



October 28<sup>th</sup>, 2021

RE: OCM Price Increase Notice Effective December 1<sup>st</sup>, 2021

Dear Valued Customer,

As stated in our May and August price increase letters, the construction industry has continued to experience a sustained escalation of major cost factors including shipping and raw materials. Over the summer, labor shortages at shipping port terminals and rail yards have created extensive delays in the movement of goods while the trucking industry still struggles to fill much needed jobs at the same time. Overall, global supply chain shows very little sign of improving as shipping capacity has tightened even more over the past few months, sending shipping costs soaring yet again to new record levels. For perspective, what used to be a \$4000 total cost for a 20' container last year has now surpassed \$20,000 and is projected to move higher in the near future. The result of these persistent challenges is material shortages and increasing costs everywhere. On the raw material side, steel overall—and wire rod especially—remain at historically elevated levels both domestically and overseas with the expectation of higher price levels to come.

Due to these continued rising costs, OCM must execute its next price increase. Therefore, effective Wednesday, December 1<sup>st</sup>, 2021, OCM will implement an average price increase in the range of 7% to 10%. Again to be clear, “average range” means some products will increase less than 7% while some products will increase by more than 10%, resulting in an average of 7% to 10% overall. While we will do what we can to mitigate some of these increases, please understand that the rising cost impact will persist into 2022 so it is highly likely that additional price increases may occur.

On a related note, the inflationary price level coupled with the double digit increases in both LTL and truckload rates over the past year have forced us to update our freight policy. Our “freight allowed” (where OCM pays the freight on the customer order) level for stock orders has been \$15,000 net since May of 2020. Effective December 1<sup>st</sup>, we will increase that level to \$25,000 with some exceptions. However, we will also discontinue the 3% freight surcharge on freight allowed orders on December 1<sup>st</sup> because surcharges are intended to be temporary by nature. Please visit our website at [www.ocm-inc.com](http://www.ocm-inc.com) in the next few days for the updated freight policy on our home page.

In the meantime, OCM will complete our full cost analysis and will share more specifics in the next couple of weeks. Your OCM regional sales manager or local OCM independent sales representative will be your primary contacts for questions and additional information. OCM will continue to work diligently to keep our customers competitive while enhancing our value at the same time. Again, thank you for your continued support of OCM in 2021 and beyond.

Regards,

*Ray Sullivan*

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OCM Inc.