Transcript

Wolfe Research 19th Annual Global Transportation & Industrials Conference

May 20, 2026

Webcast

Corporate Participants:
Keith Creel – President & Chief Executive Officer, Canadian Pacific Kansas City
Chris De Bruyn – Vice President Capital Markets, Tax & Treasurer

Other Participants:
Scott Group – Analyst, Wolfe Research

QUESTION AND ANSWER SECTION

<Scott Group>: All right. Sorry. We're a few minutes behind. We're going to get going with our next session with Canadian Pacific Kansas City. Keith Creel Co is back at the conference. Thanks so much for being here. Keith appreciate it. And, Keith maybe just a couple quick opening comments and we got lots to lots to talk about.

<Keith Creel>: So listen, high level. Thanks, Scott. Always a pleasure to come and address your conference and all the investors that are here with us and not with us listening.

I can tell you kind of a three-year check in CPKC just celebrated our third-year anniversary of kind of our forever story. We brought this railroad together to create a very unique network, end-to-end network, to enhance competition, increase competition, and enable more markets to be connected and to grow. And that's exactly what we've done in spite of the macro.

This railroad has created some industry unique results over the last three years. This year, no different, in spite of a pretty challenging first quarter with quite a bit of demand. Fundamentally, the grain is running extremely well. Strong harvest in Canada, operational efficiencies exceeding my expectations, and I've got pretty high expectations.

The network is running well. Same is true about most of the bulk franchise except for coal. You know, we said this in the first quarter. I think right now quarter-to-date RTMs were up approaching 3%. If not for coal it would be 3% more. So that's been a bit of a headwind. We think we'll normalize, at least not be such a drag the second half.

But again, in spite of all that, we're still on track to hit that CAGR of mid-single digit RTM growth and low double digit EPs growth. So the year looks good, and I think the fundamentals are supportive. And we're continuing to railroad exceeding expectations three years into it. We're doing extremely well.

<Q – Scott Group>: So maybe let's just start there. You talk about this three-year journey. What's gone better than you would have thought, and what's been more challenging?

<A – Keith Creel>: The macro, obviously. I never expected a freight recession. We probably put the railroad together from a growth standpoint at the most challenging time. But in spite of that, because of the things that have gone well, are synergies, what we've enabled in uniquely created on a revenue standpoint. If we go back to our Investor Day, I think we guided to about US$1.5 billion of revenue synergies by [20]28.

We're going to eclipse that number early [20]27. You know we're going to exit this year close to that number probably US$1.4B. I think we exited last year at US$1.2B. So we'll be between US$1.4B and US$1.5B. That's on the revenue side.

On the operating side, again, we're exceeding expectations there as well. So in spite of the macro for those synergies, price power, value the service, integration of the railroad, those have been very, very supportive and accretive to our journey.

<Q – Scott Group>: And you know, you mentioned never predicted a freight recession. And listening, we had all the trucking companies here yesterday. And, you know, they'll tell you it's over. But I think they'll say it's probably more supply driven in the US than demand driven.

Are we at a point where, in your view, macro becomes a additive to your story, or are we not there yet? Just this is, again, more of a supply-driven truck phenomenon in the US, and maybe not the demand tailwinds that you're hoping for?

<A – Keith Creel>: Well, you know, I think the demand is still too soon to call. You know, I think fundamentally the driver shortage is changing the dynamic. I think it's eliminating what has been for a long time a very unnaturally depressed trucking price market. So as adjusts, the fundamentals for rails that's become more attractive.

And if you've got a unique service, especially where growth has existed in spite of the macro given Mexico and given the United States, you know, we're kind of in a sweet spot to benefit from both. So we've grown in the macro when it's bad. I think it gets more supportive. Is it kind of neutralizes it become becomes a tailwind.

That's exactly what I see. So I think our story is a bit unique. So we don't have to have a whole lot of demand if we just have kind of the unnatural dynamic that's been in the market, eliminate itself. We're just going to push more traffic to the network.

And with this product that we just introduced two weeks ago with SMX, which is replicating the model of the Midwest Mexico Express. Again, that's a game changer for us.

<Q – Scott Group>: Can you add can you touch on that more?

