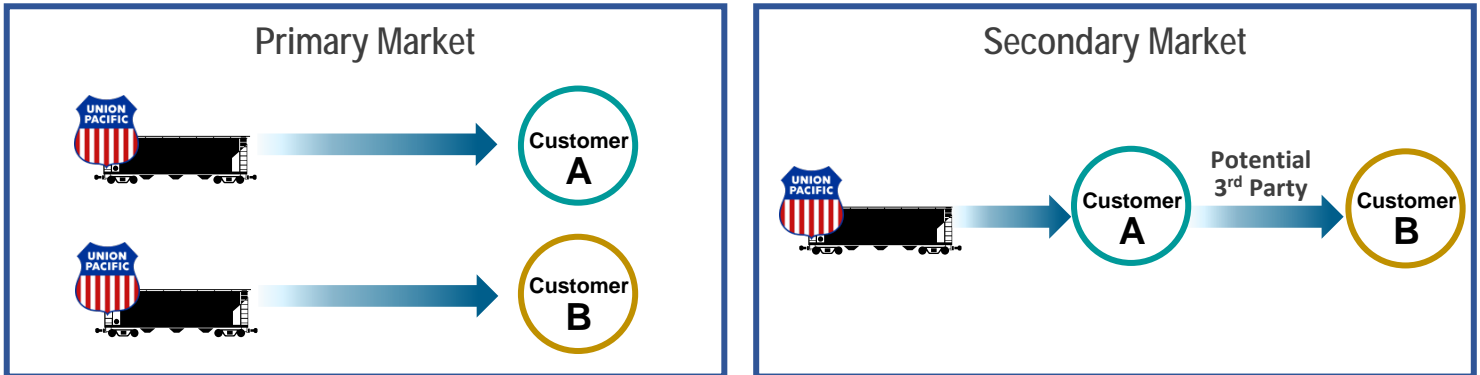


# Secondary Freight Overview

## Description:

Secondary Freight is the trading of railroad ag covered hoppers between railroad customers. The hoppers are referred to as “freight”, and the market is “secondary” as the railroad auctions or car programs are the “primary” way cars are secured. The secondary market activity in the grain market can occur between two companies or be facilitated by a third party like Malsam, Tradewest, or JB Joiner.



## Everyday Example:

A very common example of a secondary market is what happens with tickets to sports, concerts and other entertainment events. The tickets are exchanged in a secondary market between sellers and buyers. It is considered secondary because it is between outside parties and does not involve the original ticket seller. The exchange can be direct from one customer to another or can be facilitated by a third party. These third parties, often online platforms, bring buyers and sellers together without any real ownership of the ticket. The secondary “price” of the ticket is established between the buyer and seller and is based on supply and demand.

## How it Works:

Many customers have made freight commitments to UP to protect their ability to service their own customers and participate in markets. Sometimes this is referred to a “freight position” and a customer can be “Long Freight” (too many cars) or “Short Freight” (too few cars), similar to other commodity positions. The price or value of the cars is determined by the buyers and sellers and is based on demand conditions for the freight. The Secondary Freight market provides a potential outlet for unneeded freight or a possible additional source of securing freight.

## How to Participate and/or Learn More:

Please contact directly the [Freight Brokers Handling Secondary Freight](#) to learn more or to start participating.