



# Transcript

Q4 2025 Earnings Call

January 28, 2026

Canadian Pacific Kansas City Corporate Participants:

Keith Creel – President & Chief Executive Officer

Nadeem Velani – EVP & Chief Financial Officer

John Brooks – EVP & Chief Marketing Officer

Mark Redd – EVP & Chief Operating Officer

Chris de Bruyn – VP, Capital Markets

# MANAGEMENT DISCUSSION SECTION

## Operator

Good afternoon. My name is Angela, and I'll be your conference operator today. At this time, I'd like to welcome everyone to CPKC's Fourth Quarter and Full Year 2025 Conference Call. The slides accompanying today's call are available at [investor.cpckcr.com](https://investor.cpckcr.com). All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. (Operator Instructions)

I would now like to introduce Chris de Bruyn, Vice President, Capital Markets, to begin the conference call.

## Chris de Bruyn

Thank you, Angela. Good afternoon, everyone, and thank you for joining us today.

Before we begin, I want to remind you this presentation contains forward-looking information. Actual results may differ materially. The risks, uncertainties and other factors that could influence actual results are described on slide 2 in the earnings release filed with Canadian and US regulators. This presentation also contains non-GAAP measures outlined on slide 3.

With me here today is Keith Creel, our President and Chief Executive Officer; Nadeem Velani, our Executive Vice President and Chief Financial Officer; John Brooks, our Executive Vice President and Chief Marketing Officer; and Mark Redd, our Executive Vice President and Chief Operating Officer.

The formal remarks will be followed by Q&A. In the interest of time, we appreciate if you limit your questions to one.

It's now my pleasure to introduce our President and CEO, Mr. Keith Creel.

## Keith Creel

Thanks, Chris, and good afternoon, and thank you everyone for joining us to review our fourth quarter results as well as full year results, and to allow our team to share how we see an exciting 2026 playing out.

Now let me start by expressing gratitude and thanks to the 20,000 strong CPKC family, who through their dedication, hard work and sacrifice allow us to create the results that we're honored to share today. I can tell you this past week, railroading is a demanding way of life, in fact consuming way in times like we have navigated through this past week and in fact navigate on the daily. In Canada, operating in the winter operation reminds me of just how much sacrifice that takes, which I have the deepest amount of respect and appreciation for.

So onto the results, for the fourth quarter, revenue of CAD3.9 billion, which is up 1% versus last year; an industry-best operating ratio of 55.9%, 120 basis points of improvement; and earnings per share of CAD1.33, up 3% versus last year. I'm particularly proud of the job the team did in the quarter in the face of a demanding -- demand softening in a number of areas and how they honored our mantra of controlling what we can control, controlling our cost structure. The team

demonstrated exceptional execution that allowed us to produce the -- results were produced in the operating ratio side, and we are set up and carrying momentum well into 2026.

As Mark is going to speak to, I also want to applaud the operating team for producing record results across several of our key operating metrics in the quarter. Most importantly, we produced another year of record safety performance. Our network is running well. It's in great position to execute on the growth opportunities that we have lying ahead of us.

Now let's turn our attention to full year results. Revenue, CAD15.1 billion, which is up 4%. Volume growth of 4% as well. Operating ratio at industry-best at 59.9%, a clear industry-best improvement of 140 basis points for the year. Core EPS of CAD4.61, which was up 8%.

The '26 outlook, as we look forward on 2026, the way we see it unfolding, we fully expect to deliver another year of mid-single-digit volume growth, enabled by the strength in our bulk business and particularly the unique growth drivers this franchise has, which John will speak to. We expect to continue improving margins and ultimately deliver low-double-digit earnings growth. For clarity, this outlook does not assume that we get much out of the macro. Our growth drivers are unique to CPKC, and record grain harvest in Canada and the US provides strong and a differentiating base of business.

Our story is about continuing to do what we do best, controlling what we can control and executing our PSR model, which remains key to setting CPKC apart and allows us to shine in times of uncertainty. You saw that in the results in the last quarter, and you'll continue to see that in 2026.

On the growth outlook, there are a lot of things to get excited about, uniquely enabled by this network. John will talk about them in more detail, but I'll highlight a few. Grain harvest, an all-time record in Canada, 85 million metric tonnes versus a previous record of 78 million metric tonnes, a significant amount of grain to move that's carried into the full year of 2026. That's a record harvest both in Canada and the US. The grain is starting to move now. And again, we're going to be busy through the balance of this year moving grain.

Continued growth in intermodal. Our MMX180/181, the fastest and most reliable service in the industry between the Midwest and deep into Mexico continues to grow and do extremely well. And we're bringing that same model to Mexico and the US Southeast, a partnership with CSX and our Southeast Mexico Express service. That business is just getting started to moving. With our partners, we see a ton of opportunity for growth over that corridor. We've created an industry-best transit time in partnership with CSX from Atlanta to Dallas over the Meridian Speedway and from Atlanta to Monterey. Truck competitive to Dallas and superior to truck into Mexico. It can't be replicated by truck into Mexico. We're also excited about the Americold business that's ramping up this year along with the continued growth on the international intermodal side with Gemini, and also continued growth in our automotive franchise.

On the capital side, we're going to continue to invest to support the growth. Last week, we announced continued investment with our locomotives. 100 new locomotives joining the fleet in 2026 in addition to the 100 that we added in 2025. So the combination of our strong top line growth, disciplined investment and our continued cost and efficiency improvements, it's put us in an advantageous position to return cash to shareholders, which you just witnessed, as we announced a 5% share buyback program for 2026.

So in closing, I'm extremely proud of what we produced amidst a ton of volatility in 2025, and we're super-excited about the opportunities ahead. I'll remind you that over the past two years

this franchise has outperformed the industry in revenue growth and outperformed the industry in earnings growth. We've got an exciting setup to continue to generate industry-leading performance in 2026 as well.

So with that, I'm going to turn it over to Mark for some color on the operations, John will give you a little insight on the markets, Nadeem on the financial details, and then we'll open it up for Q&A. Mark, over to you.

## **Mark Redd**

Thank you, Keith, and good afternoon.

I want to begin by recognizing the operating employees whose commitments to safe, reliable, efficient service continues to drive the strong performance of this network. The operating team did a tremendous job this quarter delivering these results.

Turning to the quarter, our network performed exceptionally well and achieved record results across a number of key metrics, including train weight, train speed, locomotive productivity and car velocity. These improvements can translate to faster cycle times, greater network capacity and faster, more reliable customer service. One thing I'm most proud of is proud to announce that 10 years in a row, CPKC has earned Amtrak's best carrier designation with an A-plus performance. We're the only railroad with this distinction and we appreciate the recognition from our valued partner.

