



# Transcript

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Webcast

Corporate Participants:

Keith Creel – President & Chief Executive Officer, Canadian Pacific Kansas City

Chris De Bruyn – Vice President Capital Markets, Tax & Treasurer

Other Participants:

Brian Ossenbeck – Analyst, JP Morgan

## QUESTION AND ANSWER SECTION

<Brian Ossenbeck>: All right. Good morning. Thanks for coming back here for the third and final day, JPMorgan Industrials Conference on the Transport track. I'm Brian Ossenbeck. I've been covering the group for a little while here for the firm. Really happy and excited to have Canadian Pacific, Kansas City here. CPKC. We've got President and CEO Keith Creel; and Chris De Bruyn, VP of IR. Thanks guys, for coming. Really appreciate it.

<A – Keith Creel>: Happy to be here.

<Q - Brian Ossenbeck >: We imagine DC is a second home these days, Keith. But we'll save some of that for a little bit later. I want to start with the fundamentals and focus most of our time there. So the network is really building good momentum into the last year. Obviously weather came, kept coming. But where are you performing right now and sort of versus your expectations?

<A – Keith Creel>: Well listen, always an opportunity. I'm proud to talk about the team and the performance. This year, we started -- carried a lot of momentum into 2026, operational momentum obviously and we have maintained that. So the first quarter, I've been very pleased with the performance of the team, their ability to improve terminal dwell network fluidity, car cycles, control cost. So at the end of the day, PSR is about controlling what you can control.

I can't control the markets, I can't control the macro, but we create solutions instead of excuses. And I can tell you this operating team has done a phenomenal job from a safety standpoint. From a fluidity standpoint and converting the capital investments that we've made as we prepare this network to grow.

We started this journey. We're a three-year-old company almost. We're approaching our birthday or three years of our forever story. And we came together to drive growth and to connect these three nations uniquely. We had a very well-thought-out strategic plan to be able to do that, and we've integrated the companies, and we've continued to create differentiated results.

So what the macro has not given us. Again, we've made our own luck in connecting new markets, whether it's our land bridge, connecting Canada, Mexico or Mexico to U.S. or Canada to the U.S. in all those spaces that we've continued to enjoy growth in the industry which is unique in this macro environment. It's been enabled by this new network.

So again, we're in a good position. We felt all along this quarter would probably be the most challenging from a compare standpoint given last year. Last year, we had some pull-forward stuff with all the liberation day coming when it came to tariffs. So from a compare standpoint, was pretty challenging, also maybe from a mix standpoint and also from a fuel standpoint and then carbon taxes. So we've kind of navigated all that. We still see growth. We're experiencing growth this quarter, and we see very clear sight to our full year guidance, so the year is playing out as we expected.

<Q - Brian Ossenbeck >: Okay. Great. I know you just said you're not going to make excuses and weather always comes, but we've heard a bunch of times this week already, how much the impact

of weather was on the quarter above normal, but also the impact of fuel because clearly, that spiked up pretty significantly. So I don't know if you can give us a little bit of context on those two items?

<A – Keith Creel>: Yes. The fuel piece, listen, that's something I can't control. And obviously the fuel price has gone up. So from a headwind challenge, I think we're seeing -- I don't know Chris, correct me if I'm wrong, I think it's about four cents on earnings headwind impact. So we'll recover that. Our fuel surcharges will kick in. So next quarter, that will kind of go away, but this year, it's certain -- or this quarter is certainly a headwind for us.

Other than that, though, operationally, from an expense control standpoint and a fluidity standpoint, yes, we've had winter. Yes, we've had challenges. But I'm kind of a guy that I don't want to hear the excuses. I want to hear the solutions, and that's the way we run the railway.

Just this week, with snow with some minor outages we've had, given those network challenges, we had a big storm this week. We get the team together. To me, it's the preparation that makes the difference. It's how you prepare for those storms and it's the perspective and the approach you take.

So we went through a lot of preparation last week and preparing for it, and I told the team this weekend. I said, to me, it's a rounding error. I don't want to hear excuses. I don't want to hear differently as long as we've got our people positioned and we're able to move the snow. We're a Canadian railroad. We understand what snow's all about. And frankly, that's exactly what's happened. So we'll continue the momentum. We'll finish the quarter out strong, continue to operate safely, and we control our own destiny.