<A – Keith Creel>: Yeah, it's all about transit time. So you know what we created. The industrial logic of what we did with our 180/181, which is our Midwest Mexico Express. It's take advantage of the route miles and make the border seamless and create kind of a train that can't be touched by truck going from Chicago to Monterrey and on to Saint Luis Potosi, which feeds kind of the Mexico City market.

We've done that. We've resulted in increased demand. I think we're about twice the growth over the last three years and that train's 75% full. If it continues, I think we'll be in a place with a better macro. I feel very confident about this.

We'll probably add another train next year at some point. And that success, the opportunity is even greater connecting the southeast Atlanta to Dallas as well as to Mexico. So this partnership with CSX, when we envisioned the merger, the route didn't exist. That was kind of a bolt-on that we uniquely did, literally the weekend of our Investor Day a couple of years ago.

We've invested heavily in it. We've just launched a service now that allows transit times that are truck competitive. We can get to Dallas from Atlanta in less than two days. We can get to Monterrey markets from Atlanta in three days, and we can get to Mexico City in four days.

And again, a truck can't touch that. So in a market where truck capacity is tightening, where costs are going up again, that's very supportive. Introducing it now, I would suggest, has never been at a better time to go out and prove the product and to grow the product.

<Q – Scott Group>: I want to pivot for just maybe a few minutes, talk about the M&A backdrop, and then we'll come back. And certainly I want to spend some time talking about your business.

<A – Keith Creel>: A few minutes, I'm going to hold you that okay.

<Q – Scott Group>: So you've probably been one of the more vocal on the merger. And one of the comments that you've made that I think was the most interesting to me was when you say the risks are too great and, you know, they'll certainly make the case that this is in the public interest and talk about

taking share from trucks and what that means for fuel and safety and all these sorts of things. But your comment is that the risks are too great. Talk about that, please.

<A – Keith Creel>: I think perspective matters. And if you think about my journey, this is my 34th year in the industry. It started in the United States. It didn't start in Canada.

I lived through the BNSF merger. I lived through the UP/SP, the two meltdowns. I lived through the Conrail as a young operating officer. So I understood at ground level what happens when things go bad when it comes to operational risk.

So if you fast forward to today and you think about the scale that this creates, you think about a place like Chicago. And Chicago historically, if I go back to 2014 again, my journey has been a long one. I and Matt Rose sat in front of the STB when Chicago melted down and I got roasted because of Chicago. And the reality is my network was dependent upon the Belt.

I remember the day before I went to the hearing, we had 14 trains between Minneapolis / Saint Paul and Chicago staged on our railroad waiting in line to get into the Belt. And the Belt is an asset we all use, and one of the two heaviest users, you put them together, they are the heaviest user is NS and UP. So when I think operationally, what can happen if their networks get in trouble. You put a network together that large that is that connected to Chicago.

And this is just one of many cases and it melts down, it affects all of us. It affects my network. If I go to the NS and this is a very unique situation for us tied to these transactions over the years with the Conrail carve up. Before I came to CP, part of the concessions and part of the agreements that were made to CPKC today and has had and will have for the future, trackage rights over the NS main line from Chicago that connect us to eastern Canada through Toronto.

We have crews that operate out of our terminal in Chicago that live in Elkhart, Indiana. That changed crews on the main line on the NS, which pro forma would become UP. If that terminal, and that's the first major terminal east of Chicago gets congested and trains start to bubble out of the yard onto the main line, my trains can't get to Toronto. So again, those are just a couple of the touch points and there are multiple locations.

There's concerns in Kansas City. There's concerns in Saint Louis. And not speaking just for me, I'm intimately knowledgeable about these operational risks. But when you get to that point with the scale, with the gravity, to suggest that there's not risk. That's bigger than me, that’s bigger than Jim.

You know, Jim's not going to be here forever. I'm not going to be here forever. Ten years from now, 20 years from now, management teams have to run these networks in a way that benefits commerce in the United States of America. That's what the US rail network exists for.

And if it goes into meltdown mode because it's too complicated or because you know you don't have the right talent set to be able to figure out how to put Humpty Dumpty together again we all bleed. So it can't. If it fails, we all fail.

