SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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

Item 5 is hereby amended to add the following:

(b) On October 24, 1996, Stephen C. Tobias, Executive Vice President-Operations of Parent, presented a speech to the American Railroad Conference discussing, among other things, Parent's analysis of the perceived competitive benefits of the Offer and the Proposed Merger as compared with the Proposed CSX Transaction. A copy of the text of this speech is filed as an exhibit hereto.

On October 30, 1996, Parent distributed a summary of Parent's analysis of the perceived competitive situation in the United States rail industry and Parent's analysis of the perceived competitive benefits of the Offer and the Proposed Merger as compared with the Proposed CSX Transaction. A copy of the analysis is filed as an exhibit hereto.

In addition, on October 30, 1996 Parent distributed a memorandum describing Parent's analysis of the perceived benefits of the Offer and the Proposed Merger to the Company's customers and shareholders as compared with the Proposal CSX Transaction. A copy of the memorandum is filed as an exhibit hereto.

Item 10. Additional Information.

Item 10 is hereby amended to add the following:

(e) On October 26, 1996, Parent distributed a memorandum summarizing the Pennsylvania Litigation. A copy of the memorandum is filed as an exhibit hereto.

Item 11. Material to be Filed as Exhibits.

Item 11 is hereby amended to add the following:

(a)(14) Text of speech made to the American Railroad Conference on October 24, 1996.

(a)(15) Competitive Analysis dated October 30, 1996.

(a)(16) Transaction Memorandum dated October 30, 1996.

(a)(17) Litigation Memorandum dated October 26, 1996.

SIGNATURE

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

Dated: October 31, 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   Page

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October 24, 1996.

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Remarks by: Stephen C. Tobias
Executive Vice President - Operations
Norfolk Southern Corporation

Before the: American Railroad Conference
Palm Springs, California
October 24, 1996

Good evening. David Goode extends his regrets for missing this engagement. He felt very strongly that this conference is an important forum for key industry issues as we manage change in our industry. However, as you can imagine, his agenda has quickly become crowded, and I am delighted he ask me to represent him.

I know you'll bear with me if I take this opportunity to present Norfolk Southern's case for combining with Conrail, because I believe it goes to the heart of this conference -- customers -- service.

So just what is going on in the East? And more importantly what does it mean to the shipping community?

As you no doubt know, NS is offering $100 per share, all cash for CR. This is cash up front, with all shares held in a voting trust. This is great news for Conrail shareholders. It s also good news for employees and customers of both NS and CR.

We have thought long and hard about this opportunity. We know Conrail's operations and markets. And over the past few years, we have partnered with Conrail on a number of initiatives to more closely integrate our operations and marketing to offer better service to customers of both lines. While these joint projects have been successful, we have long believed that the strengths of both railroads could be best leveraged by joining forces. We have been ready to move for some time, but Conrail was not. Clearly, however, the time is now right.

We believe and others agree that NS is the best strategic partner for Conrail. The combination will enable us to build upon our strengths and existing partnerships and expand upon the joint initiatives we have already undertaken.

With Conrail, we can extend our historical dedication to safety, operating results and service to more customers, more locations, more employees and more stockholders.

Not only will the combination provide Norfolk Southern with greater opportunities for growth and improved efficiency it will give our customers better access to the Northeast and improve single line coverage in the East. For Conrail shareholders, it offers the highest value at the lowest risk. For Conrail employees, it provides a combination with the safest railroad and exciting prospects for growth and job opportunities, in short-security.

The implications of the Conrail battle go further than the three companies involved.

It marks a fundamental point of decision for the rail industry.

Do we want a single railroad to dominate half the country? Or do we want strong, balanced competition throughout the country that fosters growth as is the case in the west, where UPSP and BNSF are almost evenly matched.

I would argue balanced competition -- like we believe NS/CR will promote -- leads to a stronger, healthier overall rail system.

Railroads could consolidate in a way where if customers wanted to ship, they would have to ship on the railroad s terms. But then, all that would be left would be the customers who had no other choice but to ship by rail.

Instead, our object is to have the customers chose, no -- demand rail service, as their preferred way of shipping goods, rather than rail as the rock-bottom cheapest mode available, or because their commodity cannot be hauled any other way.

Customers have lost their tolerance for interchange delays, split responsibility for shipments, the lack of a single point of contact -- this is why I think we need, and will see, more consolidations -- but our own conduct in proposing and executing these consolidations as an industry will determine whether or not we succeed or fail.

Mergers are an opportunity to continue to reduce our costs, to create new and improved routes, to inaugurate new services, to put traffic on the railroad that is currently on the highway or the river, to expand our ports. It means creating bigger companies, but companies whose willingness and ability to compete is just as great as their size. For Norfolk Southern, a merger with Conrail is an opportunity to become a viable competitor in the Southeast to Northeast lanes where CSX -- because they have single line service -- has an advantage.

And if promoting that competition means actually listening to shipper requests for additional carrier choice, so be it. That is the price of consolidation.

