

**July 9, 2012**

**Shareholders Meeting  
held at  
2409 N. Falkenburg Road  
Tampa, Florida 33619**

## » **DISCLOSURE & CONFIDENTIALITY**

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## » **AGENDA**

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### **I. Introduction**

### **II. Business Overview**

## » I. INTRODUCTION

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- Stephen Gurba – *Chief Executive Officer & Principal*



- Francis H. Taylor III – *President*
- Gordana Canadi – *Chief Operating Officer*
- Milutin Kaljevic – *Technical Director*

## » II. BUSINESS OVERVIEW

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# Mortar Shells

## The “Exchange Program” for Mortar Shells

### 60mm, 81/82mm, and 120mm





# EXCHANGE PROGRAM DISCUSSION TOPICS

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# The Team

**The team consists of internationally known Professionals with decades of Defense Industry experience.**

## **Bulova Technologies Group, Inc.**

- Bulova Technologies Group, Inc. is a U.S. Company devoted for 62 years to the design, production and trade of fuzes, energetic materials, ammunition, mortar shells, pyrotechnic devices and system integrations.
- Bulova Technologies Group, Inc. has a long record of supplying the U.S. Government, many NATO countries, NAMSA and various governments throughout the world.

## **Bulova Technologies Europe LLC**

- Bulova Technologies Europe LLC is a 100% owned subsidiary of Bulova Technologies Group, Inc., based out of Tampa, Florida, which will facilitate all aspects of our Exchange Program.

## **KRUSIK Holding Corporation (Cage code: SH0796)**

- Strategic Subcontractor.
- Founded in 1939 in Valjevo, Serbia. A very important factory for the defense industry of Serbia with over 1,500 employees.

# The Principle

- The Exchange Program allows NATO Members to dispose of their un-usable Mortar Shells.
- The un-stable Mortar Shells are provided to Bulova Technologies Europe LLC NAMSA.
- The Bulova Team completely renovates to meet STANAG performance standards.
- In Exchange, NATO Members:
  - ✓ Receive 10 percent of the quantity provided at “no” charge.
  - ✓ Purchase 25% of the quantity provided at a substantial savings versus new mortars.
  - ✓ Have options for future purchases (5 years) at the same substantial savings.
- United States Department of State, Directorate of Defense Trade Controls has issued Bulova Technologies brokering activities approval per 22 CFR Part 129.7 (a)(2) to:
  - ✓ Hold initial meetings with NAMSA.
  - ✓ Hold meetings with NAMSA member nations.

# Eligible Countries

No	Flag	NATION	
1		Albania	New Generation
2		Belgium	
3		Bulgaria	New Generation
4		Canada	
5		Croatia	New Generation
6		Czech Rep	New Generation
7		Denmark	
8		Estonia	New Generation
9		France	
10		Germany	
11		Greece	
12		Hungary	New Generation
13		Iceland	
14		Italy	
15		Latvia	New Generation
16		Lithuania	New Generation
17		Luxembourg	
18		Netherlands	
19		Norway	
20		Poland	New Generation
21		Portugal	
22		Romania	New Generation
23		Slovakia	New Generation
24		Slovenia	New Generation
25		Spain	
26		Turkey	
27		United Kingdom	
28		United States	

# The Problems

- Most NATO countries currently carry a significant number of surplus “obsolete”, “deteriorated” and “suspended” mortar shells (of 60mm, 81/82mm, and 120mm) that need to be disposed of and/or demilitarized **urgently!**
- NATO Armed Forces have been “short” on **reliable** mortar shells for many years - adversely affecting NATO military readiness and availability, and, in some cases, leading to fatal accidents.
- There are existing large expired stockpiles of hazardous mortar shells – ***for over 20 years now*** – that require attention (including DEMIL/DISPOSAL and Renewal/Replacement).