Taking a step back on progress, we have made substantial operating gains since the merger. When comparing our 2025 operational performance versus the time at merger of 2023, our combined network is 13% faster, locomotives is 13% more productive, our car velocity is nearly 14% stronger. The improvement south of Kansas City is even more pronounced. Looking at 2025 speeds of being over 25% better, locomotive productivity improved roughly 20%. Looking forward our operating systems, processes aligned across Canada and the US, we expect to deliver additional improvement in 2026. The foundation that we have built positions us for consistent execution and reliable service as volumes continue to grow.

Now turning to safety for the quarter, FRA train accident frequency was 0.91, which is 12% better. FRA personal injuries of 1.05, 22% increase. When I look at full year 2025, our FRA train accident was 0.85, 16% better. Personal injuries was 0.92, was 3% better. I continue to be encouraged by the industry-leading performance for the third year in a row CPKC has led lowest FRA reportable train accident frequency across the Class 1 railroads, building upon CP's legacy of 17 consecutive years. So in all in all, it's two decades of best-in-class. These results reflect the strength that we have in our home safe culture, our investments in technology, which helps prevent failures before they occur.

Turning to labor. We continue to make progress in this space. Earlier this month, we announced 16 five-year collective bargaining agreements in the US were ratified, covering 700 CPKC employees across 11 states. These agreements reflect constructive collaboration with our unions and provide service -- with confidence provide customers with service and reliability for our network.

Now turning to resources and capital, we remain well aligned with our growth outlook. In 2025, we supported 4% growth, with 1% lower average headcount. Expect continued strong operating leverage in 2026. From a capital perspective, we did receive the 100 Tier IV locomotives in 2025.

We have additional 100 scheduled for delivery this year. These locomotives are improving the efficiency and reliability of our fleet and positioning us for continued profitable growth.

In 2026, we will continue our merger-related expansion commitments to the STB. This work includes CTC, additional sidings, Kansas City to Chicago corridor, but this also includes towards Shreveport. These upgrades are improving velocity on the North-South route, which is strengthening our customer service.

In closing, the network is performing at record levels. We are properly resourced to handle grain harvest in Canada and US. Our investments in capacity, safety and power are driving sustained meaningful performance. We're well positioned to execute our operating plan, support our customers, and deliver on our commitments throughout 2026.

With that, I'll turn it to John.

## **John Brooks**

All right. Thank you, Mark, and good afternoon, everyone.

So this quarter showed the resilience of our book of business with growth across key segments and traction from new wins offsetting areas of deepening softness. Despite macro and tariff pressures, we delivered to our customers, we captured synergies, we maintained disciplined pricing, and advanced initiatives that will support our growth in 2026.

Now looking at our Q4 results. This quarter, we delivered record revenue, up 1% on flat RTMs. Cents per RTM was up 1%. Our pricing remained strong, with renewals exceeding our long-term 3% to 4% outlook. Mix partially offset the pricing as longer length of haul and higher bulk traffic lowered our cents per RTM.

Now taking a closer look at our fourth quarter revenue performance, I'll speak to an FX adjusted result.

Starting with bulk, record grain revenues were up 4% on 2% volume growth. Our Canadian grain volumes were up 2% on a record harvest. Export volumes, however, lagged expectations as rain impacted the loading of vessels in Vancouver and farmers chose to store grain volumes tempering the pace of shipments through the quarter. US grain volumes were also up 2%, with growth led by higher shipments to the PNW and down to Mexico. Our network continues to uncover new markets, and this is especially visible with record-setting Q4 and full year grain shipments into Mexico.

Turning to the first half of 2026, the North American crop is shaping up to be a record both in Canada and the US. As Keith said, estimates point to a 85 million metric ton Canadian harvest, up 20% from last year. We also have a record US corn crop and solid bean production that has recently started to move to market. Finally, we are encouraged by the recent canola trade settlements and new crush capacity coming online in the first half of the year that are going to further support our positive outlook for grain.

Potash revenues were down 2% on 2% volume growth, driven by higher export volumes through Vancouver. With solid demand fundamentals and Canpotex fully committed through the first quarter, we expect potash to remain a solid contributor to our overall base this year.

To round out bulk, coal revenue increased 2% on a 1% decline in volumes. Canadian coal volumes

were lower, largely due to mix impact of lapping last year's work stoppage and maintenance at West Shore, which ran from August into November. These declines were partially offset by higher volumes of US thermal coal.

Moving to our merchandise franchise. Energy, chemicals and plastics revenue was down 3% on a 5% volume decline. Decline was driven by lower crude and refined fuel volumes to Mexico, along with a softer base demand that primarily impacted our plastics shipments. This was partially offset by growth in LPG shipments from Canada to Mexico as we continue to capitalize and grow our land bridge opportunities. Looking ahead, we expect ECP volumes to stabilize as we move through 2026, although the base business in this industrial segment continues to be impacted by the softer macro environment.

Forest products revenue declined 13% on a 12% decrease in volumes. Volumes were pressured by tariffs on Canadian lumber exports to the US, along with ongoing macro softness impacting our pulp and paper business. The team remains laser-focused on project development to continue to try to offset base demand softness and also through extending our length of haul.

Metals, minerals and consumer products revenues and volumes were up 1%. Growth in this space was driven by industrial development and synergies, with new business coming on in cement and other aggregates supporting construction projects across our network. This strength was partially offset by continued impact of tariffs on our cross-border steel business. And looking ahead, we remain focused on a number of industrial development opportunities as we continue to navigate the tariff and macro headwinds.

Moving to automotive. Revenue was down 3% on 1% volume growth. Our auto franchise delivered volume growth again this quarter despite the impact of production slowdowns along with aluminum supply challenges and a chip shortage, all which contributed a CAD30 million revenue headwind in the quarter. Now looking ahead, despite ongoing certainty with production and auto sales projections, we expect to continue to outperform, supported by business secured in 2025 that will benefit us in 2026.

Now closing with intermodal. Revenue was up 3% on 4% volume growth. International intermodal volumes were up 5% on growth with our key ocean carrier partners and lapping the impact of last year's work stoppage at the Port of Vancouver. We remain encouraged by the strong performance of the Gemini alliance and the growth opportunities it is creating across our entire network. Comparisons will be more challenging in the first half of the year. However, the team is focused on the development of new product offerings at the Port Saint John and also down in Lazaro to enable share gains and volume growth to our network. Domestic intermodal volumes was up 3% in the quarter. We continue to deliver strong growth on our MMX train, which was up approximately 40% year-over-year.

