Transcript

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Webcast

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Other Participants:
Chris Wetherbee – Analyst, Wells Fargo

QUESTION AND ANSWER SECTION

<Q - Chris Wetherbee>: Morning. It still is morning, so thanks everybody for joining us. Appreciate it. We're getting back on the transportation track. We are very excited to be joined by Canadian Pacific.

This morning we have John Brooks, EVP, Chief Marketing Officer from the company, as well as Mark Redd, EVP, Chief Operating Officer. Ashley's also there in the front row. Thanks very much for coming, guys. Really appreciate you joining us at the conference today.

<A – John Brooks>: Absolutely. Appreciate it, Chris.

<Q - Chris Wetherbee>: Great. Well, I think probably the best way to kick off, which is what we've been doing, is maybe just a little bit of current market update, if you will. Maybe we'll start, John, with you, on what you're seeing from a market's perspective on volume, and then we can turn it over to Mark to talk a little bit about what's happening from an operations perspective.

<A – John Brooks>: All right. Well, again certainly honored, Mark and I to be here representing all the CPKC employees out there across 3 countries. It's crazy, Chris, to think about it that we just passed our 3-year anniversary here back in April of this combination of legacy CP, traversing of course across Canada and into the US, and of course the KCS down from Kansas City and into Mexico.

And it has been a unique journey, but it's a unique journey because it's a unique property and franchise. And, I sit here today super pleased with what the 3 years have produced. We continue to lead the industry in earnings growth. We continue to lead the industry in volume growth.

And honestly, as I look to 2026 and how things are shaping up, Q1 was how we expected. There was certainly some pull ahead and some challenges from last year, but nonetheless, we stacked a record Q1 in terms of volumes moved, on Mark and his team to move.

Now as I sit here in Q2, I would tell you the volume trend continues to be positive and sort of week over week, we continue to see a little bit of an uptick. So I'm pleased where we sit today. I'm as optimistic as ever around our full year guidance of mid-single-digit volume growth and hitting double-digit EPS growth. And I don't think anything has changed on that front.

I can tell you, Chris, and I think you know this, we continue to be very disciplined in the marketplace in terms of pricing. I feel good about where we sit on that front. And frankly, as maybe some of this trucking capacity continues to tighten and some of those trends continue in the right direction as we look forward, I think there's further opportunity there. And maybe I'll turn it over to Mark because he's running a pretty good railroad right now.

<A – Mark Redd>: Yes, he's selling the business, right? So he's propping himself up here. He's looking good.

So thanks for having us, really. I would say it's good to be at CPKC. The railroad's running well. We've got -- if I look at some of just the metrics off the top of my head, dwell, car miles per car day double digit. I mean we're 10%, 11% better than last year. If I look at some of the day-N noise that we did have last year comparables to this year, the former KCS property doing quite well as well.

So, yes, we're delivering what we said we would do, the synergies. We're propping up the synergies that John talked about. We also looked at just the integration piece of it with our employees, with our culture. Certainly dynamic. We have 3 countries to work through with our employees, and certainly from a culture standpoint, we're implementing PSR, CPKC living well. So, again it's good to be here.

<Q - Chris Wetherbee>: Absolutely. Well, listen, that's a great way to kick off and maybe, John, we'll dig in a little bit more on the volume side. I think quarter to date up a little bit north of 3% on RTMs. I guess when we look at the individual commodities, grain continues to be quite robust. Let's start there.

<A – John Brooks>: Yes

<Q - Chris Wetherbee>: So how do you think about the grain dynamic? I guess there's been a view that you guys are running all out. I guess is there a point when that crop from last year runs out and we go into a little bit of a pause? How do we think about first half, back half of '26 from a grain perspective?

<A – John Brooks>: Chris, I got -- I have to tell you, like, so, yes, quarter to date, we're just right at about 4%, and our Canadian coal is -- it's probably about a 3% headwind that we're covering on that too. So, I look at last year, we grew our RTMs Q2 by 7%, the prior year 6%. Ex coal, we'd be 7% again this year. We're stacking growth upon growth at CPKC. Certainly grain's a huge part of it.

And honestly, I've said it in the past, I'll say it again, at CPKC we got the best, most resilient bulk franchise in the industry. And it's paying dividends. The grain is running well. As you know, we had a record crop across Canada. We actually had a record crop specifically on the corn side in the US, and that's where we continue to see the strength.