<Q – Scott Group>: Two just quick follow ups. You have a transcon network in Canada. It works, right? Could you argue having transcon in the US reduces the risk around Chicago. And is that part of the argument for why it's in the public interest or something like that?

<A – Keith Creel>: I think again, scale matters in Canada. There's 30 million people. You know, I don't think you could financially support a third railroad. Number one. The geographies, the distance between terminals, it's not even a fair comparison. In the United States. It's 10x that. It just is. There's way more

complexity. There's way more risk. And so the argument to compare the two, you know, industrial logic, if you don't understand the nuances, it sounds good. It reads good. But it's factually not true.

<Q – Scott Group>: And then I asked you on the Q1 earnings call, like is there any potential for a we can agree here, we can agree there. And you gave a I think a one word no. right? Is there any sort of change in that one word?

<A – Keith Creel>: No.

<Q – Scott Group>: No, okay. Fair enough. Okay. And then last one, then I promise we'll move on. If ultimately, hypothetical, this is approved, is it natural then or needed or necessary that one leads to two or three or four?

<A – Keith Creel>: Yeah, I think it's inevitable. It's probably the best way to say it. You know, I think we all have a fiduciary responsibility to equip ourselves to best compete. And if this pro forma occurs, to suggest or think that any of us can sit still, I think is naive. I don't think that's going to be the outcome.

Now, how it all shakes out. You know, who gets with who, who best fits with who, who can create the best synergies, who can create the best network to compete against that mammoth that will be to determined.

But to suggest, to think it's going to sit still. No. And the regulator knows that too. This this is the first step if it gets approved to a duopoly.

You know, I liken this. You know, I think Jim likes to talk about getting on a plane and going from New York to LA. You know, I want to go one way too. But I want to have the option. And if I go to Chicago, I think maybe some people floated this idea a couple of weeks ago of consolidating and going to potentially, you know, one main airline in Chicago, you put Delta together or United and American Airlines together.

It didn't take long to say, no, I don't want to go to Chicago and have less options. I want to go, especially in Chicago, and have more options, not fewer. And that's kind of the compare. If you consolidate to two railroads, think about the world where you consolidate to two airlines.

I just don't think that's in the nation's best interest.

<Q – Scott Group>: All right. Let's turn back to CP and then we'll get some questions if there are some. So earnings in Q1 were down a couple percent. Right? Guidance says we get to double digit earnings growth for the year. To me, one of the big changes is cents per RTM down four in Q1. And it sounds like we're going to have a big inflection in Q2. I think I heard you or maybe John say last week cents per RTM now up 10% in May. So talk about that inflection. How much of that is just fuel? How much of that is lapping carbon tax? How much is like underlying price mix. So that's a big number up 10%, right?

<A – Keith Creel>: So you're hitting all the key points. You know what was against this in the first quarter is not now. So we've lapped the carbon tax. FX has moderated. We don't have the big headwind from FX. The fuel surcharge is in place. And then our mix of business we're moving more of the high cents per RTM business. Automotive growth is double digit for us. That's accelerating.

So again, we're in a place now that we're in good shape for our guidance. When you look at it, you know, I think in last month it was 5 or 6% when we did our earnings call for April. We're 10% this month, we've got strong pricing power. Again, you'll get back to that place where you're going to see 200, 250 basis points of OR improvement. The railroad is running extremely well from an efficiency standpoint.

So again, I don't I don't think we have any challenge getting to the rhythm, as long as we don't have some kind of macro shock that I can't predict.

<Q – Scott Group>: And that 200 to 250 margin improvement is that I know you guided that's a Q1 to Q2 sequential. Is that what you're referring to?

<A – Keith Creel>: Yeah. And then for the full year we still have a path to margin improvement in spite of the fuel surcharge, which is going to be a bit of a drag against it.

<Q – Scott Group>: Okay. And so overall, how do you feel you're tracking relative to that double digit?

<A – Keith Creel>: Year is playing out exactly the first quarter, the way we thought it would in second quarter, I think we're a little ahead. So we're in a good spot.

<Q – Scott Group>: Okay, good. I asked this also on the call, but maybe, you know, maybe we've had a little bit more time to sort of think about it. Not a huge thing, but, I still find it and you're, you've got less of a lag than the others. But I still don't really understand why rails have monthly lags on surcharges when truckers and Fedex have weekly lags. Yu've been a thought leader, you led going from two months to one month? I don't know is there?