As Keith said, our new Americold business is also gaining traction, with good visibility for a strong ramp-up, as we continue to move through 2026.

I'm also extremely excited about the new SMX product with CSX connecting Dallas and Mexico to the US Southeast. Like our Midwest Mexico product, the SMX train pairs will formally launch in the coming months, and will offer the fastest, most reliable service product in these lanes.

In closing, with record grain crops, our self-help initiatives, industrial development projects all coming online, we are well-positioned to again offset tariffs and macro headwinds and deliver another year of mid-single-digit RTM growth. We remain focused on execution, disciplined pricing, and continuing to capture the full value of our capacity in this network.

With that, I'll pass it on to Nadeem.

## **Nadeem Velani**

All right. Thanks, John, and good afternoon.

I'm extremely pleased with the team's strong execution in the quarter. While we did deal with temporary demand softness in some areas, the team responded decisively with strong cost control and operational performance, demonstrating the strength and resiliency of our PSR-driven operating model. The ability to optimize assets, control costs and deliver operationally is embedded in our DNA as precision scheduled railroading at CPKC.

Now turning to our fourth quarter on slide 12. CPKC's reported operating ratio was 58.9%. Our core adjusted operating ratio improved 120 basis points year-over-year to a CPKC record, 55.9%. Diluted earnings per share was CAD1.20, and core adjusted diluted EPS was CAD1.33, up 3% versus last year.

Turning to our full year results on slide 13. CPKC's reported operating ratio was 62.8%, and the core adjusted operating ratio improved 140 basis points to 59.9%. Diluted earnings per share was CAD4.51, and core adjusted diluted earnings per share was CAD4.61, up 8% year-over-year.

Taking a closer look at our expenses on slide 14, I will speak to the year-over-year variances on an FX adjusted basis. Comp and benefits expense, excluding adjustments, was CAD626 million, flat versus prior year. During the quarter, productivity gains from improved train weights, efficient resource planning and workforce optimization were offset by wage inflation. We expect continued strong labor productivity in 2026, with headcount up slightly on mid-single-digit volume growth.

Fuel expense was CAD430 million, down 8% year-over-year. The decline was driven primarily by the elimination of the Canadian federal carbon tax on April 1st, along with improved efficiency from increased train weights. Materials expense was CAD112 million. The year-over-year decline was primarily driven by an increased focus on capital work in the quarter. Equipment rents were CAD97 million, up 4% year-over-year. The increase was driven by higher intermodal car hire payments, reflecting the ramp-up of Gemini volumes and lapping the prior year's labor disruption at the Port of Vancouver. This increase was partially offset by efficiency gains, driven by improved network velocity and car cycle times across the network.

Depreciation and amortization was up 7%, resulting from a larger asset base. Purchased services and other expense including -- excluding adjustments was CAD514 million. Year-over-year decline was driven by productivity and in-sourcing initiatives, partially offset by cost inflation and higher casualty.

Moving below the line on slide 15, other components of net periodic benefit recovery were CAD94 million or CAD103 million excluding acquisition-related costs. Net interest expense was CAD230 million or CAD225 million excluding purchase accounting. The increase was driven by interest on new debt issued earlier in the year. Income tax expense was CAD400 million or CAD407 million adjusted for significant items of purchase accounting.

The core adjusted effective tax rate on the quarter came in at approximately 25%, which is a CAD40 million headwind versus our Q4 2024 rate. In 2026, we expect a core adjusted effective tax rate of approximately 24.75%.

Turning to slide 16 and cash flow. 2025 net cash provided by operating activities increased 1% to CAD5.3 billion, while net cash used in financing activities was up 40%, driven by the share repurchase program. CapEx was CAD3.1 billion above our CAD2.9 billion outlook, largely due to a pull-forward of maintenance capital projects during the fourth quarter to take advantage of weather and network conditions. For 2026, we are reducing our capital outlook by 15% to CAD2.65 billion.

Now turning to share repurchases. Throughout last year, we took advantage of market volatility to reward shareholders, completing our CAD37 million share repurchase program in late October. Given the strong value that we continue to see in our share price, I'm pleased to announce that our Board has approved a new 5% share repurchase program, allowing us to continue returning cash to shareholders through disciplined and opportunistic capital allocation.

Looking ahead, while macroeconomic conditions and trade policy remain uncertain, we are focused on what we can control, operating a safe, efficient and disciplined PSR railroad, while capitalizing on our unique growth opportunities. We expect to deliver low-double-digit earnings growth, supported by another year of mid-single-digit RTM growth.

With industry-leading execution, a compelling growth pipeline and strong free cash growth, the future is extremely bright.

With that, let me turn it back over to Keith.

## Keith Creel

Hey, thanks, gentlemen. Operator, we'll open it up for questions.

## Question & Answer

**<Operator>:** Thank you. (Operator Instructions) As previously highlighted, please limit yourself to one question.

Our first question comes from Walter Spracklin with RBC Capital Markets. Please go ahead.

**<Q – Walter Spracklin>:** Yeah, thanks very much. Good afternoon, everyone. I'd like to double-click on your volume growth assumption or guidance here, mid-single-digit. Obviously, last year ended a little weaker, and it hasn't started off well this year. We've got some weather that is going to create perhaps a little bit of leakage. Given that headwind, perhaps obviously mid-single-digit is industry-leading. Can you double-click a little bit on what sectors give you the confidence that you can achieve mid-single-digit? And how much of that is the carryover of integration or carryover of some of the wins that you got from last year? And how much is new wins that you're expecting this year? Thank-you

**<A – John Brooks>:** Yeah. Thanks, Walter. A couple of comments. So really up until last Friday, January was kind of playing out how we expected it to play out. Certainly, we realized we've got tougher comps. We have pull ahead volumes in international and automotive and such. And frankly, we knew Q1 was going to be a little bit more of a challenge on that front, Walter. Certainly this weather event was a little bit of a setback, but I'm also pretty optimistic on sort of what we had in our base plan for grain in February and March. And my gut sense, and what our customers are telling us, is there's a

pretty good opportunity for us to exceed and claw back maybe some of that that we gave away here the last week during that time period. There's no doubt though. I do believe Q2, Q3, the balance of the year is where we'll see the momentum build.

Specifically, I think grain, as we talked about both sides of the border continues to be an opportunity. We've got a strong export potash plan. So our bulks kind of a similar store to 2025, I think, present a really good opportunity for us. And then we kind of shift to the synergies and self-help initiatives, and that's where we've got to lean in and create our own luck. But I think that's something we've proved we've been able to do.