How long it lasts, it's the thing that keeps me up every night, wondering. But I'll tell you, certainly the outlook to close out the next 3 weeks and early July continues, our orders look very strong. We just got through 2 weeks of the final seeding across the property, which sometimes the farmers pull back a little bit on their deliveries, and it's been pretty wet up in Canada here recently, so that's put some road restrictions on. So we've seen a little softer volumes, but I can tell you orders for next week came in about as strong as this time of the year I've seen.

So look, I expect to continue probably right into new crop to see pretty steady or above- average grain shipments, certainly within Canada. And honestly, the US customers are pretty bullish on the outlook the next few months on the US side of our property too.

So, between grain, you think about our other piece of the business in the bulk franchise, our potash business, continues -- export potash continues to be particularly strong. And if we can see some incremental improvement in our Canadian coal business, which we fully expect as we look to the

back half of the year. I don't know, that presents itself a little bit of a stabilizing effect or even a little bit of upside.

<A – Mark Redd>: Yes. I would add. One thing I would add, I'd be remiss not to say it's following our PSR principles as well. So if I think about seeding, if I think about EVR, some of the issues they may be having, I mean we're pulling train sets, we're pulling cars out as we need, we're storing locomotives for that, even for that short time period just to save cost, save overhead that we can on the operating side.

So again we talked about a ramp-up next week where we've got grain hoppers spotted at elevators ready to load ahead of our competitor in some of the areas and certainly ready to push off this coming-up week as we see orders restore themselves.

<Q - Chris Wetherbee>: And then auto has also accelerated nicely here in the second quarter. So can you talk a little bit about what you're seeing there? Obviously the franchise is somewhat unique in the way that you triangulate that business using, I think some of the opportunity in the network that you have in Texas there. So can you talk a little bit about what you're seeing on the auto side?

<A – John Brooks>: Yes, this is an area that, Chris, if you recall, as we look to bringing these 2 properties together, we really thought it was a late part of the journey. Honestly, I thought it would have been about right now we would have seen that really materialize. But it's an opportunity that we took advantage of and really were able to pull forward the opportunity.

And when I say that, it is creating this closed-loop network to where we're really taking our auto compounds, our production facilities in Southern Ontario, the US, and Mexico, and how we link all that together to honestly just give the OEM a better service product than they've ever had in the past. And we've had a lot of success. So, you're right, there's uncertainty relative to trade and some of the tariffs and how production shifts may take place over the coming years.

Right now, the demand is strong, so I again expect a pretty good run out here the next few weeks to close out the quarter. And in the automotive space, I can tell you I see an opportunity. There's still a lot of vehicles being produced in Mexico that are being short- sea'd into the US or even into Canada that just because of contract timing haven't come available to us yet. So I do see a pretty good auto opportunity even out here the next 18 months in terms of new incremental volumes.

And we'll see what the second half brings. Typically we get into that July time period and you see retooling and plant maintenance. We're even talking to some of the automakers about the idea of producing through that period, which could present even some upside as we move into summer.

<Q - Chris Wetherbee>: And I guess as you think about the full year, so the mid-single-digit RTM target, you're running a bit below that now. But obviously volume is accelerating. So can you just talk us through how you think about what the progress would be that you need, I guess 3Q, 4Q, some of the key points that you're looking for? Obviously you mentioned, you could see some different commodities do different things as they move over the course of the next 2 quarters?

<A – John Brooks>: Yes. I would tell you the cadence is exactly how we played it out for the year. We knew again Q1 was going to have some pull-ahead challenges despite us moving record

volumes. I think we had about 2% RTMs. We expect Q2 to fall in that 3.5% to 4.5% range RTMs roughly, Chris. And that sets us up for what I would consider to say let's call it a half-point to full-basis-point sequential RTM growth as you think about Q3, Q4.

I think that's how the year plays out. Nothing that I see out there right now gives me pause relative to this. I continue to see our bulk franchise performing quite well. Intermodal has definitely hung in there for us. And I give you two thoughts on that.

One is our international business, although we're facing tough comps, is right hanging in there better than actually I thought. And I can tell you the view here the next few months is we've got pretty strong deliveries planned and cargo on the water. And actually that's with Lazaro not performing really great so far the first half of the year. But we see a pretty good pickup on our Lazaro freight coming into end of June, July.