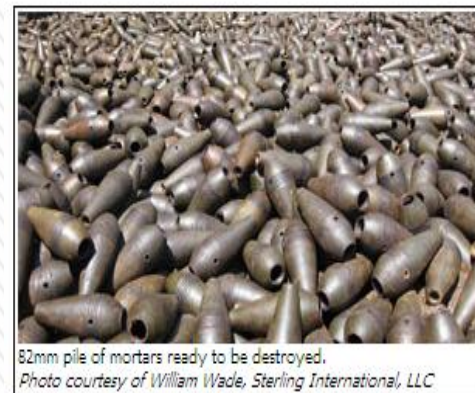
# Mortar Shells in Stock

- Eligible countries must endure the burden of the yearly maintenance and storage costs with no benefit or potential utilization of the “**obsolete**”, “**deteriorated**” and “**suspended**” stock of mortar shells providing zero contribution to military readiness levels.
- **NATO STANAG** - for **Secure** and **Reliable** ammunitions, specifications mandate that these stock piles be replaced and the life-cycle of the stock be brought to a certain ‘readiness’ level for potential deployment.



# Mortar Shells in Stock (cont'd)

- Physical security and stockpile management is quickly becoming one of the most pressing threat-reduction issues member countries must address.
- Aging stockpiles and increasing unstable munitions from the Cold War or earlier pose a serious threat in many countries that no longer have a national-security need for them.



- Poorly secured weapons may spread rapidly, destabilizing individual countries or regions, adding to the terrorist threats.

# Obsolete, Deteriorated, and Suspended Stock Risks and Costs

- “Obsolete”, “deteriorated” and “suspended” stock of mortar shells are extremely dangerous and hazardous.

**Bulova Technologies Europe LLC is technically and environmentally capable and experienced to perform this task and provide a total solution!**

- All countries must budget significant money for **Demilitarization** and/or Disposal of old and/or “suspended” mortar shells.

**Bulova Technologies Europe LLC is willing and able to absorb these costs through implementation of this program for NATO member countries and peace keeping armed forces.**