<A – Keith Creel>: You initiated a thought in my mind too, and I actually had a discussion with one of our board members about this that came from Fedex, obviously. And he explained the logic in the way they approached it at Fedex. But the history is a bit different in the rail industry. We have the most responsive fuel charge mechanism in the industry. It adjusts every 30 days.

So is there a chance for refinement? Yes, there is. But you also get to a history where historically, especially in the US, there were some pretty aggressive cases with fuel surcharge, where regulatory involvement. And maybe that shell shocked us a little bit in all honesty. So I'm not saying never, but I'm saying right now it's working pretty well. There's puts and takes, may not be ideal, but ours is pretty good. I think ours is, in spite of all that backdrop, I think we're in a good spot, so I don't think it's worth risking.

<Q – Scott Group>: Okay. I would think, given that history, that it would probably have to be one of the Canadians that would lead that if that were to happen.

<A – Keith Creel>: Likely.

<Q – Scott Group>: Okay. You talked about path to operating ratio improvement this year. Just thinking bigger picture longer term. A few years ago, you led the industry on OR. Do you think is ultimately you think you get back to that lead? Just talk about the path to that.

<A – Keith Creel>: The way we're looking at it is if we grow the revenue on the top line and continue to operate the railroad well, we should naturally realize a point to point and a half, you know, 100, 150 basis points a year of yearly OR improvement. And that's exactly the rhythm that we're on. So it doesn't take long. We'll get back to that mid-fifties number.

<Q – Scott Group>: There was a question in the back, I don't know if there's someone with a mic, but we'll get you the mic. So. Well, maybe if you could walk back I'll ask one more before and then the mic will come to you. Just talk about state of the network.

Right now when we look at train speed, dwell time, like maybe there's like a little bit of pressure, but like that doesn't always tell the whole story. How's the railroad running right now?

<A – Keith Creel>: You know what I in all honesty, we just had the best first operating quarter of winter that I've ever experienced in railroading. And I think it's a combination of investment, process and technology. We've done some very unique things using AI and algorithms and train speeds. You know, we took a very, I don't want to get too much in the weeds, but something very unique historically in Canada, when it gets really cold, you have blanket slow orders and you literally cover a path of railroad that might be for layman's terms, you know, five subdivisions, 500 miles long.

You slow the train based on the temperature, and you fly to the whole 500 miles. This past year, using technology we've eliminated and we've isolated, and we go to certain segments, and you only slow the train down on those certain segments, so you end up realizing train speed and you have a safer outcome. So using technology again, you get to a place where technology can give you still yield benefits.

So that was beneficial to us. The investments that we've made and combining our operating systems. Last year as problematic as it was, and we've kind of lapped the date. We're right in the period when things were really challenging last year, we learned a lot and we've changed a lot and we've integrated more.

We can look at the network holistically, Canada and the United States. Now that we've got through the system, cut over to run the railroad more efficiently. And then we're continuing to be better on process. I just shared this with one of our one on ones. Two, maybe two months ago, I took a trip from Shreveport down to Laredo. And just in that one trip you identify probably between both segments, about 3.5 hours of train speed changes, 3.5 hours of speed. And you apply that to every train that moves through there. It starts to impact your bottom line on the asset turns.

We did the same thing last fall, going from Shreveport up to Ottumwa. So again, we're in stages. You don't get it done overnight. You know we're investing. We go out there, we see things, we challenge things, we change things. That's part of the culture, pursuit of operational excellence that we that's part of what PSR is in all honesty. So it's a gift that keeps on giving.

<Q – Scott Group>: I'm just really quick follow up. So when new administration in the US a few years ago started, one of the ideas was there's some big technology things that all the rails can do and can be beneficial to us. Does the fact that, there's now a merger trying to happen somewhere else forward some rails against it? And so there's a little bit of disagreement on this side, is that preventing the industry from getting together on progress, on some of the technology things that everyone wants to do?