I look at intermodal. We still got a fair amount of growth on our MMX train that we'll be targeting. We're going to be launching the new SMX with CSX here in the coming months. And I can tell you, we're looking at transit times out of Central Mexico into markets of Atlanta, Charlotte, Jacksonville in roughly four days or less. This is going to be really fast, as Keith said, better than truck-like service. And the early bidding prognosis, we're looking at current bids of about 80,000 loads a year with one particular client that we're working on.

So I'm pretty optimistic around those opportunities. We haven't scratched the surface on really our launch of the Americold building in Kansas City in that business -- that reefer business. That is just starting to ramp up. And I'll remind you up in Canada at Port Saint John, Americold will open their second building on us that will open up around the July timeframe.

So just in the intermodal sector, Walter, there's no doubt there's going to be headwinds and ongoing challenges, but I think we've created enough unique products in the marketplace that I think will allow us to go out and sell and do things maybe a little differently than what our competitors do out there. And that gives me some confidence, particularly in those areas.

**<A – Keith Creel>:** I think, one other point -- hey, Walter, one other point of reference. I think it's important to remember. We're going to lap that period of time in the second quarter, first part of third quarter. We implemented the cutover, and I think some would classify it as our CP 'schamozzle' time when we integrated our IT system. So there obviously were some increased costs responding to that and some lost revenue. We'll lap that period given that the railroads humming and our systems are humming, and we've grown stronger as a result of that. So that's going to be a benefit for us in our '26 results.

**<Walter Spraklin>:** Appreciate the time. Thank you.

**<Operator >:** Your next question comes from Brian Ossenbeck with J.P. Morgan.

**<Q – Brian Ossenbeck>:** Hey, good afternoon. Thanks for taking the question. So Keith, I want to see if you could weigh in on reciprocal switching as it's been proposed right now. Obviously, yourselves and others have kind of grown up with that in Canada. Do you think that's really applicable to the US? Would you be concerned if that were to be extended to the US in terms of how it's proposed right now? And I guess ultimately, do you expect the industry to have to deal with this, whether or not there is M&A? Thank you.

**<A – Keith Creel>:** Well, yeah, number one, if you do your job and you provide good service, you don't have to worry about it. You don't have to worry about somebody coming in your backyard and being able to do better than you are. That said, what's being proposed now versus what's in Canada, there's still a unique difference. With an interswitch in Canada, you've got the other carrier handling the switch to the interchange location, and then you take the line haul to the next destination. What they're proposing is literally what I started with, that somebody else coming in and providing service. So again, that said, if it were to happen, we'd respond to it. I don't see it as a threat to us at all. Ultimately, if a customer can't get

their service, I agree, they should have an alternative. They shouldn't be kept captive to terrible deteriorating service. I just think that, again, it needs to be fair, it needs to be balanced, and we need to think about the unintended consequences. It's not so complex that kind of what we go through ends up doing more damage to the customer than good.

**<Brian Ossenbeck>:** All right. Thanks, Keith.

**<Operator>:** Your next question comes from Chris Wetherbee with Wells Fargo. Please go ahead.

**<Q – Chris Wetherbee>:** Yeah, hey, thanks. Good afternoon, guys. I guess as you're thinking about 2026, I mean, you obviously finished '25 on a very strong note from an operating perspective, sub-56% OR. I guess, how do you think about sort of the algorithm when you're at a mid-single-digit RTM growth? I think pre-merger, we thought about the potential for that type of RTM to maybe drive decent OR improvement, potentially very high incremental margins and obviously earnings power, and you're guiding to that. Kind of curious, how do you think about the OR potential as you move forward from here? Obviously, for 2026, but maybe also bigger picture, are you kind of hitting stride? It seems like the network is running well. Just kind of get your thoughts on how you think about it as we move forward.

**<A – Nadeem Velani>:** Yeah, Chris. I mean, a year ago, we sat here, we talked about sub-60%, to first we want to get to that level, which as we've accomplished now. And beyond that, obviously, the goal isn't to just lower operating ratio, but generate earnings and generate long-term return on invested capital. And so our earnings algorithm is kind of in that mid-single-digit RTM growth, layer on strong price and price to the value of our service, and then generate additional kind of value through free cash. That's going to help bring it to the bottom line and get kind of that double-digit EPS growth over time.

So the operating leverage that I think we're going to get, given the strong bulk opportunity we have in front of us. We're coming in, as you said, with a very solid footing as far as Q4 with our cost structure. We've done some things on the workforce side to help us get to a better spot.

From a resourcing point of view, we've got new locomotives coming in. I think there's opportunities on the fuel efficiency side and overall efficiency. So I do think kind of getting back into that 100 basis point type of operating ratio improvements per year, if you're doing things right, if you are generating strong volumes and strong pricing, that should be how it plays out. So I think over time and kind of our long-term guidance of 100 basis point improvement in the OR is what you should expect from us if we're delivering and executing the way we should.

**<Chris Wetherbee>:** Got it. That's helpful. Thank you.

**<Nadeem Velani>:** Thanks, Chris.

**<Operator >:** Your next question comes from Fadi Chamoun with BMO Capital Markets. Please go ahead.

**<Q – Fadi Chamoun>:** Thank you. Good afternoon. Just a couple of things. So on the revenue side, can you help us kind of bridge the volume to revenue? I think last year you had a lot of mix issues and RTM revenues were kind of aligned. But as we think about this year, what does a kind of mid-single-digit RTM mean to revenue? What's kind of the mix like as you look at the book of business that you're talking about?

And maybe a quick one for Mark. It's a network setup to handle this book of business that John is talking about with current headcount level? What are you envisioning on that front from a headcount perspective?

**<A – John Brooks>:** Yeah, Fadi. So I think probably in Q1, Q2, we're probably going to see some of those challenges that you described. Yes, given the strong bulk business in those quarters that we're projecting, that maybe is a little less natural than what we would normally see, probably does create some of that mix headwind during that time period. Plus I would tell you, we had tariff impacts of north of CAD200 million, 1%, 1.5% of our revenue and RTMs. And a lot of those tariff impacts were on really profitable, positive cents per RTM business that just is not available to us under this tariff environment.

So I expect to see kind of some headwinds earlier in the year and then see that stabilize. I think there's probably a couple points, if RTMs and revenue matched up, even in '25, there's probably a couple points of upside on the revenue as we're looking towards 2026, if that helps you out.

