

AIR Card® Acceptance Operating Procedures

Important Contact Information

Voice Authorization: +1.855.319.0570 US and Canada
+1.913.217.9374 outside US and Canada
Support Phone: +1.866.308.3811 US and Canada
+1.913.217.9303 outside US and Canada
Support E-Mail: merchant-support@aircardsys.com
Support Fax: +1.913.217.9358



Submit your manual invoices to:

By e-mail: invoices@aircardsys.com
By fax: +1.913.217.9308
By mail: AIR Card® Operations, 8650 College Blvd., Overland Park, KS 66210 USA

Acceptance Policies – Revised – April - 2016

AGREEMENT

As an authorized Merchant for Kropp Holdings Inc. (“KHI”) you agree to sell merchandise, products or services to authorized holders of the U.S. Government AIR Card®. All AIR Card® sales must be serviced, processed, and handled by KHI or its subcontractor, Multi Service Technology Services, and by no other party. The Merchant agrees that they will not enter into or attempt to enter into any agreement with any other party to allow such other party to service, process, or handle transactions generated by use of KHI cards. If KHI, in its sole discretion, makes an exception to a requirement of processing a transaction, it does not negate any clause in these Operating Procedures for any other transactions.

SUBMISSION OF INVOICE OR ACCEPTANCE OF AN U.S. GOVERNMENT AIR CARD® FOR PAYMENT CONSTITUTES ACCEPTANCE OF THE TERMS AND CONDITIONS OF THE KHI MERCHANT AGREEMENT.

KHI processes and reimburses the Merchant for the transaction in accordance with the terms and conditions in these Operating Procedures and established Merchant Agreement. In both types of transactions, all Rules, Regulations, Terms and Conditions in these Operating Procedures must be followed in order to obtain reimbursement. Merchants are not authorized to charge any fee to the cardholder except as outlined in Appendix A of these operating procedures.

****** DLA ENERGY ONLY ALLOWS CERTAIN PRODUCTS TO BE CHARGED ON THE U.S. GOVERNMENT AIR CARD®. ONLY THOSE PRODUCTS LISTED ON APPENDIX A OF THESE OPERATING PROCEDURES ARE ALLOWED. WORDING ON THE INVOICE MUST MATCH THE DLA APPROVED PRODUCT CODE LIST OR THE TRANSACTION WILL BE REJECTED AND NOT PAID. IT IS THE MERCHANTS RESPONSIBILITY FOR HAVING THE MOST CURRENT LIST OF APPROVED PRODUCTS WHICH CAN BE DOWNLOADED FROM www.khinc.com/air-card ******

PAYMENT SCHEDULES

KHI will reimburse Merchant in accordance with the terms and conditions as agreed upon in the Merchant Agreement. KHI will have the right to offset outstanding amounts owed by Merchant on the Merchant’s account against any sums payable to the Merchant by KHI, or its affiliates, under any contract, agreement, or arrangement. For payment inquiries, please contact Support at the numbers listed above.

TAIL NUMBER (AIRCRAFT REGISTRATION) VERIFICATION

If a tail number is embossed on the U.S. Government AIR Card®, verify that it corresponds to that of the aircraft for which the purchase is being made. If a suspicious situation arises, please contact Support before any further action is taken. The tail number associated with the purchase must be included with all transactions submitted for processing.

ANY AIRCRAFT CARDS

KHI does issue cards embossed with “ANY ACFT” upon request. If “ANY ACFT” appears on the U.S. Government AIR Card®, positively identify the cardholder as being an employee of the respective government or company. Please record the aircraft tail number/side number or Navy Identification Code (US Navy Only)/Serial number (no greater than 10 characters) on the invoice or input it into the electronic point of sale processing system.

RULES AND REGULATIONS

1. **VALID CARD AND AUTHORIZATION:** The Merchant will accept all valid U.S. Government AIR Cards® when properly presented as payment from cardholders for authorized purchases. All U.S. Government AIR Card® purchases must be authorized prior to invoice submission. Authorization must be obtained by utilizing one of the authorization methods provided by KHI or by calling the number listed on the first page.

2. **SUBMISSION OF INVOICE:** Merchants may submit invoices for U.S. Government AIR Cards® via various methods:

- A. Electronic (certified and approved by KHI) — Point of Sale (POS) device, FBO Software or via electronic file settlement.
- B. Manual — Mail or courier, fax, or email.

Refer to the information at the top of this document for manual submission. All invoices must be submitted within 30 (thirty) days after the Date of Delivery, KHI reserves the right to deny processing for any transactions received after this time.

Merchants may also submit invoices or batches of deliveries for U.S. Government AIR Card® transactions via electronic file settlement through the KHI secure gateway. Many companies utilize accounting software that allows transaction data to be exported into a prescribed file format. The KHI settlement and transaction processing system supports several of these file formats—IATA and XML for example. Electronic file submission allows for faster, more accurate processing, resulting in quicker payment to the merchant. For further information regarding electronic file submission, please contact our customer service team 7x24.