<Q - Brian Ossenbeck >: So one of the things I couldn't really prepare for and obviously can't control is just the conflict in the Middle East. So you're also at the TPM Transpac Maritime Conference a couple of weeks ago. How did those meetings go with ocean carriers and forwarders and people in the supply chain because obviously things change basically as we're all arriving?

<A – Keith Creel>: Yes. It's very topical. That's for certain. But much like us, there's so much uncertainty in it. I think that the CEOs and the senior leaders I met with from our steamship customers. They don't expect nor do I expect this to be a long-term thing. I think it will resolve itself hopefully sooner rather than later. And things will get back to normal, if there's anything normal anymore.

But I don't think it's going to have a long-term impact. And obviously they're concerned about bunker fuel availability, some of those things that you got to have to run the business. But again, long term. I don't see it changing a lot. I think we get back to whatever normal is anymore, but certainly not what we're dealing with today.

<Q - Brian Ossenbeck >: So one of the things that we've seen on the ocean side is Hapag making a bid for the assets of ZIM which assuming that goes through, how would that impact CPKC? Because I think there's a pretty strong relationship with Hapag over the years?

<A – Keith Creel>: Yes. Hapag is -- for those of you that don't know that's -- we're their single largest transportation provider in the world, long-standing relationship, very strategic partners. Ralph and I

actually met when we're out in L.A. a couple of weeks ago, and he's really excited about their continued growth.

So this acquisition, obviously there's a lot of work to make it happen, but obviously they wouldn't be pursuing it unless they felt like they could get it approved. And if and when they do, then it's going to be accretive for us because that growth, that traffic, obviously ZIM moves today would fall into Hapag ships in the Gemini alliance, and that's uniquely going to be served by our network, whether it's discharging in St. John or discharging in Vancouver or discharging at Lazaro Cardenas, we're going to benefit from it.

<Q - Brian Ossenbeck>: So when we think about maybe going hopefully back to some sort of normal with trade relationships in the U.S. USMCA renegotiations coming up. What are some of the opportunities and risks from your perspective? And we've heard a lot about Canada diversifying away from U.S. Obviously it will take some time I would think. But is that something that you're also strategizing for as a possibility?

<A - Keith Creel>: Yes. So actually, I spent some time yesterday visiting the folks here in D.C., and I spent some time at the Mexican Embassy. They actually start their negotiations. Secretary Bard came into town yesterday. So they feel confident they're in a good place. I think the relationship between President Trump and his administration in Mexico is healthy and strong, and I see a path to resolution.

At the end of the day, they want a good relationship. They understand the US has concerns. President Trump is very clear on what they are, and I think they came prepared to make a deal. So the approach, I think they're going to take is more of a bilateral for now. And then eventually, when it gets to a point where there's trilateral issues that involve Canada, then obviously they'll come to the table as well.

So Canada, a bit behind Mexico. Mexico is leading in this regard. And again, in spite of all the rhetoric and maybe the tension, I think at the end of the day, when Canada and the United States really get into the nuts and the bolts of the negotiation, I think both parties understand free trade is important between these three nations, trade between Canada and Mexico is important.

I think Canada is going to have to give some, and I'm sure that in the negotiation, the United States, will move as well. But in the end, I think we land in a good place, and you're going to see trade increase.

And the most important thing out of all this, to me, is a bit of certainty because there's been a lot of investment, especially in Mexico, foreign private investment that's kind of sitting on the sideline, waiting to be put into play because they want to know what the rules of engagement are. So once we get beyond this, I think we end up in a good place and uniquely for our network because we physically connect all three nations, we're going to play a part of that success.

<Q - Brian Ossenbeck>: So you mentioned Lazaro. How is that positioned in terms of imports, both for domestic market and also cross-border because they've had a number of challenges over the years, as you well know including some of the uncertainty we're just talking about. So is that

something we're going to start to get more calls on that ports and more partners starting to ship through there as we get more certainty or maybe that's even starting to ramp up?