So I'm actually pretty bullish on international, more so than maybe I was early. And, frankly, the Canadian consumer and the US consumer on the domestic side, despite all the noise, continue to be pretty resilient. So those volumes are pretty decent. Our transload import volumes that get transloaded for the likes of Canadian Tire and Dollarama and others in Canada continue to be pretty strong.

And with the introduction of our new SMX product that I'm super bullish on, that is a great growth platform for this network. So I think we're going to be stacking double-digit week-over-week volume gains as you think about that product as we move through the second half of the year.

<Q - Chris Wetherbee>: And Mark, I wanted to get your take on how you prepare the network to manage it because it does sound like things are going to get a little bit busier as we move forward through the rest of the year from a volume standpoint, at least on a year-over-year growth basis.

So I guess how's the network prepared to handle it? And then maybe we can weave in some of that 2Q OR commentary. I do think there's an expectation of some improvement in spite of what we've seen with the price of fuel. So how do you think about the network and how it can handle that volume?

<A – Mark Redd>: Yes. I think the past couple of years we've put capital in our railroad. We've spent some money in Mexico to separate our switches and leads that we've talked about in the past to where we can run trains, mainline trains, and switch customers. We've twinned the Laredo Bridge. It opens up capacity for us.

We've certainly put money into the old Meridian & Bigbee that we bought. We've got that railroad up to 49 miles an hour. So we've placed capacity into the network. We have the people to cover it. We have good agreements that'll cover anything that John can throw at us. We brought on locomotives. We are probably about 166 of 170 delivered from Wabtec.

But I tell you what I'm proud of and really super pumped about is Progress coming back into the business. We'll have August when they'll start delivering 30 locomotives, Tier 4 locomotives to us this year. And that'll migrate into 35 for the following year. So we'll be 200-plus locomotives on hand, replacing some of the older fleet, but also getting better utilization and fuel efficiency out of the ones that we do have.

But certainly super excited on where we are. You see it in the numbers. We've got growth that we can overlay into that. We've got growth on our trains of SMX, and the MMX certainly can grow in that space as well. Yes. We've done a lot to get here and we've backed off capital just a bit, only because of the money that we've put in over the past couple years. So we're super excited.

<Q - Chris Wetherbee>: And then as you guys think about the 2Q, I think there's an expectation of OR improvement. I'm guessing nothing's necessarily changed as far as that's concerned. And then I think full year, sub-60, I think is the way you guys are thinking about it. Anything to think about from an OR standpoint, 2Q or full year?

<A – John Brooks>: No. I think we feel good about it, Chris. Look, fuel continues to be a challenge. Stock-based comp, a good thing. We're watching that. Got to keep them on the rails. So a little bit of a casualty wobble here. But all that to say the thesis in terms of bringing on more volume, operating in a disciplined way and having that output be that sequential improvement that we've talked about. Nothing's changed. And honestly, as we look forward to full year in terms of our volume guidance, our double-digit EPS, and the ability to improve that operating ratio as we spoke about, all is in line.

<Q - Chris Wetherbee>: Yes. I think double-digit EPS in the second quarter was also mentioned on the last call. I'm guessing that still sounds reasonably good.

<A – John Brooks>: That's right.

<Q - Chris Wetherbee>: Fantastic. Let's talk a little bit about pricing. So I think there's been a lot of discussion around the transportation market broadly, certainly at this conference. We've been talking a lot over the last day or so on the trucking market in the US specifically. I guess maybe a couple of parts to this question. First off, how are you thinking about pricing in the various end markets that you guys are very focused on? And then maybe we can think bigger picture about the transmission of truck pricing in the US to how it impacts your franchise and when.

<A – John Brooks>: Yes. Well, look, I'll start by saying I believe we have been the most disciplined price leader in the industry, and we're not going to back off. We're not going to waver. We're not going to blink. My team is frankly, part of their compensation is tied to their ability to earn price for the value of the service and capacity we provide. That's a finite product that Mark provides, and we want to get that value out of it.

So, the pricing that I've guided to the last couple quarters, as I look at Q2, it continues to play out. I'm just going to say that 3.5% to 4.5% range continues to play out. And honestly, as I look out over the next 18 months, as I look at AII-LF, Chris, as I look at what you described on the trucking piece, to me there feels like a little bit of a tailwind. And if some of these markets continue, trade stabilizes, and we get some of these geopolitical things hopefully past us, and USMCA begins to -- whatever that new end looks like -- begins to crystallize, I think all those things are supportive for that pricing piece of our business.

