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Introduction

Kroger is investing considerable effort to modernize and re-engineer its manufacturing and distribution systems. In order to improve levels of service to our customers while maintaining affordable, competitive prices, we believe that a more strategic use of technology within the transportation, receiving, and warehousing arenas will assist us in achieving these goals.

The shipping container marking requirements and guidelines detailed in this document are being implemented to specifically improve the flow of product into, and through, our manufacturing and distribution facilities to our customers.

This specification provides detailed instructions and requirements for the printing and placement of bar-coded receiving and shipping labels. These labels will be used for more efficient data capture, taking full advantage of Kroger's radio frequency capabilities.

At a minimum, every pallet of product being delivered to a Kroger plant should contain one label. This label, however, can only represent one type of item and only one lot of that item. If there are multiple types of an item on a pallet, each item must be labeled separately. If there are multiple lots of the same item on a pallet, each lot must be labeled separately. One lot of one item grouped together on a pallet is often referred to as a "unit" by many of the Kroger plants. Each unit must be separately labeled.

It is Kroger's intent to eliminate the necessity for the supplier to provide packing slips and other such paperwork associated with shipments made to Kroger facilities. In its place, an ASN (Advanced Ship Notice), sent via EDI (Electronic Data Interchange) will detail such information as:

- { Item on the pallet/unit
- { Quantity on pallet/unit
- { Number of pallets/units on a load
- { Lot number and manufactured date of each product
- { PO Number, release

The contents of the label are of a standard format, as mandated by the American National Standard (Draft) "Application Standard for Shipping Container Codes (October, 1995)", published by the Uniform Code Council, Inc. (UCC). This standard provides label formats and technical specifications for printing labels. The UCC can be reached at (937) 435-3870, or information can be obtained from their web site at "www.uc-council.org".



Shipping Container Marking Guidelines & Requirements

The Kroger Company will be using the SSCC18 format, which is the serial shipping container code. This 20 character bar-code is located at the bottom of the label and contains the following information:

- { A two-digit application identifier, which should normally be “00” (zero-zero).
- { A one digit packaging type code, which should be “0” (zero) for case or carton or “1” (one) for pallet.
- { A manufacturer number, as assigned by the UCC.
- { A unique number, as assigned by the supplier creating the label, to identify this group of product.
- { A modulo 10 check digit, as calculated according to UCC standards.

According to UCC standards, the SSCC18 should be a unique number which does not repeat for a 3 year period. For further information contact your Kroger Procurement Coordinator or Kroger Buyer. If you need additional help, we have a technical team available to help you answer any questions.



**SPECIFICATIONS FOR
DELIVERIES TO A
KROGER MANUFACTURING PLANT**



Load Label Requirements

Label Specifications

1. Size of label:

The minimum size of the label for all incoming pallets is 4 inches tall and 6 inches wide.

2. Type of label:

The label paper/material shall be pressure sensitive (adhesive backed). The printing shall be black ink on a white background for maximum contrast. The supplier shall assure that the label is securely attached and wrinkle-free.

3. Data specifications for human readable characters:

The size of the human readable characters for the Item Number shall be 2 LPB (3/8 inch tall). The size of the human readable characters for the Description shall be 6 LPB (1/8 inch tall). The size of the human readable characters for the Quantity, Unit of Measure, Vendor Lot Number and Manufacturing Date shall be 4 LPB (3/16 inch tall). The size of the field identifiers shall be 1/8 inch minimum. The human readable digits should be above the bar code. The characters shall be located within 1/8 to 1/2 inch of the field identifier. All alphabetic characters should be uppercase.

4. Bar code specifications:

Code 128C is noted as the most compact symbology for encoding numeric data. The unit number, manufactured date, quantity, and the SSCC18 shall be Code 128C. Code 128C is a subset of Code 128 and only translates numeric data. Kroger has chosen Code 128C as a standard throughout its plants. Code 128A (all uppercase data) will be used for any alphanumeric fields. Code 128B (all lowercase and uppercase data) will not be used. The height of the SSCC18 bar code shall be a minimum of 0.8 inches tall. The X-dimension of the bar code shall be a minimum of .033 inches.

Note: General Data is a company which specializes in bar coding and automated data collection technologies. They have already worked with some Kroger suppliers to assist them with producing labels according to the specifications outlined in this document. If interested, more information can be found on this at their web site at
“http://www.general-data.com/bcps/compliance/kroger_compliance.htm”.



Label Placement

1. Placement on supplier container:

The label should be applied to the packaging container unobstructed to allow it to be easily scanned without unpacking or removing the container(s) from the pallet. Placement of labels is often a material specific issue. This issue should be negotiated between the Kroger plants and their suppliers. Normally, however, Kroger manufacturing plants prefer the label be placed on the lower left hand corner of the container. The UCC standard placement of the label is the upper right hand quadrant of the pallet. (Kroger along with the Grocery Manufacturer Association (GMA) is working with the UCC to allow for the placement of the label in the lower left hand corner). Labels must be applied directly to cases or bags, beneath stretch wrap. Special requirements may be needed for particular vendors that ship many containers on a pallet. Contact the Kroger supplier label team or your buyer for any supplier specific requirements for label placement. In situations where the label cannot be applied to the container then a tag that attaches to the container may be used. Below are guidelines for placement. Inquire if you are unsure about placement.