**<A – Nadeem Velani>:** Yeah. Yeah, Fadi, I would just add, in Q1, we'll lap the -- in April 1st, the carbon tax. So we got one more quarter of that or a couple of months here from where we are today. So that will be a bit of a headwind to mix. And then the Canadian dollar just continues to appreciate, so I think we're at about 1.35 today, Bank of Canada held. And a year ago, we were closer to 1.43. So that's going to be a headwind. Now it's going to help us on our leverage. It's going to help us overall as far as you think about our balance sheet from that perspective and interest payments and things like that. So there is a net benefit elsewhere, but it will hurt our cents per RTM.

**<A – Mark Redd>:** Yeah, on the headcount, I would say, some of my comments on the prepared comments was headcount will be flat, slightly up. We'll have strong operating leverage as a result. And again, we're going to be focused on train size again. We've got some agreements that we're working through with some of our labor unions that will vest with that as far as headcount. So we'll be working through that piece.

**<A – Nadeem Velani>:** Yeah. And Fadi, like non-employee headcount, contractors and so forth are kind of, for the most part, off the property as well in Q4 as part of our cost focus. So I think overall, I'm going to push Mark as well on keeping that low-single-digit or keep it closer to flat. So I think we can accommodate it.

**<Fadi Chamoun>:** Thank you.

**<Nadeem Velani>:** Thanks, Fadi.

**<Operator >:** Your next question comes from Jonathan Chappell with Evercore ISI. Please go ahead.

**<Q – Jonathan Chappell>:** Thank you. Good afternoon. Nadeem, I hate to be so short-term focused, but you know how it is in this seat. So John pointed out a lot of headwinds in 1Q. We had the weather. And now you're talking, the Carbon tax is still there, exchange a little bit. So as we think about the path to both the mid-single-digit RTMs, but most -- especially the double-digit EPS, are you thinking about a slower start to 1Q and then kind of a ramp as we go through the year? So not quite a hockey stick, but it does appear that we need to kind of make it up in the second half of the year, back-half loaded?

**<A – Nadeem Velani>:** Yeah, no, Q1 is going to be the toughest quarter of the year, and that's full-on expectation. When you think about Liberation Day a year ago, everyone was moving traffic. It's some tough compares. But to Keith's point earlier, we're going to have some very easy compares in Q2, Q3, and so forth. So yeah, it's going to be a tougher start to the year as far as the earnings algorithm. But no, I'm not concerned about that. And the carbon tax, that's net neutral to earnings. So I'm not -- that doesn't create a headwind at all, just it creates a bit of a headwind on cents per RTM, but it actually helps us in our margins overall. So -- But it won't be a hockey stick, Jonathan.

**<Jonathan Chappell>:** Got it. Thank you.

**<A – Nadeem Velani>:** It'll be a natural increase, yeah.

**<Jonathan Chappell>:** Okay. Great. Thanks.

**<Nadeem Velani>:** Thank you.

**<Operator >:** Your next question comes from Ravi Shanker with Morgan Stanley. Please go ahead.

**<Q – Ravi Shanker>:** Great. Thanks, everyone. So there's talk of the harbor maintenance tax exemption kind of potentially going away and kind of potential implications there. So would love to know if you guys have any views on what impact there might be on cross-border volumes if that happens?

**<A – John Brooks>:** Frankly, Ravi, the cross-border volume business is so small in our book today. Specific to that, I really don't give it much credence or that much of a concern right now in our book. Maybe four, five, six years ago where certainly we saw that volume much stronger, but at this point, I really don't see that being much of an impact if they change some of those fees or regulations.

**<Ravi Shanker>:** Very good. Thank you.

**<Operator >:** Your next question comes from Brandon Oglenski with Barclays. Please go ahead.

**<Q – Brandon Oglenski>:** Hey, good afternoon, and thanks for taking the question. Keith, I'm kind of shocked that hasn't come up yet, but I think everyone respects your view on M&A, and obviously, the application was rejected on some maybe technical grounds, maybe not. But nonetheless, maybe get your updated thoughts there, and especially in regards to the development that you have with CSX going from Dallas and Texas and Mexico into the Southeast. Really appreciate it.

**<A – Keith Creel>:** Okay. Well, I think, you say everyone respects. That might be true, but I don't think everyone agrees with my views. That said, they remain to be the same. I think that rejection by the STB said loudly what I believed to be true in the first place. The facts are going to matter. This is not a fait accompli. This is a complex merger that has tremendous impact on the US rail network, as well as Canadian and Mexican. It's all ultimately one network, but obviously, the STB is seized with making sure they do what's right to protect the strength of the US rail network, which supports the strength and obvious vitality of commerce and the economy in the United States of America.

And so again, it's not going to matter. I think this is what they're saying about how the applicants may feel. Just tell them what the facts are. That's what that said. And that application was short on facts. It had a lot of positives. A lot of aspirational growth projections in there. And I'm not saying they can't be achieved. I'm saying that's a big bar to meet. And given that we're headquartered in Missouri now, I'd say it's the Show Me State. That's what we want. We want to see the facts. We want all the facts to be revealed so we all can opine on those facts and how they impact each of us, and that's railroads, that's customers, that's communities. There's a public interest test that has to be solved to, which includes strongly defined by enhanced competition. Those rules were written after the brakes were put on consolidation.

Linda Morgan, who was chairing the STB back in 2001, when that moratorium was issued, she didn't just pump the brakes, she slammed the brakes on. And she went back and looked at what the nation needed going forward from a rail network standpoint. And a lot of people would benefit if they would actually go back and read and study, not just what's written in the regulations, but the perspective on that. And if you go back and turn the page to the hearings, the Senate Commerce Committee hearings, it's great reading on a plane, print them out, it's pretty thick. But you know what? You can get her perspective in how those

rules were shaped.

And I'm telling you, when you read the regulations, they're not always clearly prescriptive. Sometimes they are, sometimes they're black and white, like one of the issues that UP's application got rejected on. But a lot of times, it's the words that are used, it's the commas. It's the context. And if you go back and do your homework, which I think it's critical and important to do, the perspective, she said it in her own words and testimony. And I'll just give it to you. "The new rules encourage enhancement of competition. The old rules actually encourage railroad mergers. The new rules substantially increased the burden of proof for the applicants to demonstrate that the proposed transaction will be in the public interest. They must demonstrate the transaction will enhance competition where necessary to offset the negative effects of the merger." So you can't understand if that's true unless you understand what all the adverse effects are as well.