<A – Keith Creel>: Yes. That's already started to ramp up. That's literally back -- take you back about three years ago. There was a lot of unreliability in Lazaro coming into Mexico because of some of the protests and the blocking of the track. And we had a lot of meetings, I had several meetings, I actually met with the Governor of Michoacan which is the state where Lazaro Cardenas is located. And he made a commitment to me three years ago that they understand the opportunity.

And as I explained to him, we have one chance to get this right. If we're going to create this network and we're going to talk about modal shift and growing commerce and product coming through Lazaro Cardenas, we had to have a reliability. He made a commitment. He's kept it. As they've needed to, when they've needed to. They've addressed the concerns of those that were protesting and if someone feels like they need to protest, they're protesting other locations outside of the rail network.

So as a result of that, we've now got steamship lines and Hapag is one that's critically important with the Gemini alliance where they're starting to ramp up discharges customers have kind of gotten beyond the uncertainty and they trust the supply chain now. So we've got domestic products that's increased. We had about a 15% growth rate last year that's continuing to ramp up this year as they go into the sales cycle.

We've got Hyundai that's growing over that gateway as well. So we're positioned to continue to grow that gateway, both domestically, intra Mexico as well as cross-border coming into the Texas markets.

<Q - Brian Ossenbeck>: So you mentioned coming into Texas, the Southeast Mexico Express that's been in place, I think, for a little while, but now you're starting to really ramp up with some of the investments coming online. So how do you expect to see that ramping up throughout the rest of this year? And I guess how shippers really reacted to that option?

<A – Keith Creel>: Yes. That's something that the shippers are learning about and getting excited in kind of essentially you create the vision. We bought the railroad that was kind of a niche add-on after the merger. We announced at our Investor Day a couple of years ago, but we bought a railroad that was essentially a 10 mile an hour railroad. So we've got to create a main line. So the last two, 2.5 years, we have been investing. We've raised the track speed, CSX has done the same.

Literally at the end of this month, we're going to have some of the last track speed increases that we'll be able to put in place. And we now have an infrastructure that will take you from Atlanta, essentially all the way to Monterrey in three days and then middle Mexico in four days. So much like our 180/181 service that we put in place about a month after we became CPKC which has grown substantially because of the reliability, we're going to have a match coming out of the Atlanta, the Southeast market.

So it's going to originate on the CSX. It will come over the Meridian Speedway with us and straight into Mexico and the beauty of it is, it can't be replicated by competition because we have the best route going into Monterrey, going into Central Mexico. So there's 1.8 million trucks that are crossing that border every day.

We're creating the infrastructure and the reliable service. And I had a conversation actually I met with Steve at CSX a couple of weeks ago, and I explained to him our journey on 180/181, and I said, Steve, listen, your team is going to come to you and say, this isn't a train-length train. And listen, we're all sensitive to cost, but sometimes you have to build it. You got to put it in the marketplace, you got to make the upfront investment and grow it.

And once you do and you prove the product, that's when the Amazons of the world are going to trust it. That's when the parts that are going to in front of Mexico are going to trust it. That's when that service-sensitive truckload that is better served by the railway is going to get on the get on the service, and we're going to grow with it. So he's committed, I'm committed.

Our teams are committed and we're out selling it now. We're getting a lot of interest. The service is going to go into place next quarter. So literally, we're less than a month away, and we're super excited about it. It's going to be a best-in-class service, truck-like reliable truck-like competitive and it's going to take trucks off the road that are going to and from north and south, Mexico and the Southeast of the U.S.

<Q - Brian Ossenbeck>: So we're just in the Laredo area a couple of months ago and certainly a lot of growth and opportunity, but also disruption and uncertainty with some of the political and cartel-related violence, unfortunately. So how is that really impacting sentiment from some of the shippers from the investment from your perspective in that area? So it's easy to see the headlines, but it's a little harder to get a sense in terms of like if that's actually changing perspective on the ground?

<A - Keith Creel>: Yes. So at a macro level from a headline, as the media usually does, often, you can misunderstand the gravity of it. So the gravity that we sell on TV which was shocking. Number one, it wasn't that bad in all honesty and certainly not on our network because that was not occurring in our core network. But what it does is it raises awareness, the security piece and the reliability of our border crossing at Laredo was unparalleled.

