



February 21st, 2023

RE: OCM Inc. Updated Freight Policy

Dear Valued Customers,

OCM Inc. has always believed that a reasonable freight policy that includes a specified dollar amount for free freight has supported our customers' day to day business to help manage final landed product costs. Over the course of 2021 and 2022, it was well documented that supply chain challenges, truck driver shortages, and higher driver wages increased the cost of shipping products domestically to very high levels. In addition, raw material increases rose dramatically resulting in several price increases over two years. However, as conditions have changed in late 2022 and early 2023, **OCM has decided to revise its freight allowed policy from \$25,000 down to \$20,000 net and include some products that had previously been excluded from the policy.** These changes reflect our desire to keep both OCM and our customers competitive in the market as we gear up for the main construction season nationally.

Here is a recap of the complete customer freight policy:

- **Standard Freight Allowed (also known as “Free Freight”) Policy of \$20,000 for stock orders.**
- Regional/local “exception” freight allowed dollar amounts will remain in effect—OCM Sales Representatives to advise.
- Flatbeds are never considered part of the standard free freight policy and must be quoted separately, even to a jobsite. Only boxed vans are considered part of the standard freight allowed policy. Allowances may be made for the difference in cost between a flatbed and boxed truck when the freight allowed requirement is met.
- Concrete Handset Forms (including birch plywood) and Euro Rod will be quoted plus freight whether in a boxed van or flatbed. OCM can offer a freight quote when requested. OCM will no longer pay the freight for \$20,000 orders or truckloads of any of these products.
- **Aluminum form ties and Mesh Form (like Stay Form) have been reinstated as standard products for the freight allowed policy. These products may be included in the mix and counted towards achieving the freight allowed policy.**
- Wire Mesh and Dowel Basket Assemblies will be quoted from OCM Manufacturing as “delivered” to the final destination as long as they are in full mixed truckload quantities.
- Mixed orders of general line stock with Concrete Handset Forms (like Steel-Ply), or mixed orders of general line stock with Euro Rod must include a \$20,000 minimum value of general line stock and make up a full truckload combined by weight to qualify for free freight.
- OCM will cover the freight on (1) secondary shipment of an original freight allowed order when that shipment is located within (2) standard LTL shipping days. Any additional shipments or shipments outside of the 2-day range will have freight quoted and added to the invoice.



- Backorders that originate from freight allowed orders will ship as freight allowed once they are back in stock at the OCM location that is geographically closest to the customer. Maximum 1 free freight backorder shipment per original free freight order will be permitted.
- All shipments that originate from a non-freight allowed order will be charged freight. Freight quotes can be provided and the customer is able to use their own shipping company for any order.
- OCM stock transfers are not to be used as a method to avoid freight charges.
- OCM requires standard lead times both to replenish inventory and to ship orders complete. OCM will not cover freight costs for partial shipments of freight allowed orders ahead of standard lead times. Standard lead times for inventory replenishment vary by product and standard lead times for shipping vary by location.
- Mixing manufactured orders with general line stock from 2 different locations to reach free freight will not be permitted. Each order must reach the free freight amount separately in order to ship as freight allowed orders.

While there may be other examples, the above points represent the vast majority of situations where freight questions may arise. Again, please direct all questions to your local OCM Sales Representative for further discussion and consideration.

OCM Inc. will continue striving to provide the best customer service in the industry with a cost-effective, sensible freight policy that stays in step with the current environment and supports your ability to manage your business efficiently and profitably. Thank you again for your support of OCM Inc.

Regards,

Ray Sullivan
Vice President of Sales and Marketing
OCM Inc.