And another comment she made that I think is extremely telling, when she was pressed to explain what enhanced competition means, she said, Senator simply said this way: "The benefits box must be fuller than the harm box." So how can you determine if that's true or not true, unless you know the facts that are contained in both boxes? And I tell you, this is a forever decision. This regulatory body, Chairman Fuchs, and the members that serve with Chairman Fuchs, are going to take this responsibility seriously. Again, it's not going to matter what the applicants think or feel, as good as it may be to them. And I believe UP, I believe their Board, I believe Jim Vena. They believe it's good for the nation, they believe it's good for their shareholders, they believe it's good for their employees. And that can be true.

But does that also mean it's true for all the other concerned parties? Is that true for the industry? Does that represent the risk of additional consolidation and something that large being created and the integration risk that it creates for the nation? Because if it fails, we're in trouble. The nation could be brought to its knees with something that large affecting our entire rail transportation system in North America, and it affect every shipper, affect every railroad, affect commerce. So they have to get it right. It has to be a fulsome process.

Jim -- I heard Jim yesterday. He wants all the facts to be heard and known. Then let's make them heard and known, because that's the only way to get to the decision. In the end, I believe this regulatory body, the regulations required, and I believe they're committed to, if their application can demonstrate that the benefits outweigh the harms, then they've got a good chance of approval. That said, for that to be true, in my mind, based on the regulations and based on that definition of enhanced competition, it's going to have to come with concessions, considerable concessions. To suggest that you're meeting a definition of enhanced competition because you introduced this CGP proposition, this mechanism that they introduced, if that's the definition, then why does it have an expiry date? And if that meets the definition of a forever decision, beyond the expiry date, how can you exclude railroads, I think they deemed it Canadian railroads, that originate traffic west of the Mississippi and ship to destinations east and vice versa? Those are American-generated shipments going to American locations. That's part of making America great again.

And I guarantee President Trump means what he says. He wants what's best for the nation. The STB wants what's best for the nation. CPKC wants what's best for the nation. It's critically important to us and every other concerned stakeholder that's impacted by this decision, that the facts prove that. All the facts, not just the ones that support the applicant's view of what's best for the nation. So that's a lot said, but that's the gravity of this. And again, I would encourage people. I know it's very seducing to get wrapped up in drinking this merger Kool-Aid and wanting see all these wonderful gains and all these dollars printed that perhaps some are suggesting would be printed, and all this amazing shareholder value created, but at what cost? It can't be at the cost of our US rail network.

So again, you got to go back and educate yourselves. Listen, I've had lawyers tell me, I've had lawyers

disagree with me, I've had other CEOs, I got a little bit of experience in this, one that I think the world of. Pat saw this differently, when they were going through their process, trying to get their trust approved and their agreement with Canadian National. He and I had some very active debates. He was influenced by what his regulatory lawyers told him, and he was wrong. I think the arbs had -- we were stacked 90% against us, and they were wrong. Again, don't get tied up in emotion, don't get tied up in spin. Focus on the facts, read the regulations, get the perspective, go back and read the hearings, and you're going to get right back to where I am today. The facts must prove and show that this is ultimately in the public's interest. That benefit box is going to have to be loaded up heavier than that harm box. Because, again, this decision cannot be undone. And if it's approved, with concessions, it will likely trigger additional consolidation in this industry. To create railroads, to be in a position to best defend itself and compete against a Goliath that would be created in a UP-NS combination.

And I'll say this one last thing, it's not competition that CPKC is concerned about. I'm an advocate for competition. I'm an advocate for single-line service. But again, what I'm not an advocate for is anti-competitive behavior. What I'm not an advocate for is a railroad that has so much size and scale, as they have historically, and I would suggest history says a lot about what the future might look like, how they've imposed their will on other railroads. I think that's a dangerous and slippery slope. I think it's critically important that whatever concessions that the STB agrees to, and that UP and NS would agree to if they accept the decision, if it's favorable, that they have teeth to them as well. It has to be enforceable to be able to protect the public interest and enhance competition. It can't be something that can just be conveniently ignored because they see it a different way. It's got to be clear, concise, and there has to be a mechanism that we can quickly seek relief in that's not the standard, "Go wait in line for two years until the STB has time to get through the litany of other complaints and concerns," that something of this magnitude likely would create before they could opine and give you a decision like we had to navigate after our merger and that South End rights agreement.

Do your homework on that one. Read what was said on that one. Read the case of that. That was pure anti-competitive behavior. We said it when UP took the position to try to shut off our South End rights that were granted to us from previous consolidations to protect competition. We said it then, and the STB agreed with us two years later.

But in the meantime, I guarantee you, the customers' interests were not served. They were shut out from competing into those marketplaces during record grain harvest. That was in the harm box. That certainly was not in the benefit box.

So thanks for the question. Probably a bit more than you anticipated, but I hope I cleared some of that up. So we'll wait and see. Let's just let all these facts be developed and heard, and we'll see where this thing comes out.

**<Brandon Oglenski>:** Love the passion, Keith, and everyone, focused on positive outcomes here. Thanks.

**<Keith Creel>:** Thank you.

**<Operator >:** Your next question comes from Tom Wadewitz with UBS. Please go ahead.

**<Q – Tom Wadewitz>:** Yeah, good afternoon. Keith, I wanted to get your sense on just high level how you're thinking about USMCA and kind of risk associated with, I guess, I don't know, renegotiation, whatever you want to call it? You guys have been pretty helpful in kind of defining what you think you've lost from tariffs and Liberation Day. So I don't know. I mean, it's obviously tough to have a lot of conviction on where tariff-related things come out. But any high level, do you think there is significant risk? What do you think the timing is? Is this something where you've already incurred a lot of the kind of

the headwind already from Liberation Day? So, yeah. Thank you.

**<A – Keith Creel>:** Yeah, let me start with kind of the last question. We've already absorbed a pretty significant hit from all the uncertainty. I think about CAD200 million of revenue impact, maybe higher. So we felt it on the balance sheet already. I don't have a crystal ball to tell you exactly where the needle is going to land. I believe, and I've said from the beginning, President Trump is going to adjust the balance of trade between our three nations. He is going to make decisions in that renegotiation, which, to his satisfaction and to his view, benefits the United States of America.

That said, I think that can be true and a positive renewal on USMCA can be true at the same time because trade between these three nations, even if it gets rebalanced a bit, is critically important to all three nations' success. We depend upon each other. That's undeniable. When USMCA was created, trade grew after the fact. After the pandemic, even more critical importance about cross-border trade between these three nations. So sitting in the seat we're in, we've gone through some choppy waters. They may get more choppier, but at the end of the day, we'll get through the storm. These three nations will trade together, and we uniquely, because of our network, enables it. We connect with hard infrastructure, the rail network that allows that trade to flow, Canada to the US, US to Canada, Mexico to the US, US to Mexico, and now, because of these trade tribulations, even more so than before, Canada to Mexico and Mexico to Canada. We are the only network that can do that.