For small boxes or cartons, the bar code label should be applied to the lower left hand corner on the narrow side. Kroger product labels can be applied to right side of the box on the same facing as the bar code label.

For bulk products (such as sugar, salt, beans, etc.) only one bar coded tag should be placed on the pallet. The label shall be located on the bottom row of the product, under any extra exterior packaging such as stretch wrap. The label should be placed on the lower left hand corner along the narrower side of the pallet.



Label Content

1. Data on label:

Unit number: The unit number is a unique number assigned to the label that will be used for tracking shipments within Kroger plants. This 12 character number is made up of a six digit manufacturer identification number plus a six digit sequential number. The six digit manufacturer identification number is assigned by the Uniform Code Council and must match the SSCC18 positions 16 to 11 (see SSCC18 specifications below). No duplicate unit numbers are allowed within a reasonable time period. This must match the SSCC18 positions 7 to 2. The field identifier is **UNIT NUMBER:**

Example: For Acme printing company the six digit supplier prefix is 312777. So their first unit number would be 312777000001. Their corresponding SSCC18 would be 0000**3127770000000016**.

Item number: The Kroger item number is the 6 digit number specified by the purchase order. It is commonly referred to as the IBM number or Resource number. The item number shall **not** contain any dashes (-) nor the two digit department prefix. The field identifier is **ITEM NUMBER:**. There is no bar code for the item number.

Description: The item description. There is no field identifier or bar code for the description.

Vendor Lot Number: The vendor lot number is a 10 digit alphanumeric field containing the vendors internal product reference number. It is commonly referred to as the SKU number. The field identifier is **VENDOR LOT NUMBER:**. There is no bar code for the vendor lot number.

Manufactured Date: The manufactured date shall be printed in the block to the right of the vendor lot number. The date represents the production date of the product. The format shall be MMDDYY. The field identifier is **MFG DATE:**.

Quantity: The quantity identifies the number of units contained within the container, pallet, or shipping carton. The field identifier is **QTY:**.

Unit of Measure: The unit of measure field indicates the value of the units on the purchase order. There is no field identifier or bar code for the unit of measure.



Label Content (cont.)

SSCC18: The SSCC18 (serialized shipping container code) represents a unique tracking identifier for this shipping container. The unique number is comprised of the 2 digit Application Identifier (00) followed by the 18 digit SSCC18 identification code. All 20 digits must be provided on the label. The field identifier is **SSCC-18:**.

The data structure of the 18 digit identification code is:

Position:	18	17 16 15 14 13 12 11	10 9 8 7 6 5 4 3 2	1
Component:	Packaging type code, where 0= Case or carton 1= Pallet (larger than case or carton)	Manufacturer Number as assigned by UCC	Shipping Container Number as assigned by the supplier creating the label	Modulo 10 check digit

The Manufacturer Number (positions 17 to 11) should normally be assigned by the UCC. If this is a UCC assigned number, position 17 will be “0” (zero). If it is not a UCC assigned Manufacturer Number, position 17 will be “1” (one). If a supplier does not have a UCC assigned Manufacturer Number, then Kroger can assign a “random” number. This will be done, however, at the risk of the supplier. If Kroger ever does business with a supplier who has a UCC assigned Manufacturer Number that is the same as the one assigned by Kroger, the supplier using the number assigned by Kroger will be required to change their number and relabel all of their inventory. A letter must be signed by the supplier recognizing this responsibility. If Kroger assigns a number, the Kroger vendor number will be used (such as “D73954”), dropping the alpha prefix and suffixing it with a “0” (zero), resulting in an SSCC18 Manufacturer Number of “1739540”. Only the last 6 digits of this number will be used, however, when assigning the first half of the Unit Number (positions 16 to 11).

The Shipping Container Number should be a sequentially assigned. This allows for up to 1 billion numbers. Only the last 6 digits of this number will be used, however, when assigning the last half of the Unit Number (positions 7 to 2).

