New NSC Credit Facility, no conflicts, financial information, absence of material adverse change, absence of material litigation, compliance with certain laws and regulations, certain environmental matters, taxes, matters related to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and absence of material misstatements. In addition, the New NSC Credit Facility will contain certain covenants regarding, among other things, maintenance of corporate existence, maintenance of the business, maintenance of insurance, payment of taxes, delivery of financial statements and reports, compliance with laws, use of proceeds and continued ownership by NSC of certain specified subsidiaries.

Events of default under the New NSC Credit Facility will include, subject (in certain instances) to customary notice and cure periods, material breaches of representations or warranties, failure to pay principal or interest, breach of covenants, cross default to certain other debt, material judgments, bankruptcy, failures to make payments required to be made under ERISA, and a Change of Control (to be defined in the agreement evidencing the New NSC Credit Facility).

In connection with the New NSC Credit Agreement, NSC has agreed to pay the Arrangers and the Lenders certain fees, to reimburse the Arrangers and the Lenders for certain expenses and to provide certain indemnities, as is customary for commitments of the type described herein.

It is anticipated that the indebtedness incurred by NSC under the New NSC Credit Facility will be repaid from funds generated internally by NSC and its subsidiaries, through additional borrowings, or through a combination of such sources. No final decisions have been made concerning the method NSC will employ to repay such indebtedness. Such decisions when made will be based on NSC'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.

The NSC Credit Agreement will be terminated in its entirety prior to, or concurrently with, the execution of the New NSC Credit Facility, and all outstanding loans under the NSC Credit Agreement, if any, will be then repaid.

The foregoing description of the NSC Bank Commitment Letter is qualified in its entirety by reference to the full text of the Commitment Letter, a copy of which has been included as an exhibit hereto and is incorporated herein by reference.

**ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.**

Item 11 is hereby amended and supplemented by the following:

- (b) (3) Commitment Letter, dated April 22, 1997, among Morgan Guaranty Trust Company of New York, J.P. Morgan Securities Inc., Merrill Lynch Capital Corporation, Merrill Lynch & Co. and Norfolk Southern Corporation.

**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.

**CSX CORPORATION**

By: /s/ MARK G. ARON  
Name: Mark G. Aron  
Title: Executive Vice President --  
Law and Public Affairs

Dated: April 25, 1997

**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.

**NORFOLK SOUTHERN CORPORATION**

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

Dated: April 25, 1997

**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.

ATLANTIC ACQUISITION CORPORATION

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

Dated: April 25, 1997

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.

GREEN ACQUISITION CORP.

By: /s/ MARK G. ARON  
Name: Mark G. Aron  
Title: General Counsel and  
Secretary

Dated: April 25, 1997

EXHIBIT INDEX

Exhibit  
No.

- \*(a) (1) Offer to Purchase, dated December 6, 1996.
- \*(a) (2) Letter of Transmittal.
- \*(a) (3) Notice of Guaranteed Delivery.
- \*(a) (4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- \*(a) (5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- \*(a) (6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- \*(a) (7) Tender Offer Instructions for Participants of Conrail Inc. Dividend Reinvestment Plan.
- \*(a) (8) Text of Press Release issued by Parent and the Company on December 6, 1996.
- \*(a) (9) Form of Summary Advertisement, dated December 6, 1996.
- \*(a) (10) Text of Press Release issued by Parent on December 5, 1996.
- \*(a) (11) Text of Press Release issued by Parent and the Company on December 10, 1996.
- \*(a) (12) Text of Advertisement published by Parent and the Company on December 10, 1996.

