



5/5/20

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 very well to help manage final landed product costs. Since our last official freight policy update in February of 2018, tariffs have increased the price level of goods which has resulted in less total product per shipment to reach current free freight dollar amounts. Therefore, OCM Inc. must account for these increases by updating our overall customer freight policy.

Beginning on Monday, May 11<sup>th</sup>, 2020, OCM will increase its standard free freight amount from \$12,000 net to \$15,000 net for stock orders and separate manufactured orders. All other exceptions to the standard free freight amount will be updated as well. Your OCM Regional Sales Manager, OCM Customer Service Representative, or local OCM Independent Agency Representative will be in contact with you very soon about these changes.

Please note that **OCM Inc. is not eliminating its tradition of providing a free freight dollar amount** as part of a total customer freight policy. Rather, we are simply accounting for a critical factor that impacts our ability to service our customers in the best possible manner. While the free freight dollar amount is the central focus of our customer freight policy, it is only one aspect of the complete policy. Below are other key elements of the policy and some important exceptions that are we are updating as well.

Here is a recap of the complete customer freight policy:

- **Standard Free Freight Policy will move from \$12,000 to \$15,000.**
- **All exception free freight dollar amounts will increase—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. Allowances may be made for the difference in cost between a flatbed and boxed truck when the free freight policy requirement is met.**
- **Concrete Handset Forms (like Steel-Ply) will be quoted plus freight whether in a boxed van or flatbed. OCM can offer a freight quote when requested.**
- **Mixed orders of general line stock with Concrete Handset Forms (like Steel-Ply) must reach a full truckload by weight for free freight. Such an order must include a \$15,000 minimum value of general line stock on a mixed order with forms 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 out and added to the invoice.**



- **All shipments that originate from a non-free freight order will be charged freight. Freight quotes can be provided, and customer is able to use their own shipping company at any time for any order.**
- **OCM stock transfers are not to be used as a way to avoid freight charges unless time permits and approved by the OCM Regional Sales Manager or Vice President of Sales and Marketing.**
- **Stock-outs at all locations occur in the course of normal business. OCM requires standard lead times for replenishment and will not cover freight costs for shipments due to stock-outs. Standard lead times for replenishment vary by product so please discuss particular situations with your local inside or outside OCM Sales Representative.**
- **Back-orders that originate from free freight orders will ship free freight once they are back in stock at the original location from which the order shipped.**
- **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 free freight 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*

Ray Sullivan  
Vice President of Sales and Marketing  
OCM Inc.