We have invested significant money in creating for our customers secure transit through that gateway. We don't have the kind of challenges that perhaps our competitor in Mexico has. So our history and our reputation is different, it's because our product is different. And even customers, I'll tell you this, this is a very topical discussion that's kind of -- I've always knew that it mattered.

But having a customer tell you that's pretty compelling. So just, I guess, last month, February, once a year, we bring our sales and marketing team together, and I call it an alignment meeting. And we go through kind of celebrate a little bit what we did most importantly, what has to be done. And then part of that process, we have a customer panel.

So we bring two or three customers in because we want to hear the voice of the customer. And one of these particular customers is two decade-long transportation decision maker for a very large United States manufacturing company that produces some products in Mexico. They ship to Canada for retail stores. They ship to the U.S. for retail stores.

We have with our new company, went to them and sold a concept that is unique to the industry because of the reliability of the service. So we have not only an intermodal product which is using 180/181. We also have a boxcar product. So we're moving new box cars. That contract is ramping up now. And in the conversation, some of our sales folks asked this particular transportation

manager for this large manufacturer, why now?

And he explained that one of the most valuable pieces of this. Number one, their contracts with their retail stores, if they don't get the product to the shelf because it's products that we want as consumers today. When you're washing and dryer breaks, you need one now. You need a refrigerator now, not next week. They have penalties in their contracts. So if the truckload doesn't make it, it's a 10% penalty for the cost of the product which is substantial.

So that safety piece and reliability piece is important. So this product was being 100% trucked from Mexico, and they were experiencing the cartels because when you get on the highway, that's where some of these activities take place. So they're jeopardizing their reputation. You get on the rail, it's a different experience. So the reliability for the supply team, not just in transit, but equally as important, the security piece.

It is a material difference. And the issue is if you have one manufacturer like that, that starts to see the benefit and the reliability of this product we put in the marketplace, when one starts to win with it, it becomes a competitive advantage, then their competitors want to start to win with it as well. So it's one of, I think, what will be many of this repatriating a business that's been 100% truck, to railway because of this infrastructure we've created, and that's unique to us in our value proposition.

<Q - Brian Ossenbeck>: One of the other challenges is that, well now of course, is just the imbalance in the trade between the U.S. and Mexico. So I think Americold ramping up in the Kansas city area, that's, I think, going to help off set some of that in terms of going South, obviously is probably never going to be fully balanced, but are there opportunities like that to kind of help the full fluidity of the network?

<A - Keith Creel>: Yes. That's always been kind of a challenge. There's -- you'd say there's four to one north versus going south on the rail, and that's not the case for us. Again, because if Americold is a piece of it, that opened in August. That was a three-year journey, took significant work and effort. I came to fruition now. They've got the facility built on our land in Kansas City, and we literally probably last month and two weeks ago, we now have Mexican SENISICA inspectors that physically live in Kansas City, working in our facilities.

So they're inspecting and bonding and then that border becomes seamless. So that was a big step. That started at about 200 southbound loads next month, we're going to be up to 600. So again, southbound off setting that imbalance, and we still continue to win traffic on 180 and 181.

Just last week, we got some business awarded. I think there's 2,000 annual loads that are coming north, but we got another customer we've won that's equal that going south out of Chicago. So again, you've got a product that we're able to off set. So we're not 4:1, we're probably 3:2. But again, part of our sales team's focus on what we can do to ideally get to 1:1. And that's a perfect world. We won't get there, but it's compelling growth either way. So it's something, again, that we're working hard to overcome and we're having a unique outcome because of the reliability of the service.

<Q - Brian Ossenbeck>: You mentioned America being located on your line in the network in Kansas City. Are there any other co-location. I mean we've heard about them over the years. They seem to come like once every two or three years, but can that accelerate? Or do these things really just take time to get the strategy put together?

<A - Keith Creel>: Yes. There's been a move afoot since we announced the first one to look at the second one. Americold is a very strong, became a very strong partner for us strategically. They're focused on growth and differentiating the product in the marketplace. And this is something unique where they've co-located inside our rail terminals and create the bookends.