We truly are a success enabler for North America. We are North America's railroad, heavily committed to the United States, heavily committed to Canada, heavily committed to Mexico. We're going to enable success across these three great nations in a trilateral way that allows everyone to succeed, including CPKC.

**<Q - Tom Wadewitz>:** Do you have any sense on what the most likely timing might be, or is it just tough to say as well?

**<A – Keith Creel>:** Yeah, I'm reading the same things you're hearing. My guess is it's going to really get active this summer. So that's my view. I think in the summer it's going to get renewed, maybe, hopefully, I would think before the midterms. Again, that's just me speculating based on the way I'm reading the tea leaves. I don't control the agenda. But that, to me, would be a possible and a probable outcome.

**<Tom Wadewitz>:** Right. Okay. Thank you. Appreciate it.

**<Operator >:** Your next question comes from Konark Gupta with Scotia Capital. Please go ahead.

**<Q – Konark Gupta>:** Hey. Hi, Nadeem. Just on the free cash, just wanting a couple of things real quick here. The free cash conversion, you guys talked about at the Investor Day, 90%. In that context, where do you see things shake out this year? And then, for the CapEx, even if we adjust the pull-forward of maintenance projects, the CapEx is seemingly down in 2026. Where are you cutting CapEx on, and is there some flex?

**<A – Nadeem Velani>:** So free cash conversion is in the 75% range. I think long term we talked about 90% part of our guide in 2028 and beyond. And I think the current level of the CAD2.6-billion, CAD2.7-billion CapEx range is something that's we can continue to do over the next foreseeable future. So, in fact, with the weaker Canadian dollar, that can go -- with the stronger Canadian dollar, that can go even lower.

So, the CapEx is a bit of a shift in terms of timing of investment. So we pulled forward some of the infrastructure investment. We did a lot of the synergy or the integration-related capital investments the last three years, as you can imagine, with the Laredo Bridge, with some of the siding extensions and

siding investment that we did to support the integration, as well as some of the growth investments, Americold, for example, and transload investments.

So, there's just basically a bit of a shift in the spend of CapEx. So we don't have the day N and our systems integration anymore, so there'll be some reduced capital there. We don't have as many railcar investments that we have, but we have announced that that locomotive investment with Wabtec and Progress. So it's a shift in capital overall, and that reduction of about 15% is somewhat due to timing, but mainly out of the, let's say, siding extension, infrastructure investments, and to an extent, IS investments overall. Thanks, Konark.

**<Operator >:** Your next question comes from Benoit Poirier with Desjardins Capital Markets.

**<Q – Benoit Poirier>:** Yes, thank you very much. Good afternoon, everyone. My question, back in November, when the Canadian government announced new measure to help the Canadian steel and lumber companies, one of these measure was the government would work with the rails to subsidize freight rates by 50% beginning in spring of 2026. Was wondering if you could give an update on this and whether it could be kind of a volume tailwind in the back half this year.

**<A – John Brooks>:** Yeah. Thanks, Benoit. You know what? Certainly, we've got our GA folks working through still the mechanics of how all this will be accounted for sort of between all the parties, the customer, the government, and ourselves. Our analysis says, yeah, maybe there is some opportunity, particularly in maybe some long-haul transload-type movements across the country. But I'm not looking at sort of needle-moving type numbers there, Benoit. So we'll see. As I said, there's still a fair amount that has to be sorted out. And then we'll see how it sort of ripples through the marketplace. And we're keeping our hands on the pulse of it. If there's an opportunity, we'll be right there to try to capture it, but I'm not looking at big numbers.

**<Benoit Poirier>:** Okay. Great update. Thanks, John.

**<Operator>:** Your next question comes from Scott Group with Wolfe Research. Please go ahead.

**<Q – Scott Group>:** Hey, thanks, afternoon. So one of the other rails was talking about pickup in inflation. How are you feeling about price and just overall price costs, this year? And then maybe just along those lines, just given some of the Q1 commentary, I don't know, Nadeem, any thoughts about how to think about operating ratio in Q1?

**<A – Nadeem Velani>:** We got through a call without that, Scott. Thank you. I think year-over-year, we'll see a potential for improvement in the operating ratio. I'll keep it at that. From an inflation point of view, we're not seeing that same sort of issue. And again, the Canadian dollar does help us in terms of some of the -- some of our costs and capital investments in US dollar conversion. But overall, our true inflation, like which is locked in with labor, we signed some very unique deals and favorable deals for labor and for management, and those are in that 2.5% to 3% range. So, as far as our inflation, you should expect that level of inflation overall. And we're pricing above that. So that spread should be positive and will be part of our benefit to our margins overall.

**<Scott Group>:** Appreciate it. Thank you, guys.

**<Keith Creel>:** Thanks, Scott.

**<Operator >:** Your next question comes from Ken Hoexter with Bank of America. Please go ahead.

**<Q – Ken Hoexter>:** Hey, great. Good afternoon. Nadeem, just to clarify that 1Q -- I'm sorry, the year-

over-year improvement, was that a 1Q-specific comment, or is that a year-over-year comment on the OR? And then just your thoughts on synergy targets, where you think you are and what you still think can add this year and next?

**<A – Nadeem Velani>:** Yeah. So we'll see year-over-year improvement in Q1 in the operating ratio, and I expect to see year-over-year improvement annually in the operating ratio as well. We talked about Q1 being a little bit more challenging, just given volume won't be as strong in Q1. But I still see outside of a major winter event or disruption, that we'll see some improvement in the operating ratio, given the low-cost structure we entered January with.

And remind your second part of your question?

**<Keith Creel>:** Synergy -- synergy question.

**<Q – Ken Hoexter>:** Synergy.

**<A - Keith Creel>:** Yes. Yeah, so Ken, we exited 2025 at about a USD1.2 run rate, USD1.2 billion. We see an opportunity for another USD200 plus, about a USD1.4 billion as we close out 2026. So well on our way of meeting the commitments we made relative to this integration opportunity.

**<Ken Hoexter>:** Wonderful. Thanks, Keith. Thanks, Nadeem.

**<Keith Creel>:** Thanks, Ken.

**<Nadeem Velani>:** Thanks, Ken.

**<Operator >:** Your next question comes from Ari Rosa with Citigroup. Please go ahead.

**<Q – Ari Rosa>:** Yeah. Hi, good afternoon. So I wanted to ask, maybe a little bit longer term. It's been interesting to see there's been quite a bit of convergence here, between kind of valuations across, the Class I rails. Keith, as we think about the growth prospects for CP over the long term, maybe speak about your level of confidence that CP can continue to outgrow the industry and kind of what are the drivers behind that as we think about three, five years out? And particularly, how potentially a UP-NS situation could alter that? Thanks.