- \* (a) (13) Text of Press Release issued by Parent on December 11, 1996.
- \* (a) (14) Text of Advertisement published by Parent and the Company on December 12, 1996.
- \* (a) (15) Supplement to Offer to Purchase, dated December 19, 1996.
- \* (a) (16) Revised Letter of Transmittal.
- \* (a) (17) Revised Notice of Guaranteed Delivery.
- \* (a) (18) Text of Press Release issued by Parent and the Company on December 19, 1996.
- \* (a) (19) Letter from Parent to shareholders of the Company, dated December 19, 1996.
- \* (a) (20) Text of Press Release issued by Parent on December 20, 1996.
- \* (a) (21) Text of Press Release issued by Parent and the Company on January 9, 1997.
- \* (a) (22) Text of Press Release issued by Parent and the Company on January 13, 1997.
- \* (a) (23) Text of Press Release issued by Parent and the Company on January 15, 1997.
- \* (a) (24) Text of Press Release issued by Parent on January 17, 1997.
- (a) (25) Deleted.
- \* (a) (26) Text of Letter issued by Parent and the Company dated January 22, 1997.
- \* (a) (27) Text of Advertisement published by Parent and the Company on January 29, 1997.
- \* (a) (28) Text of Press Release issued by Parent and the Company on January 31, 1997.
- \* (a) (29) Text of Press Release issued by Parent on February 14, 1997.
- \* (a) (30) Text of Press Release issued by Parent on March 3, 1997.
- \* (a) (31) Second Supplement to Offer to Purchase, dated March 7, 1997.
- \* (a) (32) Revised Letter of Transmittal.
- \* (a) (33) Revised Notice of Guaranteed Delivery.
- \* (a) (34) Text of Press Release issued by Parent on March 7, 1997.
- \* (a) (35) Form of Summary Advertisement, dated March 10, 1997.
- \* (a) (36) Letter from Parent to employees of the Company, published on March 12, 1997.
- \* (a) (37) Text of Press Release issued by CSX and NSC on April 8, 1997.
- \* (a) (38) Third Supplement to Offer to Purchase, dated April 10, 1997.
- \* (a) (39) Revised Letter of Transmittal circulated with the Third Supplement.
- \* (a) (40) Revised Notice of Guaranteed Delivery circulated with the Third Supplement.
- \* (b) (1) Credit Agreement, dated November 15, 1996 (incorporated by reference to Exhibit (b) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (b) (2) Credit Agreement, dated as of February 10, 1997, by and among NSC, Morgan Guaranty Trust Company of New York, as administrative agent, Merrill Lynch Capital Corporation, as documentation agent, and the banks from time to time parties thereto (incorporated by reference to NSC's and Atlantic Acquisition Corporation's Tender Offer Statement on Schedule 14D-1, dated February 12, 1997).
- (b) (3) Commitment Letter, dated April 22, 1997, among Morgan Guaranty Trust Company of New York, J.P. Morgan Securities Inc., Merrill Lynch Capital Corporation, Merrill Lynch & Co. and Norfolk Southern Corporation.
- \* (c) (1) Agreement and Plan of Merger, dated as of October 14, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (1) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).

- \* (c) (2) Company Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (2) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (3) Parent Stock Option Agreement, dated as of October 14, 1996, between Parent and the Company (incorporated by reference to Exhibit (c) (3) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (4) Voting Trust Agreement, dated as of October 15, 1996, by and among Parent, Purchaser and Deposit Guaranty National Bank (incorporated by reference to Exhibit (c) (4) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (5) First Amendment to Agreement and Plan of Merger, dated as of November 5, 1996, by and among Parent, Purchaser and the Company (incorporated by reference to Exhibit (c) (7) to Parent and Purchaser's Tender Offer Statement on Schedule 14D-1, as amended, dated October 16, 1996).
- \* (c) (6) Second Amendment to Agreement and Plan of Merger, dated as of December 18, 1996, by and among Parent, Purchaser and the Company.
- \* (c) (7) Form of Amended and Restated Voting Trust Agreement.
- (c) (8) Deleted.
- \* (c) (9) Text of STB Decision No. 5 of STB Finance Docket No. 33220, dated January 8, 1997.
- (c) (10) Deleted.
- \* (c) (11) Text of opinion of Judge Donald VanArtsdalen of the United States District Court for the Eastern District of Pennsylvania as delivered from the bench on January 9, 1997.
- \* (c) (12) Third Amendment to Agreement and Plan of Merger, dated as of March 7, 1997, by and among Parent, Purchaser and the Company.
- \* (c) (13) Form of Amended and Restated Voting Trust Agreement.
- \* (c) (14) Letter Agreement between CSX and NSC, dated April 8, 1997.
- \* (c) (15) Fourth Amendment to Agreement and Plan of Merger, dated as of April 8, 1997, by and among CSX, Purchaser and the Company.
- (d) Not applicable.
- (e) Not applicable.
- (f) Not applicable.