So we're very close to announcing a second location down deeper in Mexico, that's going to serve the Mexico City market. And actually, they're in the process of building an Americold facility that's going to be completed next month or the month after that's going to come online in St. John. So we've got a book in now that's going to bring water to the game and create this ecosystem that doesn't exist anywhere in North America that's very unique to Americold and CPKC.

So we'll continue to grow. They're looking at other opportunities as well. We're going to have Mexico penetration. We're going to have Eastern Canada. And then next, we're going to start looking and we've got a couple of locations identified in Western Canada, could be in Calgary, it could be in Vancouver. So again, it's a multiyear journey. There's much more growth still left to be achieved with those strategic partners.

<Q - Brian Ossenbeck>: So last -- I think it was last Friday, STB unanimously rejected the petition for I guess, further investigation into the Meridian Speedway which we've talked about a little bit over the last year or so since that came into the headline. So I guess what does that mean for you business as usual? Any impact on shippers, anything else going forward?

<A - Keith Creel>: Yes. No. I think on that whole issue over the Meridian Speedway, it's a difference of operating philosophy. I came to the table when we took control of the network. And actually, when the company was in trust, I took a train inspection trip. I was invited. I couldn't obviously provide any interference or any views, couldn't exert any control, but Pat invited me to participate in a train inspection trip over that Speedway.

And the Speedway if you go back to when it was created, 2006, between NS and KCS. NS invested a significant amount of money to create a partnership. It's an LLC. They have 30% ownership. KCS had 70%, now CPKC has 70%, but we operate it. And as a result of that investment, they're entitled, there's a commercial agreement to exclusivity and to certain service parameters on transit times, that are defined in the contract.

When I came, I took that trip, I saw a bunch of long trains running that weren't KCS trains that were congesting and impacting all the KCS trains because essentially, what happens, you've got a 300-mile stretch of railroad that's defined. There's three sidings that can handle a train of 8,500 feet. The people that made the agreement the investment, the money that NS spent allowed multiple sidings to be extended to run an 8,500-foot model.

As PSR starts to evolve and people think they know how to implement PSR, KCS started down that path, and they think PSRs just running big trains. Well you got to have the network built out to

accommodate big trains or you kind of give away inefficiencies and create delays and it doesn't work. And that's what I saw. I said, listen, the only people that are benefiting, it's the NS, it's not KCS.

We're actually subsidizing their operations. So when we took control, they were still doing the same thing. And I said, "Guys, that's not good railroading. We're going to run an 8,500-foot model", and everybody would get across the railroad better. So we started down that journey. Jim came back at UP and Jim wanted us to work with him to run long, one way. So we agreed for a short period of time to run one long eastbound. And then we kind of fast forwarded.

It was never forever, and we had some other disputes and issues and concerns. And I said, listen, I'm not going to continue to subsidize. So we're going to go back to 8,500 feet, and that's what we did. And what we saw, what we realized not a surprise to me. And when you run it the way it's designed to be ran, we started saving train delays. So everybody's trains get across the territory faster. But that didn't fit UP's operating model. So a dispute was created under the thought that we're not keeping our merger commitments that were affecting their service.

It's an impacted gateway. And we said, number one, it's not impacted because it's nothing new. It was here before, it's here after. It's not affected by the merger. Number two, your service is good, if not better. You just need to measure it the right way. So that dispute kind of rolled out. They filed with the STB. NS filed with the STB. We obviously stated our truth, our facts, understanding the agreement which is an agreement between NS and CPKC, not CPKC and UP. And ultimately, that's what it boiled down to.

So the final ruling came out for the STB on Friday and essentially says there's no issue. Keep running it the way it is. It clarified the issue. But what it says to me most importantly above and beyond all that is that in spite of what either party might like or want, the facts matter.

And this regulatory body as they review disputes as they review this merger application, the facts are going to matter. And in the end, that's going to lead them to their conclusion and their decision. And I couldn't ask or expect, or could this industry ask for or expect, any more than that – to have an independent agency that understands and get into the facts. And they're doing their very best to protect our industry, which is what their mandate is to do, what's best overall in spite of what any of the individual railroads may want or not want I think that's a good place to be.

So I was very pleased. Not just because they agree with us, but most importantly, because it's stated their independence, and it said again, the facts are going to matter in anything you put before us. And I can't in the history of our industry, what's before them now when UPNS refiles their merger application is going to be the most material important decision in our rail industry's history and in our nation's history when it comes to commerce. And getting it right, and they know the gravity of that and the importance of that decision.