3. **COMPLETION OF INVOICE:** The Merchant must complete every invoice in full. Non-fuel items may be entered on the same transaction with fuel. The cardholder’s copy of each invoice or signed fuel delivery ticket must be delivered to the cardholder after the invoice or delivery ticket is completed. Applicable taxes must be separately stated (example - FET, State Tax, VAT, GST, Sales Tax must each be reported on a separate line) as they are applied to individual product items. No more than one fuel product may be on a single invoice.

a. For manual Merchants, imprint the U.S. Government AIR Card® onto the invoice or delivery ticket, or enter the full card number and tail number onto the invoice or the delivery ticket. U.S. Government AIR Cards® begin with 789682. When an authorization code is required (see instructions above) be sure to enter the authorization code on each invoice. Submit invoice copies to KHI within 30 (thirty) days of purchase (as evidenced by the postmark date, faxed receipt date or e-mail receipt date) or KHI cannot guarantee payment to you or your credit card service provider.

The minimum information required for transactions to be considered complete:

1. Merchant number or merchant identifying information
2. ICAO
3. Card number
4. Tail number/side number or Navy unit identification code (US Navy Only)/serial number
5. Date and time of delivery
6. Invoice date
7. Product or detailed description of purchases (Listed as separate line items)
8. Fuel: net quantity of fuel in US gallons or liters with unit of measure clearly identified
9. Price charged per unit
10. Cost per unit for ground services and handling
11. Pilot’s signature and printed name
12. Signature of fueling operator
13. Cardholder name (e.g. unit or squadron name)
14. Authorization code (see authorization code section)

15. Invoice number and/or delivery ticket number
16. Card expiration date
17. Unit (price multiplied by quantity) must equal total per line item
18. All units of measure and currency must be properly displayed
19. Invoices must be submitted in the currency in which the Merchant agreed to be paid
20. Taxes applicable to each product or service purchased

b. For electronic U.S. Government AIR Card® Merchants, the card must be swiped through an electronic magnetic card reader or entered manually on the electronic processing system provided by KHI or your fuel supplier for acceptance of the U.S. Government AIR Card®. Electronic Merchants should settle transactions to your processing center by 11:59 p.m. U.S. Central Standard Time on the day the transaction took place.

c. While the U.S. Government AIR Card® may be used for both fuel and ground services, only specific aviation related ground services and products may be charged to the U.S. Government AIR Card®. A complete list of authorized ground services and products is located in Appendix A of these Operating Procedures and the most current version can always be downloaded at www.khinc.com/air-card. It is the merchant's responsibility to always be using the most current version. Invoices received with charges other than these authorized charges will be returned to the Merchant for correction and resubmission. Additionally, the bundling or packaging of ground services is not permitted and invoices reflecting packages will be returned to the Merchant for correction and resubmission.

4. **THIRD PARTY MANAGEMENT AND RESPONSIBILITY:** In the event that Merchant utilizes the services of a third party subcontractor, the Merchant will accept full responsibility in managing the subcontractor. The Merchant will ensure that said subcontractor adheres to the guidelines set forth in this document and provides the services represented by the Merchant. It is the Merchant's responsibility to manage their subcontractor to obtain invoicing information and to then render an invoice to KHI for DLA approved services rendered. Should a dispute arise, KHI will work to resolve the situation with the Merchant directly and will not attempt to remediate with a subcontractor.

5. **CHARGEBACKS AND REJECTED TRANSACTIONS:** Merchants will not receive payment from KHI or may be subject to chargebacks or rejections for any invoices that do not comply with these Operating Procedures. KHI will chargeback, or reject, any U.S. Government AIR Card® transaction to a Merchant where the Merchant had previously billed the same transaction to the cardholder, or the Merchant fails to provide requested back-up information within three (3) United States business days. International merchants have up to fourteen (14) calendar days to submit requested back-up information. In the event that KHI receives an invoice that does not comply with these Operating Procedures, KHI may elect to bill the invoice and attempt to collect from the cardholder. If KHI, in its sole discretion, makes an exception to a requirement for particular transaction(s), it does not negate any clause in these Operating Procedures for all other transactions. KHI will not refund the Service Fee on any chargeback transaction. If such transaction is re-submitted, an additional Service Fee may apply.

6. **CASH PAYMENTS:** No Merchant will accept cash payments from cardholders with respect to charges made on U.S. Government AIR Cards®, and no cash advance will be paid by the Merchant to the cardholder for any U.S. Government AIR Card® transaction.

7. **REVISIONS:** KHI may revise these Operating Procedures at its option at any time, and any revisions will become effective seven (7) days after notice of such revisions to the Merchant. The Merchant will be deemed to have agreed to this and any future revisions by continued participation in the U.S. Government AIR Card® program after the effective date of the revisions.

