

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-1
(Amendment No. 15)
Tender Offer Statement Pursuant to Section 14(d)(1)
of the Securities Exchange Act of 1934

Conrail Inc.
(Name of Subject Company)

Norfolk Southern Corporation
Atlantic Acquisition Corporation
(Bidders)

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

208368 10 0
(CUSIP Number of Class of Securities)

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

Not Available
(CUSIP Number of Class of Securities)

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

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

This Amendment No. 15 amends the Tender Offer Statement on Schedule 14D-1 filed on October 24, 1996, as amended (the "Schedule 14D-1"), by Norfolk Southern Corporation, a Virginia corporation ("Parent"), and its wholly owned subsidiary, Atlantic Acquisition Corporation, a Pennsylvania corporation ("Purchaser"), relating to Purchaser's offer to purchase all outstanding shares of (i) Common Stock, par value \$1.00 per share (the "Common Shares"), and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (the "ESOP Preferred Shares" and, together with the Common Shares, the "Shares"), of Conrail Inc. (the "Company"), including, in each case, the associated Common Stock Purchase Rights, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 1996 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated November 8, 1996 (the "Supplement"), and in the revised Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer"). Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given such terms in the Offer to Purchase, the Supplement or the Schedule 14D-1.

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

Item 5 is hereby amended and supplemented by the following:

On December 4, 1996, Parent issued a response to certain questions issued in writing by the Pennsylvania State Employees Retirement System, a Company shareholder, discussing, among other things, Parent's analysis of the perceived benefits of the Offer and the Proposed Merger to the Company's employees and to the Commonwealth of Pennsylvania as compared to the Proposed CSX Transaction. The text of Parent's response and attachments thereto are filed as an exhibit hereto.

Item 11. Material to be Filed as Exhibits.

Item 11 is hereby amended and supplemented by the following:

- (a) (50) Text of response by Parent to the Pennsylvania State Employees Retirement System sent on December 4, 1996 and attachments thereto.

SIGNATURE

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

Dated: December 5, 1996

NORFOLK SOUTHERN CORPORATION

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

ATLANTIC ACQUISITION CORPORATION

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

EXHIBIT INDEX

Exhibit Number	Description	Page
(a) (50)	Text of response by Parent to the Pennsylvania State Employees Retirement System sent on December 4, 1996 and attachments thereto.	

PA SERS response to questions regarding an CR/NS merger

Q. What are the job impact implications of the Norfolk Southern proposal?

- o The CSX and Conrail systems are duplicative (see enclosed rail maps) in many areas. This means redundancies, particularly in PA, MD, DE, and OH, and thus major job losses if CSX acquires Conrail. As the Conrail and Norfolk Southern rail systems complement each other, job losses will be less in the Norfolk Southern proposal.
- o In the long term, Norfolk Southern expects the Norfolk Southern-Conrail combination to generate substantial new business and increased job security.

Q. What are the potential implications of your proposal on PA state tax revenue (vs. a stand-alone Conrail)?

Due to Norfolk Southern's limited presence in the State of Pennsylvania, if Norfolk Southern successfully merges with Conrail we project tax revenues in the State of Pennsylvania to increase. Income taxes should remain at Conrail's current level with an increase in taxes corresponding to an expected increase in operating income after the merger. Property taxes in Pennsylvania also are expected to increase a minimum of 15%. In addition, we project an increase in franchise taxes in Pennsylvania.

Q. Are there any provisions in the Norfolk Southern plan which could enhance economic development at the Port of Philadelphia?

- o A new high-tech multimodal terminal is planned for the old Philadelphia Navy Yard, which has been discussed with the Mayor of Philadelphia.
- o RoadRailer(R) trains, via the NS and CR bimodal subsidiary Triple Crown Services Co., will provide truck competitive service to midwest and southern destinations.
- o A Norfolk Southern-Conrail combination will provide the only doublestack container service from the Port of Philadelphia to and from the southeast.
- o Norfolk Southern brings superior intermodal experience to the Port of Philadelphia. NS intermodal growth more than doubles the growth of the industry average while Conrail reaches the mean and CSX lags far behind(since 1988).

Q. Have job security issues been discussed under your plan?

- o As discussed, since the Norfolk Southern and Conrail systems complement each other, job losses are expected to be less than in a CSX-Conrail combination.
- o Federal law mandates application of standard labor protection in rail mergers. These conditions protect rail employees against merger related adverse effects.
- o As the pension plans of both Conrail and Norfolk Southern are overfunded, retirement security is ensured, while the CSX pension fund has been on the Pension Benefit Guarantee Corporation's list of "Top Fifty Companies with the Largest Underfunded Pension Liability." Conrail employees should not want their retirement plan commingled with CSX.

Q. In the public media, CSX appears to be committed to the merged corporate headquarters in a Philadelphia location. Does your plan provide for a similar framework as your rival bidder?