<Q - Brian Ossenbeck>: So definitely agree effects will matter. Like you said, we'll see some more information here by the end of April, but we also have some interpretations in some of the standards. And so if you think about truckload conversion, enhanced competition requirement, I don't -- if you go back and look at the primary, the testimony from Linda Morgan, like I don't think she would agree with truckload and increasing competition. But I'd be curious to hear your take.

We're going to talk about that a lot more today in panels, but can it really help the shipper who's going forward four to three or three to two?

<A – Keith Creel>: Yes. I would agree with you, Linda Morgan is a very deep thinker. She was kind of the architect of the new merger rules. It was made to stop and pause consolidation. We consolidate enough in this industry and essentially said, if you're going to do any more consolidating, it's going to meet a very high standard. Only if it meets the standards of enhancing competition and serving the public interest will we approve a merger. And if not, then you're either going to -- the applicant is going to be disapproved and/or they're going to get concessions, not if they're choosing that will help solve to what it would require to enhance competition and serve the public interest.

So I've said all along, much deeper, much broader than just taking trucks off the road. It's about shippers' options. It's about customers' options. It is about three to two's. It's not just about two to one's.

In all honesty, when you think about enhancing competition, there's going to be four to three concern. You get to a place where you're so consolidated where you only ultimately in the end, and they know this is true, too, to have healthy competition, it requires balance. And if you get into the nuts and the bolts of BNSF when they merged and what kind of created the impetus in the need for UP which was SPUP to exist to maintain balance in the West. Same thing with the Conrail carve up in the East.

That doesn't change. You create this goliath UPNS which is going to be seven times the size of CPKC. It's going to serve 43 states, 40% of all the traffic in the nation. 40% of everything is a lot. So from a GTM basis, RTM basis, in scale, CPKC we're 5%. They would be 40% if it's approved -- so it's so consequential.

It creates so much market power. You have to get it right and then to compete against it, if they were to approve it, then those that are left, you've got to prepare yourself to compete as best as you can against that kind of size and scale. So they know just like I know that will be, if they approve it, what likely triggers additional consolidation.

So that being said, they know that it's not just UPNS. They have to think long term because it's a forever decision. So the gravity of this is much more than just taking trucks off the road. And I think that was reiterated when they said the application was incomplete. It grossly fails, my view, grossly fails to address all of those concerns.

So this next application, they're taking a lot of time to prepare it. I commend them for that because the gravity of it is that important, and I look forward to reading it. So when they file it, I think they're planning to file it April 30<sup>th</sup>. I said this last week in Chicago. I've got very strong views about it. I don't think it's necessary. I don't think it's the right thing for the industry.

I think it creates unhealthy imbalance that will drive additional consolidation, and at what cost? Why do we need it? But if I'm wrong, when I see the application, I'll be the first one to say I was wrong. I just don't think knowing what I know about the industry and understanding the regulations, the way I do what they had to solve to. The marketing impact, the operational concerns regardless of the market concerns.

As an operating officer, something that big if it gets in trouble, we all get in trouble. Those are all to me, undeniable concerns that had to be addressed in that application. And to Linda's words, the benefits are going to have to outweigh the harms. The benefit box is going to have to be fuller than the harm box or you're never going to satisfy a definition that says you're serving the public interest.

That's the bottom line. So let's wait and see what it says. But it's a big hill to climb. It's a mountain. It's a Mount Everest as far as I'm concerned, and I just don't know that it's going to be navigated.

<Q - Brian Ossenbeck>: So one of the benefits, whether or not it enhances competition, however that's defined, is clearly back to truckload conversion. When we look at some of the stats and what you guys reported for your targets, you're quite a bit behind, at least for the time being. Maybe you can talk about how that's progressing versus expectations. Clearly, a lot's changed since the merger.

But then when you look at what UPNS is proposing, like it's another 2 million loads and a lot of that's intermodal, and that's going to be obviously a long-term strategy or effort. But seems like that's a pretty big lift. So can we really count on that being just overall in the benefit bucket when it's just a very difficult thing to do convert and keep it off the truck?