Specific to the trucks and how that materializes, it moves in -- it doesn't move as fast as you might think. What happens first, and I think what we've definitely realized, is the sphere or pie of opportunity specific to that has grown. As much as I would say our MMX product, which is our train service from Central Mexico to Chicago, when we introduced it 3 years ago, the timing couldn't have been worse. So I think it was a tough market to introduce it in. The SMX arguably couldn't be better. And I think what we're seeing is that the band or scope of customers now interested in that product right out of the chute has been much bigger.

The pricing piece, I think there's a little bit of a lag to how that plays out. I was telling a group earlier today it's not just that sort of natural intermodal piece, truck to a 53-foot dry van. We're getting a lot of interest from shippers that are trucking today that are interested in boxcar or other types of movements or a combination of boxcar and intermodal that they can diversify and try to find some savings to what they're facing in the truck markets today. But I do believe that pricing piece relative to that just continues to play out as we look forward.

<Q - Chris Wetherbee>: Yes. Okay. That makes sense. And then, Mark, I wanted to touch a little bit on some labor dynamics and how the network is operating in the context of those, I guess as you think about heads and anything from a 2Q operating perspective around labor.

<A – Mark Redd>: Yes. So I think just from headcount, we'll be balanced. I mean I don't think -- and we may be incrementally up just a bit just based upon when business comes on board. One thing maybe you didn't mention was the IBEW that we're -- they have a strike right now with the signal department. They handle the signals in Canada, about 300 employees for us.

We're covering the business. We'll cover it through Q2 if we need to. Certainly be back at the table whenever they're willing and able and want to. It's unfortunate that it happened, but you got to take a stand on where your beliefs are and you got to do what's right.

On the US side, we've been dealing with an hourly agreement. Certainly, the men and women in some of those areas didn't want an hourly agreement, which is fine. We have a, and I said last time, we have an older short-line agreement that will be in place. It gives you really good flexibilities. I know it well. I used to work under that short-line agreement, and we do know it well.

So, again that unlocks some opportunities for us to move crews around, move crew districts around. Run double districts instead of single districts. So we'll see some savings out of that as well.

But from a labor standpoint, we've always said from the start, we've got to build that relationship, we got to keep that relationship. That relationship is always important to us. Again we're going to agree to disagree on some things, but certainly when we leave the table, we'll understand what's important to both of us.

<Q - Chris Wetherbee>: And with those 300 folks, there's not necessarily any meaningful disruption in the way the network's operating on a day-to-day basis?

<A – Mark Redd>: Oh, not at all. Yes, not at all. We'll, the good thing about it from the company side is we learn that job a little bit and get a little more intimate with what they do day in the life. Is there opportunity for headcount to come out? We'll be certainly looking at that as well.

<Q - Chris Wetherbee>: Okay. That's helpful. John, I want to come back. You mentioned USMCA. That's obviously a topic of conversation I think a lot of folks are thinking about, particularly as it pertains to your network, considering you spread, you run the gamut there.

So can you talk a little bit about anything that you guys have heard, how maybe you think the process plays out? Obviously we won't know what the outcome will be, but how does the process play out? We're getting near to the timing here, right?

<A – John Brooks>: Yes. Well, Chris, I think I would start and say that the thesis and fundamentals of North American trade being good for all 3 countries -- we are not wavering one bit. I think the foundation of our network traversing all 3 countries seamlessly and being able to trade and move goods, we continue to strongly believe that that's the future regardless of what USMCA looks like or who is in Ottawa, who's in Mexico City, or who's in Washington, D.C.

In terms of the process, we're trying to keep our hands on the pulse of it. Obviously we read the headlines and all that too. I think our feedback so far that we've received is things continue to progress well and discussions are ongoing and robust between the US and Mexico. And I think we feel pretty good about directionally how that's going. Timing remains maybe a little uncertain on that.

Honestly, there's been certainly recent discussions that took place between Canada and the US. A little less certain in terms of exactly where those stand and what's next on that front. I think our belief is, again whether these are now just bilateral agreements between countries or it is all together, I don't know if it really matters to us. So if at the end of the day these look a little different, they're bilateral, but it still gets us to the end in terms of a stronger North America, that's where we're focused.

I would tell you, Chris, that with all this noise, there are green shoots and good opportunities that have emerged. One piece that was never in our thesis when we put these companies together was the idea of linking trade at a higher degree between Mexico and Canada. And that has definitely been something that we've embraced, the two countries have embraced. And frankly, the volumes we've seen grow to a $400 million-plus revenue stream from almost a zero revenue stream just 3 years ago.

