



July 9, 2018

Judith Wey Rudman
Director, PACA Division
Fair Trade Practices Program
Agricultural Marketing Service

Dear Ms. Rudman,

Thank you for your letter dated June 25, 2018.

Kroger has always had great relationships with our suppliers. We view them as essential partners for shared success.

Our produce suppliers received a letter outlining our recently-modernized payment terms and supply chain finance opportunity. We've shared with individual produce suppliers that we will respect existing contractual and legal mandates including PACA. We never intended for PACA-eligible produce suppliers to waive their PACA Trust rights.

At the same time, we've welcomed and listened to feedback from our produce suppliers and other important stakeholders – including yours.

I'd like to take this opportunity to clearly state that produce suppliers protected under PACA are not required to participate in Net 90 payment terms. For those PACA-eligible produce suppliers who are interested, we will continue to negotiate for payment terms that are permitted within their PACA Trust rights.

I can be reached at _____ and would be happy to answer any further questions you may have about our payment terms or supply chain financing.

Thank you,

Matt P. Hodge, CPSM
Sr. Manager, Sourcing Finance
The Kroger Co.

Cc: Robert Clark, Sr. Vice President, Merchandising

Carin Fike, Vice President & Treasurer
Todd Foley, Vice President, Finance & Controller
Mark Purtilar, Vice President, Enterprise Sourcing