8. **AUDIT AND REVIEW OF PERFORMANCE:** DLA-Energy and KHI have the right at all reasonable times and on reasonable notice in writing of at least fourteen (14) days to audit and inspect your systems, procedures, supporting documentation, financial and other books and records to the extent that they relate to your obligations under the related Merchant Agreement and Operating Procedures. Merchants are also required to respond to DLA-Energy or KHI surveys should the need arise.

9. **GOVERNING LAW, JURISDICTION AND FORUM:** These AIR Card® Operating Procedures will be governed under the laws of the State of Kansas. Each of the parties agrees to the exclusive jurisdiction and forum of the federal court sitting in Johnson County, Kansas, without regard to Kansas' conflict or choice of law principles, in any action or proceeding arising out of or relating to this Agreement; provided, however, for any matter or controversy not qualifying for federal subject matter jurisdiction, the exclusive jurisdiction and forum will be in the District Court of Johnson County, Kansas and each of the parties agrees that all claims in respect of the action or proceeding may be heard and determined in any such court and the parties hereto agree to such jurisdiction and forum. In recognition of the national and international nature of aviation and the necessity for legal certainty, predictability and convenience; upon reimbursement from KHI, Merchant irrevocably assigns to KHI all rights acquired by Merchant, including lien rights, resulting from transactions for fuel and services for which Merchant has received payment or reimbursement, to allow KHI to pursue payment from the account holder.

10. **LIABILITY:** The Merchant acknowledges that KHI and/or any of its affiliates are acting as a processor only and at no time does title or risk of loss for any product or service supplied pass to KHI. Any dispute arising under or about such a purchase is a matter between the Merchant and the account holder purchasing the product or service. Neither party will be liable to the other party under the KHI Merchant Agreement and Operating Procedures and all related documents for any indirect or consequential loss or damage (including loss of profits, business, contracts, anticipated savings, revenue or goodwill) suffered by the other party whether such loss is caused by that party's breach of its contractual obligations or by any tortious act or omission (including negligence) or in any other way.

11. INDEMNIFICATION: Except for Kropp Holdings Inc.'s willful misconduct, gross negligence or negligence, Merchant agrees to indemnify and hold harmless KHI, its officers, directors, employees, successors, assigns, subsidiaries, and affiliates from and against any and all losses, damages, costs, and expenses (including, without limitation, any reasonable attorneys' fees and court costs), liabilities, claims, settlements, and judgments arising out of (i) Merchant's or its employees' or agents' gross negligence, willful misconduct or negligence in the performance of its duty and obligation under the Merchant Agreement or Operating Procedures or related documents; (ii) the failure by Merchant or its employees or agents to properly comply with the terms of the Merchant Agreement or Operating Procedures or related documents; (iii) Merchant or its employees' or agents' errors or omissions regarding the subject matter hereof; or (iv) the sale of products or services to AIR Card® holders.

Except for Merchant's willful misconduct, gross negligence or negligence, KHI agrees to indemnify and hold harmless Merchant, its officers, directors, employees, successors, assigns, subsidiaries, and affiliates from and against any and all losses, damages, costs, and expenses (including, without limitation, any reasonable attorneys' fees and court costs), liabilities, claims, settlements, and judgments arising out of (i) KHI or its employees' or agents' gross negligence, willful misconduct or negligence in the performance of its duty and obligation under the Merchant Agreement or these Operating Procedures or related documents; (ii) the failure by KHI or its employees or agents to properly comply with the terms of the Merchant Agreement or these Operating Procedures or related documents; or (iii) KHI or its employees' or agents' errors or omissions regarding the subject matter hereof.

12. FORCE MAJEURE: Neither party will be liable to the other for failure to perform under the KHI Merchant Agreement or these Operations Procedures or related documents where such failure to perform is due to any natural disaster, fire, flood, storm, strike, labor unrest, acts of God, equipment or power interruptions (when not due to the negligence of the nonperforming party, its employees and contractors), interruptions in the telephone systems, failures in third-party computer software or hardware, or any cause beyond the non-performing party's reasonable control provided that written notice of such force majeure event is provided to the other party within ten (10) days of such event. However, in the event that any party declares force majeure and will be unable to recommence performance within sixty (60) days of the date of the onset of force majeure, the parties agree that they will meet and negotiate in good faith concerning acceptable solutions to the situation.

13. TAX EXEMPTION: The U.S. Government expects tax exempt status for Merchant transactions as a Merchant requirement for participation in the program. KHI will work with global merchants to obtain tax exemptions on behalf of the US Government. KHI will also work with the US Government to resolve such issues if they should arise.

14. DATA MAINTENANCE: The merchant is responsible and expected to maintain current price and contact data within the system via EAS or by contacting KHI's 7x24x365 Customer Service Team.

KHI DOES NOT GUARANTEE PAYMENT FOR INVOICES THAT FAIL TO MEET ANY OF THESE REQUIREMENT(S) SET FORTH