<A – Keith Creel>: I don't think so. Okay. You know, I'll be honest, this derailment that occurred at East Palatine, it mobilized the industry. And I think it all made us realize, and I was part of those conversations, just because you have proprietary knowledge, if it makes the railroad safer, the industry better, we should share best practices. And that kind of initiated a renewed commitment to do that. And I haven't seen this merger change that.

<Q – Scott Group>: Okay, good. Here's a question.

<Q – Audience>: Keith. Uh, quick question. You mentioned a lot around Chicago here in the Beltway. And how that's an existential risk to the network if there's a meltdown with NS and UP, potentially, and how that would impact your railroad.

I think the question, though, that Scott asked was also about if there is a merger, isn't that dispersing traffic to other gateway markets? And can you maybe just address that? Because Jim just said in the previous session that he would love to reduce his exposure in Chicago.

<A – Keith Creel>: Yeah, some. But it's a rounding error. Last application, I looked at it and I don't think a whole lot has changed with this one. You know, if they take 2 or 300 cars a day out of the Belt, they're handling 2800 cars a day.

It's end of the day. It means everybody gets 20, 30, 50 more cars of capacity. But it's not what happens when things are good. It's what happens when things are bad.

And the reality is pro forma, they still remain and would be the largest user of the Belt. They and CSX. And the way things work operationally, if you get into the details, when you protect your own network. And Jim speaks about this too. And it's true, I agree with him.

Part of the dis-synergy of having two separate networks is you're going to protect your own. And we're all using the Belt. So if UP's zone becomes much larger and if normal things happen, I'm in Proviso and there's a train coming in that's going to the Belt and it's got some cars that were mis-switched into the train that maybe goes to the Harbor. When they normally should be going into the Belt.

Well, the operating guy or gal that's sitting in Proviso, they're not going to stop that 200 car train and switch out ten cars. They're going to put them in the Belt and pay the Belt charges and let the Belt do the work. Well, I think you can only go to just a couple of weeks ago, CSX made changes at Bar Yard and put more traffic in the Belt and the Belt because it's a shared asset, switching cars by the same crews and the same leads. They're trying to digest that today.

So think about the scale of a UP if that happens when things go into meltdown because it's 40 below zero like it was in 2014, or they have a significant derailment. And if they're taking four trains in a day, we don't get trains for 2 or 3 days. Now they're trying to plug in 10 or 12 trains and everybody else that has to get in line. You just can't separate yourself from that kind of risk.

So unless Jim says I'm exiting the Belt, it's a problem because they're still significant users of the Belt, and the Belt is part of their operating model. They can't exit the Belt.

<Q – Scott Group>: We'll get to you in a second. Mic up here for David, if we if we can. Oh, you have a question? Oh, sorry. Go ahead.

<Q – Audience>: Maybe just any update that you have on USMCA, timing and how you guys are, if there's any, I don't know, updated information?

<A – Keith Creel>: Yeah, not really. I know that, I was in DC not long ago when the contingent from Mexico was there meeting with our counterparts. They're obviously more advanced than Canada. Canada is kind of holding the line and waiting, I think.

My view, not their words, my words. They're probably waiting for a more optimal time. I don't think anybody's going to get in a hurry with the midterms. I don't think it's news to say that probably they're waiting.

They being in Mexico. Perhaps US and Canada see how that shakes out and see how power shifts and what the courts are ruling. I just think there's so many things up in the air on tariffs and elections that it says, we'll get an answer later, not sooner, but it's going to get resolved. You know, trade is too important between the three nations.

And the thing that excites me the most is when it does, then the money that's sitting on the sideline that is waiting to know where to be invested will be invested. It will get unlocked. Whether it's more manufacturing in Mexico or more manufacturing in the United States or Canada. When it comes to us, we connect all three uniquely.

And I think in the end, we benefit from increased trade uniquely. So much like this merger. It's seizing a lot of time, a lot of resources. I want the regulator to decide, is it complete?

If it's complete, let's get through the process. You know, let's let the facts be known and heard and understood. Let's get to a decision. So we all know what's next. Is it status quo? Is it not? But being paralyzed, to me it's not good for investors. It's not good for customers. It's not good for the nation. We just need to get on with it.