But if we allow mergers to result in a single railroad that dominates major industrial centers, we are undermining ourselves. Consolidations that strengthen competitors and competition and improve service not only benefit existing customers, but attract new customers to the rails.

CSX and Norfolk Southern recently competed head-to-head to locate Ford s new Mixing Centers -- a dramatic improvement in automotive shipping by rail -- on our railroads. Norfolk Southern fared well in the competition -- we were awarded all four mixing centers -- but that competition yielded major benefits to the customer, in price and in service, and to Norfolk Southern in many additional car loads. Promoting customer choice and competition is why Norfolk Southern is willing to expand competition in the New York area.

If we use mergers as a vehicle to limit customer choice, to constrain shipping options, we are hurting our industry. New routes and new markets mean new services. We think we can take a lot of trucks off of I 95 with direct Philadelphia and Baltimore service to the Southeast. And I am just as sure that CSX, which already has direct routes between these cities, will be fighting for that same business.

If we use mergers just to provide more efficient service, and in the process lose touch with our customers, we are hurting ourselves. A focus on service, innovation, and most importantly, safety, is what will eventually sustain this industry long after we have wrung out the last merger-related cost-savings.

Railroads have a good winning streak going. The smooth approval process of both the BN/SF and UP/SP merger demonstrates that. But many shippers are dissatisfied with their level of service and the responsiveness of their railroads.

We have the opportunity to satisfy, to delight those shippers, by using consolidations to strengthen competition and competitors, not to create dominance. We need to use these consolidations to achieve levels of performance so superior that the shipping public demands our service. We have the capabilities, and now we have the opportunities. It is up to us to make the most of them.

The CSX/CR transaction is simply unacceptable from the standpoint of an overall competitive rail network in the East. The overwhelming market dominance and single-line monopoly of the CSX proposal fails to match up with the relative competitive equity of a Norfolk Southern-Conrail combination and the creation of an eastern rail system comparable to that now created in the West.

We are confident that we can obtain regulatory approval of this combination because we are committed to maintain a balanced, competitive rail system.

To sum up, the transaction we are proposing is better for shippers, for Conrail and Norfolk Southern shareholders, for employees of both railroads, for the communities both systems serve, and for the public interest.

I am convinced our proposal will ultimately serve the industry and the customers better, and I ask for your support as we bring together a winning combination, that promotes growth, our industry's foundation for the future.

I appreciate the opportunity to address you and hope that my thoughts will have some import in tomorrow's agenda.

CSX/CR IS NOT UP/SP

FACTS

WESTERN RAILROADS BALANCED

- A. In the West most major markets already were served by both BNSF and UP before UP/SP.
  1. only exceptions: New Orleans and Salt Lake City
- B. Existing traffic flows and train schedules were in place to form the critical mass necessary for efficient BNSF operations.
  1. competitive service hampered by low volumes
  2. costs per unit higher with low volumes
- C. The competitive rail infrastructure was largely in place.
  1. yard facilities
  2. management
  3. customer service
  4. communications
  5. repair facilities
- D. Competition could be enhanced by providing shorter, more efficient routes and industry access.

I. NO BALANCE IN EAST

- A. Competitive alternatives do not exist in most northeastern markets.
  1. In many markets, CR is the only Class 1 rail carrier.
     - a) New York City
     - b) Northern New Jersey
     - c) Boston
  2. At many points in the East, CSXT is the alternative network to Conrail. CSXT and CR are the only Class 1 rail carriers in many major markets.
     - a) Baltimore
     - b) Dayton
     - c) Indianapolis
     - d) Philadelphia (despite CP s minor presence)
     - e) Pittsburgh
     - f) Wilmington
     - g) Youngstown
- B. Most rail competition that does exist in the Northeast is fragile.
  1. CP/D&H and NYS&W/DO into Northern New Jersey
  2. Wheeling and Lake Erie into Pittsburgh
- C. CSXT has the competitive infrastructure and traffic base to give it the best starting point to provide competitive enhancements through trackage rights, etc. Anyone else would be non-viable.
- D. CSXT already is significantly larger than NS:
  1. 1995 operating revenues
     - a) CSXT 22% larger than NS
  2. 1995 carloads handled
     - a) CSXT 21% larger than NS

CSX/CR IS NOT UP/SP

RESULTS

II. LIMITED TRACKAGE RIGHTS PROVIDE ADEQUATE WESTERN SOLUTION

- A. BNSF can use its existing infrastructure to support the trackage/haulage rights and switching granted to it in UP/SP and can build on its existing traffic base.
- B. Even with an existing base of operations and traffic, implementation of the UP/SP conditions is moving slowly.
- C. The western rail system will be reasonably balanced.
  1. 1995 operating revenues
     - a) 54% UP $9.54 billion
     - b) 46% BNSF $8.17 billion
  2. 1995 carloads handled

a) 58% UP 10,097,760 carloads
b) 42% BNSF 7,244,418 carloads
3. route miles
a) 55% UP 38,366 miles
b) 45% BNSF 31,326 miles