And we're continuing to see a lot of new opportunities. Still exists between whether it be steel or forest products or grain products or avocados and bananas out of Mexico and into Canada or consumer goods flowing the other direction. So that's been a -- I wouldn't say it's a one-to-one trade-off for that, but certainly it's been an area that we've been able to work on, we'll continue to work on. It will be this new revenue stream as part of this combined network.

<Q - Chris Wetherbee>: Okay. And how do you think about the shipper positioning going into these discussions? Do you feel like anything is being held back? Is anything being pulled forward as they want to get in or get it or hold off until we get a little bit more clarity on what the rules of the road are going to be?

<A – John Brooks>: Yes. I don't -- I would tell you I don't think we've seen any dramatic volume shifts right now like we did pre-Liberation Day where definitely we saw an onslaught of movements. I'm pretty confident we haven't seen that today.

To be honest with you, we're in this cycle right now. It feels like in some of these areas that are pretty heavily tariffed between the countries where you get a pretty big buy by those producers or those folks needing those goods, and then they're depleting the inventory as long as they can go without buying again and then it's this spike. That's what we're seeing in those areas. Optimally, we'd like to see that smooth itself out with some trade agreement.

<Q - Chris Wetherbee>: And then I guess Mark, you were talking a little bit about the Mexican part of the network. I guess as we're sitting here a few years -- I think you noted that 3-year anniversary of the transaction -- as you're sitting here, where does the Mexican network stand relative to the US and Canada?

Are there more opportunities there? I guess as you think bigger-picture operating ratio and how improvements in Mexico fit into that earnings growth algorithm, what else can we expect down there? What needs to happen?

<A – Mark Redd>: Well, I mean I would say from a labor side, good news is that we've settled our labor agreements this year with just cost of living. And next year we'll do some service rules, work rules with each other.

<Q - Chris Wetherbee>: And they're year-to-year, right?

<A – Mark Redd>: Yes, they're year-to-year. You do work rules every other year, so you get that opportunity. But yes, you're right. But, again we've had such a good relationship. I would say it's never perfect, but I would say that you have a good relationship with the union.

The other part of it is just where we are. There's incremental things that we want, incremental things that they can see that they want to swap different things with. So there will continue to be opportunity in Mexico just from a labor standpoint, which allows us to do more, which allows us to pay a bit more and probably take a few more heads out of that system. As we continue to build upon some of the track structure down there, as we continue to put the culture of what CPKC is, our consequence leadership culture, we certainly gain more ground in that area.

Remember, we focused on KCS first. It's based upon STB. We've been migrating down to Mexico, which is how we do business, what we do, PSR model, all of that type of stuff. So we've been working hard in that space this year alone. So we've seen a lot of incremental improvement even from day 1, year over year, just in Mexico alone. But again you'll see probably twofold in the United States on the KCS side.

<Q - Chris Wetherbee>: Okay. That's helpful.

<A – John Brooks>: And Chris, I'll tell you, I'm bullish. I'm bullish on Mexico. I have to get this in. A couple of weeks ago, I just spent a week down there, probably met with 30-plus customers, a lot of them new prospects, never moved on the rail before. To sell that property in the spirit and vigor of how we sell the US property and Canadian property has never been done. And I'm completely convinced we are in inning 1 or 2 of a growth story with Mexico.

I think this network in the past was just a benefactor -- it just benefactor from all the trade and things going on in Mexico and just what it produced we received versus an approach where we're going to go get it and we're going to convert and we're going to teach and we're going to educate and convert truck to rail. I'm bullish on the growth platform from Mexico.

<A – Mark Redd>: Let me add a comment because, rest in peace, Pat Ottensmeyer always said whenever he felt down, he would want to go down to Mexico for a reason. And he'd say the people down there just gravitated to how they can do more, the pride in the workforce, day in and day out. As John went down with his marketing team, as we go down with the operating folks and we talk about how we do certain things, it's just a pride in how they want to do business down there. It overwhelms you. So certainly they want to do more. Certainly they can do more.

<Q - Chris Wetherbee>: And I think it's not lost on us that the last few years from a macro perspective haven't been necessarily all that conducive to reaching some of the bigger-picture earnings growth goals that I think you guys originally laid out post-merger. So I think as you guys

are talking about these opportunities, are these the things that we can think about as we look out to '27, '28 that can be part of the catalyst of driving that accelerating earnings power that we thought we could get originally, but I think that the economy had other thoughts, other plans?

