RAILROAD WEEK IN REVIEW
October 24, 2025

TD Cowen's Cherilyn Radbourne said the appointment "brings all elements of CN's operations under a leader who has proven he can balance service reliability with cost discipline," adding that "Patrick Whitehead has earned broad respect internally and among customers. CN Presser October 20.

CN this week announced the appointment of Patrick Whitehead as Executive Vice-President and Chief Operating Officer, effective immediately. Mr Whitehead has more than 30 years of experience in the rail industry, including over 25 years in senior management roles in transportation and mechanical operations, and most recently served as Executive Vice-President and Chief Network Operating Officer since October 2023.

From a strategic standpoint, this appointment signals CN's intent to sharpen operational execution and enhance supply-chain performance amidst evolving freight market conditions. By elevating a leader familiar with the network and operational planning, the company aims to streamline decision-making, leverage continuity of leadership, and reinforce its "Make the Plan, Run the Plan, Sell the Plan" operating philosophy.

For investors, this could serve as a positive catalyst: it provides clarity around oversight of operations and may for investors serve as a positive catalyst: it provides clarity around oversight of operations and may help CN improve its operating ratio and service delivery metrics over the coming quarters.

Analyst Cherilyn Radbourne of TD Cowen says she sees the consolidation of the COO role as reflecting CN's maturation of its operating plan and its willingness to align management structure with operational priorities. She added that a seasoned operator like Whitehead reduces execution risk and increases confidence in CN's ability to deliver on its network strategy.

CEO Tracy Robinson called Whitehead "a proven operator who knows our network end-to-end," adding that aligning the field and mechanical disciplines under one leader should speed decision-making and improve service reliability. The change also follows a period of heavy capital spending on terminals and main-line renewals intended to support future intermodal and bulk growth.

Given the patterns in the weekly 3-year of NSC and UNP price charts, I've attempted to glean some inkling of where UNP shares might be headed post-merger. This chart shows UNP in the candlesticks and NSC in the heavy dotted yellow line — on top for most part left to right. That is, up until the merger was announced when NSC took a sharp drop, putting UNP on top, only to lose the lead at the sharp NSC recovery.

From this I would conclude first that the pair still trade with high co-movement typical of Class-I rails: broad, months-long swings tied to freight cycles, fuel, and service metrics. On a weekly lens, UNP's price is mid-range within its 3-year channel, with multiple pivots in roughly the same zone—think a wide "step-ladder" of support/resistance that has contained every move since the 2022 peak.

NSC's recovery phase the past year tightened the spread between the two and pulled the relative UNP/NSC line sideways after a prior drift — a classic consolidation behavior that often precedes a trend resumption rather than a fresh breakdown.

Second, what this pair view implies: (a) upside tests for UNP tend to stall near recurring weekly supply bands after 12–16 weeks of advance; (b) pullbacks that hold prior weekly lows usually resolve higher within 1–3 quarters; and (c) leadership rotates—when NSC outruns on a strong leg, the next durable advance often sees UNP "catch up" as relative strength mean-reverts.

Netting those patterns, the combined chart argues for a steady stair-step uptrend in UNP over the next few years rather than a one-way melt-up: advances into resistance, multi-week digestion, and then fresh attempts—typical rail cadence. From this it looks like the outlook frame for the next three years base case is trending higher. We'll see some volatility, with total return driven by mid-single-digit price CAGR plus dividends if UNP continues incremental OR and service gains.

This bull case is a sustained breakout of intermodal and Mexico-linked flows compounding through multiple bid cycles; the bear case is a retest of the lower channel if macro turns and regulatory costs pinch. Practically for WIR readers, the combined weekly chart says to respect this range (buy pullbacks into established support; fade into heavy supply zones) until a clear, high-volume break proves a new leg.

History is certainly on their side. Many UNP predecessor and acquired names all include the roads including the word "Pacific"— the MOP, the Espee, Texas & P, and DRGW&P. Norfolk got the Virginian, the original NS, Wabash PRR, Nickel Plate and most of the Erie-Lackawanna, Lehigh Valley, and Reading. Most of the rest were short-lined into what evolved to be highly successful ASLRRA properties.

Norfolk and Union Pacific both reported 3Q2025 results yesterday. In addition to the usual operating and financial results, there was a fair amount of helpful commentary on the proposed merger of these two railroads. Rather than give these short shift here, let me take next week to digest the same and provide the guidance you seek in the next WIR.