<A - Keith Creel>: Yes. I think it's -- and again, I'm biased from my own experience over the last three years. We committed in our merger application that we saw an opportunity to take 64,000 trucks a year off the road, and it would take us about five years to get it done. And long story short, we're at about 40% of the way now.

Now listen, we've had headwind with -- the trucking rates have been down, capacity has been high. Some of that is getting corrected. But the benefits we've had is we're talking about going over the border and the complexity of Mexico to the United States and making the border seamless and that's primed opportunity to me for road-to-rail conversion. 64,000 compared to almost 2 million.

I mean that's I think I said this before I kind of -- everything is relative. I think about what that means. That's more than every intermodal load we moved in our entire network last year in growth. That's a lot, number one. That's a big number.

Number two, if you're going to get it, you're going to have to reinvent yourself because the truckers aren't going to roll over. And selling that kind of service is not the same as selling the railroad service that we have today. You got to have truck-like reliability. You've got to have investment you think about Americold to get that balance. Americold represents a three-year journey.

It represented tons of work to get Mexican inspectors, get the processes changed with both governments to get those people domiciled in the United States to create this ecosystem. Americold had to come to the table. I think they invested \$127 million. It took a while to build it. So this stuff does not happen overnight and certainly not in a three-year period. So I'm not saying it can't be done.

I'm going to take Jim at his word. I think it's a high aspirational target. And I think it's a lot more complicated. It's going to take a lot tougher sledding than he imagines or could imagine. And I know that's true about me, how can it not be true about that, and I think the regulator

understands that. So again, if you go back to what Linda Morgan says, the representations you make about all these merger benefits, they're going to look at them in a very skeptical way as they should because historically, it's easy to say all these wonderful things, and it's the shiniest, newest toy and it's got all these benefits.

But what you say and what you do and what you convert is -- history says is different. So in this case, they're going to be very more -- very skeptical. They're going to poke holes in it. So again, once they submit their application, I hope it's very much more definitive and robust about how they got to those numbers and why they believe that to be true, so that the STB can say, is it 2 million? Is it 1 million? They're going to hedge it themselves.

I'm not going to speak for them, but you can look at our story and our history. And I think we've got a pretty good track record of doing what we say we're going to do, and it's not been easy. We're getting there. We're at 40% in the ecosystem, and it's going to grow more, and we'll be in a much better position this time next year. But that journey with Americold specifically started five years ago. So to say you're going to get all that done in three years. I think it's -- it should be looked at with skepticism.

<Q - Brian Ossenbeck>: So maybe I'll come back and finish up with something more CPKC specific. I mean I think this time last year, we were talking about the land bridge. You were talking about shipping french fries to Mexico from Canada. Clearly, a lot has happened since then and the pipeline has grown pretty substantially. So maybe we can wrap up with that land bridge, the opportunity and sort of the pipeline that you see because trade uncertainty is going to be there. But like you said, opportunities, you got to go out and get them. And clearly, it seems like there's been a few that's fallen in your --

<A - Keith Creel>: Yes. So Brian, it's a great point. With every crisis, comes opportunity. And this whole trade tribulation issue has really created an awareness in Canada and Mexico to diversify markets. And again, we've come to the table, helping them do that. So whether it's french fries that are coming out of Alberta that are going to Mexico that in the past may have shipped by truck and have been shipped by truck. They're coming to rail now.

We've got the ecosystem with Americold, the facility is being built now to beat that modal conversion. So that's all stuff that's starting to grow with us. It's it's really, really, really exciting. Petroleum products, grain products.

I think 2024 traffic between Mexico and Canada was maybe 2% of our revenue. Now we're north of 3%. I think it's almost \$0.5 billion over the last two years of new incremental revenue, and we see another \$100 million this year. So again, this unique network has enabled that, and now that you have people paying attention to it, and it's part of their planning and part of their supply chains. It's something that will continue to grow for us that we've uniquely enabled that we're excited to participate in.

<Q - Brian Ossenbeck>: Okay. Well a little bit over time. So we're going to have to end it there. But thanks a lot Keith, Chris, for being here today.

<A - Keith Creel>: Always a pleasure. Thank you so much, Brian.