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 \* Previously filed.



MORGAN GUARANTY TRUST  
COMPANY OF NEW YORK  
60 Wall Street  
New York, NY 10260

J.P. MORGAN SECURITIES INC.  
60 Wall Street  
New York, NY 10260

MERRILL LYNCH CAPITAL CORPORATION  
World Financial Center  
North Tower  
New York, NY 10281

MERRILL LYNCH & Co.  
World Financial Center  
North Tower  
New York, NY 10281

April 22, 1997

COMMITMENT LETTER

Mr. William J. Romig  
Vice President  
Norfolk Southern Corporation  
Norfolk, VA 23510-2191

Dear Bill:

You have advised us that Norfolk Southern Corporation ("NSC") intends to participate in the acquisition of Conrail, Inc. (the "Acquisition") by means of a joint cash tender offer in conjunction with CSX Corporation ("CSX") (the "Tender Offer") and subsequent merger (the "Merger"). We understand that you will require up to \$7,000,000,000 of senior bank debt facilities (the "Credit Facilities") to finance the Acquisition, to refinance your existing bank facilities, to backstop NSC's commercial paper program, to pay related fees and expenses, and for general corporate purposes. You have requested us to arrange the Credit Facilities.

J.P. Morgan Securities Inc. ("JPMSI") and Merrill Lynch & Co. ("ML&Co."); together with JPMSI, the "Arrangers") are pleased to advise you that we are willing to use our best efforts to arrange a syndicate of financial institutions (the "Lenders") to provide the Credit Facilities. In addition, Morgan Guaranty Trust Company of New York ("Morgan") and Merrill Lynch Capital Corporation ("Merrill") hereby severally commit that each will, or will cause an affiliate to, provide up to \$500,000,000 of the Credit Facilities.

Attached as Exhibit A to this letter is a Summary of Terms and Conditions (the "Term Sheet") setting forth the principal terms and conditions on and subject to which Morgan and Merrill are willing to make their respective portions of the Credit Facilities available.

It is agreed that Morgan and Merrill will act as the sole agents for, and that JPMSI and ML&Co. will act as sole arrangers of, the Credit Facilities and that no additional agents, co-agents or arrangers will be appointed without the prior written consent of Morgan, JPMSI, Merrill and ML&Co. All aspects of the syndication, including decisions as to the selection of institutions to be approached and when they will be approached when their commitments will be accepted, which institutions will participate, the tiering and allocations of the commitments among the Lenders and the amount, timing and distribution of fees among the Lenders shall, in each case, be subject to mutual agreement of the Arrangers and NSC.

You agree to assist JPMSI and ML&Co. in forming any such syndicate and to provide Morgan, JPMSI, Merrill, ML&Co. and the other Lenders, promptly upon request, all information deemed reasonably necessary by them to complete successfully the syndication, including, but not limited to, (a) an information package for delivery to potential syndicate members and participants and (b) all information and projections prepared by you or your advisers relating to the transactions described. You agree that any other financings during the syndication process will be subject to approval by Morgan, JPMSI, Merrill and ML&Co. You further agree to make your officers and representatives available to participate in information meetings for potential syndicate members at such time and places as Morgan, JPMSI, Merrill and ML&Co. may reasonably request.