III. OVERWHELMING CSX/CR DOMINANCE IN EAST

A. CR s existing lock on parts of the Northeast will be strengthened.

New York -- CR handled 83% of 1994 NY rail revenue
New Jersey -- CR handled 64% of 1994 NY rail revenue
Massachusetts -- CR handled 63% of 1994 NY rail revenue

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

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

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

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

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

October 30, 1996

NORFOLK SOUTHERN'S OFFER TO ACQUIRE CONRAIL

Norfolk Southern has long believed that a combination with Conrail would provide more efficient and competitive freight rail service to our customers as well as enhanced growth opportunities for the Corporation. We expressly and on more than one occasion over the past several years shared this view with Conrail management. Until two weeks ago, however, Conrail management indicated its desire for Conrail to remain independent. Then, on October 15, Conrail entered into an agreement to merge with CSX. Our counter-offer, which we believe is superior to the CSX/Conrail proposal on every point, was made so that Norfolk Southern and Conrail employees, customers, and shareholders and the general public can realize the many real benefits of a Norfolk Southern/Conrail combination.

Following is a brief overview of how and why we believe that Conrail, Norfolk Southern and all of their constituencies will profit from our proposed transaction.

SHIPPERS AND THE GENERAL PUBLIC

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/CR merger.

Norfolk Southern customers will obtain better access to the Northeast and improved single system coverage in the East. Conrail customers will obtain the benefit of a combination with the most efficient and best managed railroad.

In addition to competitive pricing resulting from volume efficiencies, we 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.

Norfolk Southern is committed to provide, at and between the largest markets, solutions that will ensure a competitive rail infrastructure. We are not assuming market share gains from a monopolistic position, but from providing better service to our customers.

CONRAIL SHAREHOLDERS

Our offer is for $100 per share in cash for each Conrail share. This offer is not subject to approval by the Surface Transportation Board, except as to informal approval of a voting trust.

By contrast, the proposed CSX transaction would offer Conrail shareholders a substantially lower value per share, based on the current market value of CSX shares. Moreover, the 60 percent of Conrail shareholders who would receive payment in CSX stock, would only receive payment if and when the Surface Transportation Board approves a CSX/CRR merger.

NORFOLK SOUTHERN SHAREHOLDERS

A combination with Conrail will provide significant earnings improvement from transaction synergies -- both operating savings and increased revenues. These synergies will add significantly to earnings per share resulting in an earnings per share growth rate more than 50 percent higher than Norfolk Southern would have achieved alone.

Norfolk Southern received financing commitments from J.P. Morgan and Merrill Lynch for $2 billion each towards the $11 billion total acquisition cost and these banks expect the remainder of the financing to be in place promptly. On a pro forma basis, total debt would be $13.2 billion, with an initial total debt/total capitalization ratio of 72 percent.

October 30, 1996

Philadelphia Litigation

Norfolk, Virginia -- October 26, 1996

M E M O R A N D U M

Norfolk Southern initiated, at the same time it filed its tender offer for the purchase of Conrail at $100 per share, litigation in the United States District Court for the Eastern District of Pennsylvania. The object of the litigation is to give Conrail shareholders, if they wish, the opportunity to accept Norfolk Southern's $100 per share offer.

The litigation is not, as popularly reported, an attack on the Pennsylvania anti-takeover laws. Norfolk Southern's complaint does not seek the invalidation of a single provision of Pennsylvania law. Rather, Norfolk Southern alleges that under Federal securities laws, under Pennsylvania corporate law, and under Conrail's own articles and bylaws, the actions taken by Conrail and CSX to keep Conrail shareholders from having the opportunity to accept Norfolk Southern's $100 per share offer are improper and illegal.

When a corporation such as Conrail has decided it will not remain independent, Norfolk Southern believes that the law requires it to act fairly in the interests of its shareholders and other constituencies, as opposed to acting for the personal interests of officers and directors.

The complaint alleges that Conrail failed to disclose to its shareholders that a better offer was available from Norfolk Southern. It also alleges that as recently as 1994 it had been receptive to a combination with Norfolk Southern; that the CSX transaction is increasing the Conrail CEO's salary and bonus from $539,278 to approximately $2,497,500; that the $300,000,000 breakup fee and the 16 million share option [as opposed to being compensatory] actually penalize better offers; that Conrail may not take corporate actions (such as selective application of a provision of the Pennsylvania law or of its poison pill) designed fend off all other proposals, no matter how good; and that Conrail has impermissibly acted to restrict the rights of its shareholders to elect directors who can pass on combination proposals.

The complaint alleges that such actions have breached Conrail's fiduciary duties to its stockholders, that the attempt to tie the hands of directors who may be elected in the future violates Pennsylvania law and Conrail's own articles and bylaws, that the failure to disclose some of these matters violates the Federal securities laws, and that a provision of the Pennsylvania anti-takeover law does not permit selective opting out -- a corporation is either in or out.

The complaint seeks declaratory and injunctive relief and damages. In view of the CSX/Conrail timetable, Norfolk Southern is also seeking expedited proceedings, in order to get relief before the transaction is already accomplished. A hearing has been set for November 12.