<Q – Audience>: First on operations, President Trump sent out a message last night in support of the Railway Safety Act, which looks like it would create restrictions and slowdowns for hazmat cars, among other things. Two man crews, which I know you have strong views on. So one, what are your thoughts there? Are you worried about that passing and how that could impact operations across your rail and the entire network?

And two, the last few days I've heard on the margin some frictional comments on pricing where one intermodal provider was saying that one of the rails was offering heavier than normal rebates to BCOs and potentially up in Canada, one of the rails was being aggressive on pricing on the intermodal side as well. So wanted to hear your comments on both of those dynamics.

<A – Keith Creel>: Let's start with President Trump. There's political math and there's common sense math. So worried is not a good word. It's too soon to be worried but very aware, that politically his voice matters.

And that voice, that position is supportive of unions position on those proposed that Railway Safety Act. Now, common sense wise, a lot of those things were proposed, had nothing to do with that accident and do not make this rail industry safer and traps investments in antiquated technologies and sets us at a disadvantage when we should be investing and innovating. So this process is going to play out.

I'm not going to dismiss President Trump's tweet. I read it yesterday and it's not helpful, but there's still going to be a battle based on fact. Congress will come together. This how the T&I Committee I think they start tomorrow. So we don't know yet what this amendment is going to entail. Is it going to be exactly the RSA provisions or not? I'm not sure. But there's a lot to occur between now and then. It's got to go through the house. It's got to come out of the T&I committee, it's got to go through the House. It's got to go to the Senate. It's got to be coalesced together. This is a long, drawn out process.

<Q – Scott Group>: And I'll just jump in and say, we'll have on our next panel, we have a rail regulatory panel. We'll have the AAR there.

<A – Keith Creel>: So we're going to challenge as much as we can with facts. Now the part about rates and I call it kind of the ghost of the past. I see some of those things sometimes in what's going on. I hear rhetoric about share shift.

I happen to know the share that shifted. And I'd say it this way. If it's a customer that we had that expects me to discount my business, my service, my rate to retain their business, and when my cost is lower, I can't make money on it. I can't make the math work. I don't know how my competitor does, and I don't chase business.

We didn't build this railroad to create bidding wars and chase business. We're going to pick our partners. We're going to be strategic. They're going to value our service.

We're going to be fair to them. We're going to give them a unique product, and it's not going to be at a bargain basement rate. It's got our own cost of capital. It's not just contribution plus. It's got to earn its seat on the train. So to me, that's choosing to walk away from business. That's not share wins.

<Q – Scott Group>: We have a few minutes left. I just a couple more things I just want to touch on. Keith. Let's talk markets for a minute. Coal comps are going to start getting easier. Grain comps inevitably will start getting harder. Where do you see as you look ahead? We know what Q2 is doing what you look ahead to the back half of the year. Where do you see best growth potential? Where do you see the most risk, if anywhere?

<A – Keith Creel>: Well, let me correct the narrative on grain. Grain comps actually because of what happened last year. Farmers sat on product, they didn't move. So literally we've got a whole lot of compare opportunity where it's going to be much more favorable this year through December.

<Q – Scott Group>: Okay. You think it goes all year?

<A – Keith Creel>: Yeah, absolutely. Because the behavior didn't change until January. Okay. So that's good. When it comes to coal, I say the compares change, the shipping will change. We've had very close discussions with Elk Valley. Now what used to be Tech, they're going to make some mining changes.

So they think the second half is going to normalize. So it's not the headwind. We think second half. It's still going to be a drag for the year and then the balance when it comes to potash, intermodal - domestic as well as international.

I was in Southeast Asia last week. I was in Taipei, I was in Singapore, and our main customer, strategic customers, they're bullish on the demand that's moving in all honesty. So again, I think that sets us up well. And I think, this macro change that's occurring when it comes to trucking, I think that's very supportive. And I think we remain in a position of strength.

<Q – Scott Group>: Okay. We talked about the inflection in RTMs. One of the other big changes that I see in the business is CapEx now is at a sort of lowest level in years. Cash conversion is getting meaningfully better. At the same time, you're no longer trading at a big premium versus other rails. Like, how do you think about those two things as it relates to capital deployment?