You represent and warrant and covenant that no written information and no information (written or otherwise) given at information meetings for potential syndicate members (collectively, the "Information") which has been or is hereafter furnished by or on behalf of NSC to Morgan, JPMSI, Merrill and/or ML&Co. in connection with the transactions contemplated hereby contained (or, in the case of Information furnished after the date hereof, will contain) as of the time it was furnished (or is furnished) any material misstatement of fact or omitted (or will omit) as of such time to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were (or will be) made, not misleading; provided, that the foregoing representation and warranty is made only to the best of your knowledge in the case of Information relating to Conrail, Inc. and its subsidiaries, which knowledge is principally based upon public disclosure by Conrail, Inc.; and provided, further, that, with respect to Information consisting of statements, estimates and projections regarding the future performance of NSC and Conrail, Inc. and their respective subsidiaries (collectively, the "Projections"), no representation or warranty is made other than that the Projections have been (or will be) prepared in good faith utilizing due and careful consideration and the best information available to NSC at the time of preparation thereof. You agree to supplement the Information and the Projections from time to time until the Closing Date (as defined in the Term Sheet) as appropriate, so that the representations and warranties in the preceding sentence remain correct. In arranging and syndicating the Credit Facilities, Morgan, JPMSI, Merrill and ML&Co. will use and rely on the Information and the Projections without independent verification thereof.

Morgan's and Merrill's commitments hereunder are subject to the conditions that (a) after the date hereof there shall not have occurred (i) any material adverse change in the consolidated financial position, operations, assets, business or prospects of NSC and its subsidiaries or Conrail and its subsidiaries or (ii) any material change in or material

disruption of financial bank syndication or capital market conditions that in the opinion of Morgan, JPMSI, Merrill or ML&Co. could materially and adversely affect the syndication of the Credit Facilities; (b) the offer to purchase for the Tender Offer (the "Offer to Purchase") and the merger agreement for the Merger shall be in the form previously delivered to Morgan and Merrill, except for any amendments or modifications thereto that could not, in the reasonable opinion of Morgan and Merrill, impede or delay the Merger or otherwise materially adversely affect the Acquisition, or the parties to the Acquisition or the Lenders (it being understood that any amendment or modification which (1) increases the purchase price per share, (2) decreases the minimum condition, or (3) removes the requirement that the poison pill or similar arrangements or any Pennsylvania statutory provision restricting the ability to consummate the Tender Offer or the Merger be inapplicable shall not constitute such an amendment or modification); (c) the voting trust referred to in the Offer to Purchase (the "Voting Trust") shall have been approved by all of the required governmental and regulatory bodies, including, but not limited to, the Surface Transportation Board; (d) the Voting Trust shall be reasonably acceptable in form and substance to Morgan and Merrill and shall contain no provisions which, in the reasonable opinion of Morgan or Merrill, could affect NSC's ability to perform its obligations with regard to the Credit Facilities. In addition, Morgan's and Merrill's commitment is subject to the negotiation, execution and delivery prior to June 1, 1997 of definitive documentation with respect to the Credit Facilities satisfactory in form and substance to Morgan, Merrill and their counsel. Such documentation shall contain the terms and conditions set forth in the Term Sheet and such other indemnities, covenants, representations and warranties, events of default, conditions precedent, and other terms and conditions (which in each case shall not be inconsistent with the Term Sheet) as shall be satisfactory in all respects to Morgan, Merrill and you. Matters which are not covered by the provisions of this letter and the Term Sheet are subject to the approval of Morgan, Merrill and you.

You agree to pay all reasonable out-of-pocket expenses of the Agents and the Arrangers associated with the syndication of the Credit Facilities and the preparation, execution and delivery of this letter and the definitive financing agreements (including the reasonable fees and disbursements and other charges of counsel). You agree to indemnify and hold harmless of each of Morgan, JPMSI, Merrill, ML&Co. and each director, officer, employee, affiliate and agent thereof (each, and "Indemnified Person") against, and to reimburse each Indemnified Person, upon its demand, for, any losses, claims, damages, liabilities or other expenses ("Losses") to which such Indemnified Person may become subject insofar as such Losses arise out of or in any way relate to or result from the Acquisition, this letter or the financing contemplated hereby, including, without limitation, Losses consisting of legal or other expenses incurred in connection with investigating, defending or participating in any legal proceeding relating to any of the foregoing (whether or not such Indemnified Person is a party thereto); provided that the foregoing will not apply to any Losses to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person. Your obligations under this paragraph shall remain effective whether or not definitive financing documentation is executed and notwithstanding any termination of this letter. Neither Morgan, JPMSI, Merrill, ML&Co. nor any other Indemnified Person shall be responsible or liable to any other person for consequential damages which may be alleged as a result of this letter or the financing



contemplated hereby.