- o CSX's headquarters in Richmond, VA, employs under 200 people, and a Philadelphia headquarters under CSX ownership would require no more jobs and perhaps fewer. CSX has made no guarantees regarding the other Philadelphia-based Conrail jobs--they could go to Jacksonville, FL, where CSX's operations are centralized.
- o In a letter to Conrail's board of directors (October 23, 1996), Norfolk Southern Chairman, President and CEO David R. Goode indicated that Norfolk Southern would be willing to consider the location of a merged corporate headquarters in Philadelphia. A copy of the letter

is attached.

- Q. In addition to the valuation differences between the CSX and Norfolk Southern offers, what do you feel are the most compelling reasons for a Norfolk-Conrail vs. a CSX-Conrail combination?
- o A Norfolk Southern-Conrail combination encourages a balanced competitive structure for Eastern railroad service with two rail systems of comparable size and scope. It acknowledges that large markets must be served by more than one railroad; that ownership of major trunk lines and effective terminal access are required for true competition; and that competition is weakened when less than fair value is paid for assets (see enclosed Principles of Balanced Rail Competition).
 - o A Norfolk Southern-Conrail combination will create a stronger, more competitive eastern transportation market and a far more balanced freight rail system than the proposed CSX-Conrail merger. A combined CSX-Conrail will control almost 70% of the total of CSX, Conrail and NS rail freight, resulting in extreme market dominance. A Norfolk Southern-Conrail combination will not dominate eastern freight.
 - o Important markets, including New York, Northern New Jersey, Boston, Pittsburgh, Philadelphia, Wilmington and Youngstown, will only have one Class I carrier service in a CSX-Conrail combination (an effectual monopoly). A Conrail-Norfolk Southern combination will preserve (and possibly enhance) two carrier service in these and many other areas, allowing shippers a choice for rail service.
 - o Conrail customers will obtain better access to the Southeast and improved single system coverage in the East. Also, Conrail customers will benefit from a combination with Norfolk Southern, widely acclaimed as the safest, most efficient and best managed railroad.
 - o In addition to competitive pricing resulting from volume efficiencies, Norfolk Southern-Conrail will provide a level of service that only a broad network can provide. We will be able to undertake more initiatives such as our recent vehicle distribution agreement with Ford. We will be able to improve intermodal service between the Northeast and Southeast, making our intermodal network more competitive with alternative truck services.

[On the first page appears a map of the eastern half of the United States, entitled "NS and CR Systems," which shows the reach of Parent's and the Company's track systems.]

[On the second page appears a map of the eastern half of the United States, entitled "CSXT and CR Systems," which shows the reach of CSX's and the Company's track systems.]

[On the third page appears a map entitled "Pennsylvania" with details of certain locations in Pennsylvania served by tracks and stations of the Company, CSX, and Parent.]

Principles of Balanced Rail Competition

Norfolk Southern's Commitment to NS/CR Customers

1. Competition Requires Rail Systems of Comparable Size and Scope

Railroads compete with each other, not just trucks
Balance between railroads must not be eliminated by mergers
Customers demand full rail route networks
Mergers should result in balance within regions, not dominance

2. The Largest Markets Must be Served by (at least) Two Large Railroads

Major markets require competitive service
Rail mergers should not be an excuse to control a market
Competition at ports is especially important
Lack of competition has disadvantaged Northeastern markets
Routes and terminals must be adequate to protect competition

3. Owned Routes are Essential to Competition

Railroads need to control their major trunk-line routes
Route ownership enables competition on safety, price and service
Competition on major corridors, such as New York/Philadelphia
-Chicago, should be over owned routes
Trackage rights do work for short-distance industrial access,
and as shortcuts between owned lines

4. Competition Depends on Effective Terminal Access

The rail network is anchored by terminals and yards
Terminals are just as important to competition as routes
Competitors must have the right to buy or build their own
terminal facilities

5. Competition is Not Free

Competitors must make a commitment to owning lines and
terminals
NS/CR will not subsidize its competitors
Competitors must pay a fair portion of the overall purchase
price

[On this page and for the three pages following appears a letter to all rail shippers from Parent, dated October 29, 1996. An identical version of this letter, except for a change of the date to October 28, was previously filed as exhibit (a)(12) to the Schedule 14D-1.]

[On this page and for the three pages following appears a letter from David R. Goode to the Board of Directors of the Company, dated October 23, 1996. An identical version of this letter was previously filed as part of exhibit (a)(7) to the Schedule 14D-1.]

[On this page and for the five pages following appears the text of a speech made to the Salomon Brothers Transportation Conference on November 12, 1996, by David R. Goode. The text of this speech was previously filed as exhibit (a)(38) to the Schedule 14D-1, and was also filed previously under Rule 14a-6(b) promulgated under the Securities Exchange Act of 1934, as amended, as soliciting materials of Parent in connection with a special meeting of shareholders of the Company.]