2. Field separators:

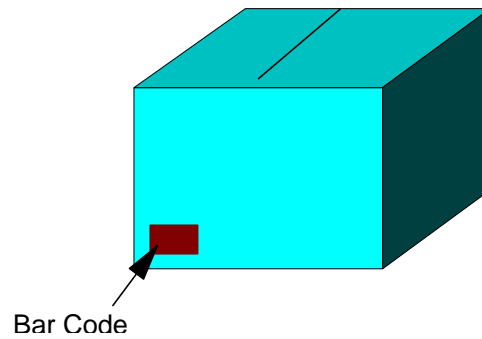
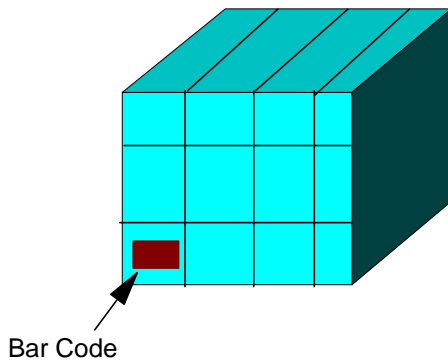
Horizontal lines must separate the fields on the ship label. Vertical lines and vertical borders that outline the label are optional. If vertical lines are printed then a minimum of 1/4" quiet zone (i.e. the blank areas to the left and the right of the bar code) should be maintained.



Exhibit 3

Examples of Bar Code Label Placement For Deliveries to Manufacturing Plants

Regular 40 X 48 Pallet of Cases: Box or Carton:



Drum or Cylindrical Container:

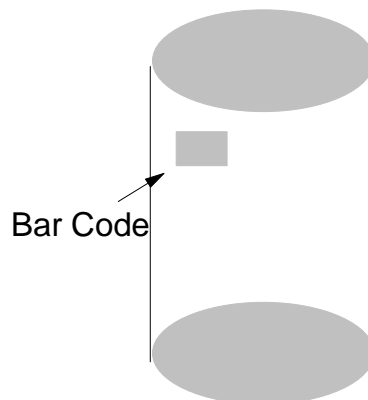
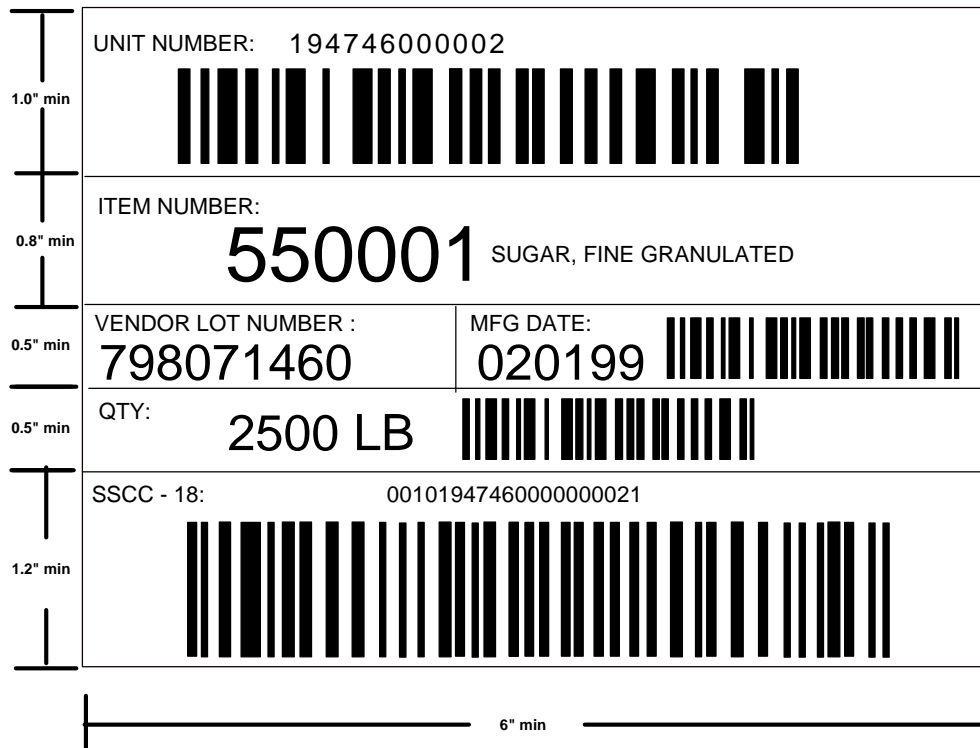




Exhibit 4
Sample Bar Code Label for Manufacturing Suppliers
(Drawing not to Scale)





Appendix A

Request For Bar Code Shipping Label Approval



Shipping Container Marking Guidelines & Requirements

Request For Bar Code Shipping Label Approval (To be completed by supplier)

Supplier Name: _____

Supplier Code (as assigned by UCC): _____

Supplier Address:

	Name:	Phone:	Fax:
Supplier Manager Contact:	_____	_____	_____
Supplier Shipping Contact:	_____	_____	_____
MIS Contact:	_____	_____	_____
Kroger Contract Admin.	_____	_____	_____

Please complete the following questions:

Yes

No

Are you currently using bar code applications or software?

Do you have scanning/verification capability?

Do you currently use any internal inventory control software?

Do you currently utilize EDI (Electronic Data Interchange) for any business activities?

Submission Instructions:

Please submit five bar code sample labels. The sample labels will be inspected by appropriate Kroger personnel for such attributes as content, appearance, scanability, dimensions and smudging. Do not begin applying labels until Kroger approval is given.