This letter may not be changed except pursuant to a written agreement signed by each of the parties hereto. This letter shall be governed by, and construed in accordance with, the laws of the State of New York.

This letter is delivered to you on the understanding that neither this letter nor any of its terms or substance shall be disclosed, directly or indirectly, to any other person except (a) to your employees, directors, agents and advisers who are directly involved in the consideration of this matter, (b) to Conrail, Inc. and CSX and their respective employees, directors, agents and advisers or (c) as disclosure may be compelled in a judicial or administrative proceeding or as otherwise required by law. All descriptions of and references to the Credit Facilities in any filing with a governmental authority or in any press release, advertisement or other public disclosure shall be subject to the prior review of each of Morgan and Merrill.

If you are in agreement with the foregoing, please sign and return to Morgan the enclosed copies of this letter no later than 11:59p.m. New York time on April 23, 1997. This offer shall terminate at such time unless prior thereto we shall have received signed copies of such letters.

We look forward to working with you on this transaction.

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By: /S/ PATRICIA LUNKA  
Title: Vice President

J.P. MORGAN SECURITIES INC.

By: /S/ DAVID A. NASS, JR.  
Title: Vice President

MERRILL LYNCH CAPITAL  
CORPORATION

By: /S/ CHRISTOPHER J. BIROSAK  
Title: Vice President

MERRILL LYNCH & CO.

By: /S/ CHRISTOPHER J. BIROSAK  
Title: Managing Director

Accepted and agreed to as of the dated first above written:

NORFOLK SOUTHERN CORPORATION

By: /S/ WILLIAM J. ROMIG  
Title: Vice President and Treasurer

SUMMARY OF TERMS AND CONDITIONS  
FOR NORFOLK SOUTHERN CORPORATION

<b>Borrower:</b>	Norfolk Southern Corporation ("NSC")
<b>Amount:</b>	\$7.0 billion
<b>Purpose:</b>	To finance the purchase by NSC of a portion of the assets of Conrail, Inc. and its Subsidiaries, to pay related fees and expenses, to refinance a portion of the existing bank debt of NSC (including under the existing credit agreement), and for general corporate purposes, including a backstop for commercial paper issuance.
<b>Arrangers:</b>	J.P. Morgan Securities Inc. and Merrill Lynch & Co. (collectively, in such capacities, the "Arrangers").
<b>Administrative Agent:</b>	Morgan Guaranty Trust Company of New York ("Morgan").
<b>Documentation Agent</b>	Merrill Lynch Capital Corporation ("Merrill").
<b>Lenders:</b>	Lenders, financial institutions and other entities acceptable to the Arrangers and the Borrower (the "Lenders").
<b>Facility Description:</b>	Unsecured revolving credit facility; \$3.5 billion 364-day; \$3.5 billion five-year.
<b>Borrowing Options:</b>	Eurodollar, Adjusted CD, Base Rate, and Money Market.  CD will be automatically adjusted for reserves and other regulatory requirements. Eurodollar adjustments for Regulation D will be charged by Lenders individually.  Base Rate means the higher of Morgan's prime rate or the federal funds rate + 0.50%.
<b>Money Market Option Description:</b>	The Borrower may request the Administrative Agent to solicit competitive bids from the Lenders at a margin over Eurodollar or at an absolute rate. Each Lender will bid at its own discretion for amounts up to the total amount of commitments and the Borrower will be under no obligation to accept any of the bids. Any Money Market advances made by a Lender shall be

deemed usage of the facility for the purpose of fees and availability. However, each Lender's advance shall not reduce such Lender's obligation to lend its pro rata share of the remaining undrawn commitment.

**Bid Selection Mechanism:** The Borrower will determine the aggregate amount of bids, if any, it will accept. Bids will be accepted in order of the lowest to the highest rates ("Bid Rates"). If two or more Lenders bid at the same Bid Rate and the amount of such bids accepted is less than the aggregate amount of such bids, then the amount to be borrowed at such Bid Rate will be allocated among such Lenders in proportion to the amount for which each Lender bid at such Bid Rate. If the bids are either unacceptably high to the Borrower or are insufficient in amount, the Borrower may cancel the auction.