**<A - Keith Creel>:** Well, let me start with the last part first. UP-NS, if that comes together with the puts and takes and the concessions, we believe that will be required to satisfy enhanced competition, I see that as a net positive. As long as we have a fair playing field and we don't have anti-competitive behavior, so that's a qualifier there. And I'm going to take -- I'm going to expect that Jim will commit that that's not going to be true.

That said, when it comes to the synergies in our growth algorithm, looking forward. Think about this, think about what we're doing today with no macro help. So that's a single digit RTM growth with the macro working against us. So if you go forward, we're going to continue to have synergies. We're going to continue to create new and unique opportunities. This SMX product, that was never contemplated in those initial targets that we put out. You get back to a place where you got a little bit of tailwind with a normalized economy, a little bit of GDP growth and normal shipments. Synergies can come off a little, you maintain price, and you still kind of echo the same repeated behavior over the next several years.

So again, I think that's a sweet spot. What we do is hard work. It's not easy, it's not a layup. But we've got the network to be able to create these customer solutions that have never been able to be created before. Benefit from trade between the three nations, benefit from these unique networks, north, south, the

Southeast to Dallas, the Southeast to Mexico, that again, a UP-NS can't replicate. And I think that gives us a nice recipe for having confidence in meeting that guidance that we've laid out on the growth algorithm.

**<Operator>:** Your next question comes from Steve Hansen with Raymond James. Please go ahead.

**<Q – Steve Hansen>:** Yeah. Thanks, guys. I appreciate the time. Just a question on the grain harvest. Given its size, I think you've already described it as a tailwind for the year. I was a bit surprised you didn't move more in the fourth quarter on the back of the big harvest. And just curious whether or not you think the normal pattern will evolve this year, and the central move, the bulk of the harvest in the first quarter and a half or two quarters? Or do you think that pattern will extend into the third quarter as well, just given again the size of the carryover this year? Thanks.

**<A – John Brooks>:** Yeah, Steve, you and I both were surprised. Certainly the wet weather out there in Vancouver didn't help. And I know we talked about it on the Q3 call, like we were excited about the level of freight that we had sold with the grain companies in gearing up for that. It does feel like maybe there is a little bit of a shift. We'll see if this is unique or not as we get towards harvest next year. I'm not really sure yet. I do believe it sets us up for a very ratable, which we like as a railroad shipment profile of grain. And frankly, with the soybeans not moving very much in the US, we're kind of excited about what that might bring as we move through the mid part of the year.

So I met with one of our very largest grain customers last week, and they told me they fully expect to be kind of sold out to busy levels right through August in new crop. You got pretty good snow levels up across Canada right now. We exited with pretty decent moisture. And I know we're really in early innings right now, but I can tell you there's already a little bit of bullishness around could there be a repeat? Certainly the Canadian farmer has built a lot of storage. So they've been able to put this crop away. But I think there's a pretty big confidence that this is going to have to move and move throughout the year, and then we'll see what happens next fall.

**<Steve Hansen>:** Appreciate the color. Thanks.

**<Operator>:** Your next question comes from David Vernon with Bernstein. Please go ahead.

**<Q – David Vernon>:** Hey, good afternoon, and thanks for taking the question. So, John, maybe can you talk a little bit about how you're thinking about the tariff environment in terms of building out the mid-single-digit RTM guide? Like, are you expecting things to kind of stay volatile, stay the same, get a little better, get a little worse? And then how are you guys thinking about the next iteration of the USMCA and how that might sort of impact some of the opportunities for you guys in the next three years?

**<A – John Brooks>:** Well, you know, David, we've assumed that this isn't really going to change. So we've planned to sort of build in this headwind into 2026. Now, look, we were able to backfill it. I give you an example. We -- our land bridge volume that we've talked about, really both directions, grew by about 140 million year-over-year in those types of opportunities. We see opportunity there to add onto that pretty significantly. So look, it's no doubt it's frustrating. It was a pretty significant headwind. If we get a break in it positively, certainly we're going to embrace bringing a lot of that traffic back on, but it certainly hasn't been planned.

As I -- what the future holds, I can tell you one thing, we're going to really amp up our sales activity on our Mexico franchise. I think there's a heck of a lot more opportunity down there to sort of feed this broader network. And again, whether it would be land bridge opportunities up into Canada or continuing to feed the American economy. And really, we've really never done it to the extent that you've become accustomed to seeing our sales team across Canada and the US do it. So some more to come on that,

but I'm looking for a lot bigger things in terms of growth out of our Mexico franchise in the coming years.

**<Q – David Vernon>:** And anything that that Carney and the team are doing to kind of promote trade with other partners that might have an impact on the outlook? I know there's been talk about the Chinese EVs, that kind of stuff.

**<A – John Brooks>:** Well, I think certainly there's a fair amount of work. And actually, we've got some of our ag folks down there in the coming weeks to promote better ag shipments between the two, eliminate some of the red tape and bureaucracy in terms of the customs movements of those products. I think we're making some headway on those fronts. I can tell you also, as we think about products intermodally moving all the way between Canada and Mexico, David, also, there's an effort to try to streamline some of those customs processes related to those products early. So I do believe there's some momentum there, but we're kind of in the early innings on some of that stuff.

**<David Vernon>:** All right. Thanks again for the time.

**<Operator>:** Thank you. We have reached our allotted time for Q&A. I would now like to turn the call back over to Mr. Keith Creel.

**<Keith Creel>:** Okay. Thank you, everyone, again, for spending your time with us. Some really good questions. I think some active discussion. Certainly, a very topical time of change for our industry. We're going to stay close to that as we have stayed close to that, again to make sure that our facts are heard and understood, as well as the industry's, and as well as our customer's, our joint customer's. And we'll see how it all shakes out. More to come on that. These next several months will be very telling once that application is resubmitted, and we all have a chance to digest it and comment on that.

In the meantime, we're going to focus on our core competencies, which is running a safe and efficient railroad for the benefit of our customers and for the benefit of commerce, which is going to produce a very solid and we think unique value-creating financial outcome for those that choose to invest in our company. We take that responsibility seriously.

We appreciate your trust. We look forward to sharing results on the next call. Stay safe, stay warm. and we'll see you out on the rail.

**<Operator>:** This concludes today's conference call. You may now disconnect.