<A – Keith Creel>: Chris rightfully, and Nadeem rightfully, decided that we we've been spending at a very high rate given the integration, given the investments. We got to a point infrastructure wise, where, we decided to shift to locomotives. We haven't done that since 2011. We bought 100 last year. We got 100 this year and likely we'll have 100 next year to modernize our fleet.

So we got to a place where we needed to reduce the spend. So we took it down about 15%. We've taken the money, redeployed. We've increased our buyback. So it's more about balancing and managing the balance sheet overall.

And I think Chris and his recommendations, and Nadeem are doing a phenomenal job doing it. I don't expect that to change. I don't know if you want to add any color to that Chris.

<A – Chris De Bruyn>: No, I think that's exactly it. So we've taken capital down to $2.6 to $2.7 billion this year. That feels like a number that we can sustain for the next couple of years. And we don't believe in hoarding cash on the balance sheet. We believe in returning it to shareholders.

So you saw us buy back 4% of the stock last year. We've announced a 5% buyback program this year. We've raised the dividend the last two years. And I think you're going to see a continued strengthening shareholder return profile.

<Q – Scott Group>: Tony, did you have a quick one?

<Q – Audience>: How do you personally define enhanced competition. And second can you foresee a world in which they get a merger approved but burdened? They go through with it anyway. And you can live and thrive as four independent carriers?

<A – Keith Creel>: Four independent carriers against that mammoth?

<Q – Audience>: We're all cooperating because you've got access places you want. You know, you picked up some good assets.

<A – Keith Creel>: Yeah. But I think you're naturally at a, at a reach disadvantage. And I know this well being the smallest guy. I think that scale matters. So I think that warrants the industrial logic. You got to do something about it.

And then the earlier question is my views on concessions essentially. Oh, enhanced competition. Okay. Got it. Let me just say this. It's not just defined by intermodal benefits. It's intra-modal too. It's rail to rail. It's both. You can't just talk about one side of the ledger.

And at the end I'm going to go to Linda Morgan's words. With enhanced competition, the benefits have got to be greater than the harms. And it means more choice, not less choice. And to me, when you're suggesting and excluding 99% of the traffic effectively the CGP, which is, as I understand it, the applicant's definition to enhance competition, to solve to the regulations, it's only 1% of the traffic and some of the most exposed traffic when it comes to less options and market concentration is excluded from CGP. Automotive, automotive parts, bulk trains, chemical. If it really enhances competition, then put it all in, put it all in there. But you don't.

So I just think those are fundamental facts that you can't get away from that when they're fully heard and understood and debated. And they will be. UP’s going to have their day to explain it. We're going to have our day. Everyone will have their day. And the regulator ultimately is going to, they're going to draw the line in the sand and say this is what the law says and this is what we believe to be true.

And I think it can possibly lead to a no. I think the facts are that compelling. I’m not going to speak for the regulator, but I do believe that as long as the regulator can remain independent, and I think that can happen, that they are going to make this forever decision based on those facts. And I don’t think the facts are supportive of solving for enhanced competition. I just don’t think it happens.

<Q – Scott Group>: Real quick, I know we got to wrap. You made a comment Keith, you know you’re not going to be here forever. I was just thinking about this, I think end of this year, early next year is officially your ten year anniversary as CEO of CP. I don’t want to age you.

<A – Keith Creel>: I’ll be 58 next week. I’m not 60 yet, I’ve got a lot of runway left in me Scott.

<Q – Scott Group>: Do we need to start thinking about succession planning at CP?

<A – Keith Creel>: We have been thinking about succession planning, or I have, since 2017. My very first Board meeting. I think it’s my responsibility to my shareholders that if I get hit by a bus tomorrow, this company is bigger than me, it’s got to run. We have developed very capable people within our company at all key positions for succession. So that’s number one. Number two, this is my legacy. We’re three years old. When I feel that the company is ready to hand over to my successor and continue to build upon the success we’ve created. Again, it’s bigger than me, it’s not my ego, I’m going to step aside. That’s not happening today, that’s not happening tomorrow but this company is prepared for that day when that happens.

<Q – Scott Group>: Hopefully no time soon.

<A – Keith Creel>: No time soon.

<Q – Scott Group>: Thank you Keith, thank you Chris. That was awesome.

<A – Keith Creel>: Thank you.