**Fees and Interest Rates:**

**Facility Fee:**

A per annum fee, payable on each Lender's commitment irrespective of usage, calculated on a 360 day basis and payable quarterly in arrears and upon termination of the facility. The Facility Fee rate will vary according to the Pricing Level that corresponds to the Borrower's credit quality (see attached Pricing Grid).

**Margins:**

Margins for committed Eurodollar and CD Loans are set forth in the attached Pricing Grid.

**Reference Lenders:**

Three institutions representative of the Lenders.

**Interest Payments:**

At the end of each applicable Interest Period or quarterly, if earlier.

**Interest Periods:**

**Syndicated Borrowings:**  
Eurodollar Loans - 1, 2, 3, or 6 months.  
Adjusted CD Loans - 30, 60, 90, or 180 days.

**Non-Syndicated Borrowings:**  
Money Market Eurodollar Loans - minimum 1 month.



Money Market Absolute Rate Loans - min.  
14 days.

**Drawdowns:**

Minimum amounts of \$25 million with additional increments of \$1 million. Drawdowns are at the Borrower's option with same day notice for Base Rate Loans, one business day's for Money Market Absolute Rate Loans, two business days for Adjusted CD Loans, three business days for Eurodollar Loans, and five business days for Money Market Eurodollar Loans.

**Prepayments:**

Base Rate Loans may be prepaid at any time on one business day's notice. Eurodollar and Adjusted CD Loans aggregating \$25 million may be prepaid on three business days' notice, subject to the payment of breakage costs, if any. Money Market Loans may not be prepaid before the end of an Interest Period.

**Termination or Reduction of Commitments:**

The Borrower will have the right, upon at least three business days' notice, to terminate or cancel, in whole or in part, the portion of the facility in excess of aggregate outstanding borrowings, provided that each partial reduction shall be in a minimum amount of at least \$25 million or any whole multiple of \$1,000,000 in excess thereof.

**Representations and Warranties:**

Customary for credit agreements of this nature, with respect to the Borrower and its Substantial Subsidiaries, including but not limited to:

1. Corporate existence.
2. Corporate and governmental authorization; no contravention; binding effect.
3. Financial information, including unaudited proforma statements.
4. No material adverse change since December 31, 1996.
5. Environmental matters.
6. Compliance with laws, including ERISA and contractual obligations.
7. No material litigation.
8. Existence, incorporation,

- etc. of Substantial Subsidiaries.
- 9. Payment of taxes.
- 10. Full disclosure.
- 11. Regulatory restrictions on borrowing.
- 12. Not an investment company.

**Conditions to Initial Borrowing:**

Customary for credit agreements of this nature, with respect to the Borrower and its Substantial Subsidiaries, including but not limited to:

- 1. Absence of default.
- 2. Accuracy of representations and warranties.
- 3. Negotiation and execution of satisfactory closing documentation, including favorable legal opinions from counsel for Agents and Borrower.
- 4. Deal-specific requirements if any; regulatory approvals (excluding Surface Transportation Board ("STB") approval), licenses.
- 5. Termination of commitments and repayment of all amounts borrowed under the Credit Agreement dated February 10, 1997.
- 6. The agreement dated as of April 8, 1997 between CSX Corporation ("CSX") and the Borrower (the "Agreement") shall be substantially in full force and effect in the form provided to the lenders, and all obligations to be performed by each party thereto on or prior to the date of the initial borrowing shall have been performed in full.
- 7. If the long term debt securities of the Borrower are rated below BBB by Standard & Poor's Corporation ("S&P") or below Baa3 by Moody's Investor Service, Inc. ("Moody's") at any time prior to the execution of definitive loan documentation, the Borrower and the Lenders will negotiate in good faith to amend the provisions of this Term Sheet (including without limitation by increasing the facility fee or the margins applicable to

the loans, by determining new compliance levels for the financial covenants and by including additional financial or other covenants, or events of default) in a manner satisfactory to the Borrower and the Lenders.