<A – John Brooks>: Yes, 100%, Chris. I mean I remember that Investor Day like yesterday. And truly, the only piece of the equation that isn't exactly how we thought it would play out was that organic growth, that baseline macro piece. And it just hasn't produced like I think it previously had.

Now, that being said, I think we've overproduced relative to the synergies and creating the value. And that's been the differentiator. That's what makes this franchise unique to all our competitors out there.

I do believe the story, when you think and look forward with a fairly supportive of macro environment coming back at some point here, layering in Mexico and the early innings of where we are, layering in an industrial development story that I think truth be told, just the uncertainty the last -- I don't want to say past 24 months -- there's a lot of money still sitting on investment moneys that whether it be in Mexico for the whole nearshoring story or even in the United States.

I think certainly we've seen some of that come to roost here recently. But I think that there's still a lot of opportunity for this network in those two spaces that do play in that '27-forward story.

<Q - Chris Wetherbee>: And I waited until there's 4 minutes left here, but I got to ask you the obligatory merger question. So I guess as you're thinking about customer discussions, how you feel like the network is positioned, obviously there's probably going to be some time before we have to necessarily address a potential combined UP-NS, but how are you guys thinking about the playing field going forward?

<A – John Brooks>: Well, I would say first of all, and I'll let Mark -- the thing's going to go 9 rounds and maybe 10 rounds. I think it's going to be a slugfest. I think you've got an STB that you've seen now repeatedly, at least twice or 3 times, say that they are going to hold this to the 2001 merger standards. And that bar is high.

So they're taking that responsibility obviously very seriously. Which they should because whatever transpires, and obviously we've been very candid, we do not believe this is necessary. We believe there is balance competitively in the industry, and this is going to bring an unneeded giant to the playing field potentially, but also unnecessary risks to really North America in terms of if there was a failure that went with it.

All that to be said, I think we believe at CPKC our network by design is most resilient. And if you then were to carry it forward and say let's say it did go forward, and then if there was another round of consolidation that took place, we believe between our franchise and our management

team, we're a good suitor. So if that were to be part of this story, then we think we're in a great position there too.

<Q - Chris Wetherbee>: Yes. Mark, anything from a network perspective that we should be thinking about competitively with you and a potentially combined UP-NS?

<A – Mark Redd>: Well, let me talk a little bit about what John, and then I'll land on that first. But what I would say is counter to that, if I think about SMX and I think about the work we've done with (inaudible) a lot of work together for Atlanta, for New Jersey, for Florida. At some point we'll talk about Charlotte on this SMX and southbound as well where we have North Mexico and we have the Dallas market that we work together on. We put a good service product together.

And again it's two Class I railroads working together. Mike Cory and his team have done an exceptional job working with us on blocking, locomotives, everything we need to do to be successful. And it's about show me, and we're going to show you what that service can do. And we've been showing you what it can do. And I think that's what I would add to the merger talk. There is a way to do this even without a merger.

<Q - Chris Wetherbee>: Yes. And just anything from a competitive standpoint within the network, are there any areas that you guys feel like you're really well positioned relative to a combined company?

<A – John Brooks>: Well, again I think the fundamentals of our seamless cross-border -- look, they would have the ability to move out of Mexico into the Northeast on a two-line carrier. That would be different than the three that have to do it today. So it would match up to our two-line haul. Does that give me concern? No. I do believe fundamentally the routes and products that we've put in place are designed to be leaders in the marketplace.

Now look, again I think part of the story, Chris, is you've got maybe one company that arguably controls 40% to 50% of all the freight out there. That brings with it a huge amount of risk. It does bring with that some concern on leverage and customer discussions and stuff like that. But those are the things that I think the STB has now been very clear that they are really going to scrutinize and look closely at.

<A – Mark Redd>: And whatever happens, our voice will be heard. If we have to do it with the STB publicly, whatever it is, if we -- if there is a merger, there's issues that come along with that, our voice will be heard so.

<Q - Chris Wetherbee>: That makes sense. Well, I think we are out of time.

<A – John Brooks>: Yes.

<Q - Chris Wetherbee>: So thank you very much for joining us.

<A – John Brooks>: Thank you.

<Q - Chris Wetherbee>: We appreciate it.