**Conditions to All Borrowings:**

1. Accuracy of representations and warranties,
2. Absence of default.

**Affirmative Covenants:**

Customary for credit agreements of this nature, with respect to the Borrower and its Substantial Subsidiaries, including but not limited to:

1. Information.
2. Payment of taxes and other obligations.
3. Maintenance of property; insurance.
4. Conduct of business and maintenance of existence.
5. Compliance with laws including ERISA, environmental regulations, and material contractual obligations.
6. Inspection of property, books and records.
7. Use of proceeds.

**Negative Covenants:**

Customary for credit agreements of this nature, with respect to the Borrower and its Substantial Subsidiaries, including but not limited to:

1. Mergers, consolidations, and sales of assets.
2. Negative pledge.
3. Subsidiary debt limitation, with appropriate baskets to be determined.
4. Transactions with affiliates.
5. Borrower will at all times own, directly or indirectly, Norfolk and Western Railway Company and Norfolk Southern Railway Company.
6. No material modification to the terms of the Agreement and to the arrangements with respect to the ownership and use of the assets of Conrail, Inc. by CSX and the Borrower.

**Financial Covenants:**

1. Net Worth Test. Consolidated Book Net Worth (with



appropriate adjustments for acquisition-related charges) must at all times exceed [ ] billion plus [25%] of Annual Net Income (if positive).

2. Leverage Test. On any date, Consolidated Total Debt of the Borrower and its consolidated Subsidiaries shall not exceed [ ]% of Total Capital. Total Capital shall be the sum of Consolidated Total Debt and Stockholders' Equity.

**Events of Default:**

Customary for credit agreements of this nature, with respect to the Borrower and its Substantial Subsidiaries, including but not limited to:

1. Failure to pay any principal under the Credit Agreement when due or interest or fees within 5 days.
2. Failure to comply with covenants (with notice and cure periods, where appropriate).
3. Representations or warranties materially incorrect.
4. Failure of the Borrower or its Subsidiaries to pay when due any other debt with an aggregate principal amount of \$50 million or more. Cross default to other debt of the Borrower and its Subsidiaries with an aggregate principal amount of \$50 million or more.
5. Change of ownership or control.
6. Other usual defaults with respect to the Borrower and Substantial Subsidiaries, including but not limited to insolvency, bankruptcy, ERISA, and judgment defaults.

**Increased Costs/Change of Circumstances:**

The credit agreement will contain customary provisions protecting the Lenders in the event of unavailability of funding, illegality, increased costs and funding losses.

**Indemnification:**

The Borrower will indemnify the Lenders against all losses, liabilities, claims, damages, or expenses relating to their loans, the Borrower's use of loan proceeds

or the commitments, including but not limited to reasonable attorneys' fees and settlement costs (except such as result from the indemnitee's gross negligence or willful misconduct).

**Transfers and Participations:**

Lenders will have the right to transfer or sell participations in their loans or commitments with the transferability of voting rights in the case of participations limited to changes in principal, rate, fees and term. Assignments, which must be in amounts of at least \$10 million, will be allowed with the consent of the Borrower, and/or, assignment will be allowed within the Lender Group and to Lenders' affiliates.

**Administrative Fee:**

As agreed upon by the Borrower and Morgan.

**Auction Fee:**

As agreed upon by the Borrower and Morgan.

**Required Lenders:**

Under each Credit Facility, Lenders holding 51% of the aggregate amount of the commitments under such Credit Facility.

**Rate and Fee Basis:**

All per annum rates shall be calculated on the basis of a year of 360 days (or 365/366 days, in the case of Base Rate Loans the interest rate payable on which is then based on the Prime Rate) for actual days elapsed.

**Expenses:**

Borrower will pay all legal and other out-of-pocket expenses of the Arrangers and the Agents related to this transaction and any subsequent amendments or waivers, including the fees and expenses of Davis Polk & Wardwell, special counsel to the Agents.

**Governing Law:**

State of New York.

**PRICING GRID FOR NORFOLK SOUTHERN CORPORATION**

**364-Day Facility**

(basis points per annum)