# The “Exchange Program”

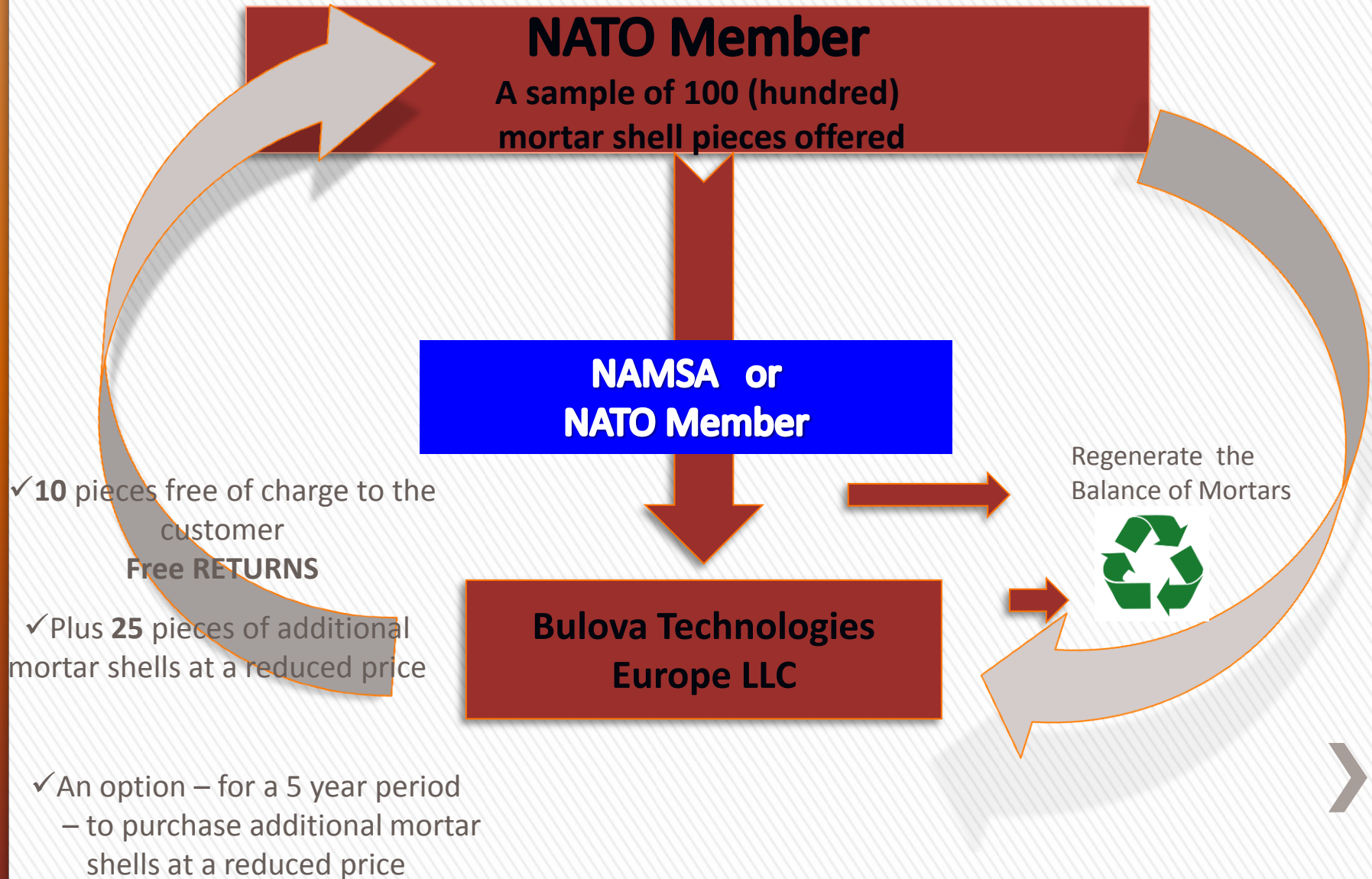
- Bulova Technologies Europe LLC is offering to **replace** 10% of “Obsolete”, “Deteriorated” and “Suspended” returned mortar shells with factory regenerated and upgraded mortar shells (complete) ... free of charge.
- Obligatory term for both parties:
  - ✓ **NATO Member-** Purchase 25% of the quantity offered to the program, at approximately 60% of the new mortar price.
  - ✓ **Bulova Technologies Europe LLC** - Offer the option to the NATO members, for a five year period, to purchase additional regenerated mortar shells up to the quantity originally provided to Bulova (less line loss) at the same price as above.

# The “Exchange Program” (cont’d)

- Details:
  - ✓ There are no strings attached to the “Exchange Program” for Mortar Shells!
  - ✓ NATO members are free to offer to Bulova Technologies Europe LLC quantities of mortar shells under the “Exchange Program” covering any caliber and any type.
  - ✓ The only costs involved for the customer is the cost of transportation to a destination in Europe designated by Bulova Technologies Europe LLC.
- When NATO members choose to take advantage of this option, Bulova Technologies Europe LLC will offer the ultimate flexibility for the customer to dictate its own regenerated mortar shells configuration by selecting elements of its liking, i.e.; fuze brand/configuration for compatibility/customization purposes.
- In addition, there will be other factory-new mortar offerings, including “Long Range” models as additional options, to meet the current and future NATO customer requirements and needs.

# The cycle of the “Exchange Program”

## A simple way for mortar shell acquisitions



# NAMSA Advantages

**A simple way to replace your “Obsolete”, “Deteriorated” and “Suspended” stockpile of mortar shells**

- All military National acquisitions, even for mortar shells, take at least 2 – 2½ years processing time from the development of specifications to tender issuance to contract and purchasing plus another year for delivery of the products.
- With many countries already participating in the Ammunition Partnership of NAMSA (17 countries to date), our “Exchange Program” through NAMSA enables customers to achieve their National and NATO goals, in a greatly streamlined and efficient manner reducing the procurement cycle time down to as little as weeks vs. years!
- It is mandatory that all orders placed with Bulova Technologies Europe LLC be directed through NAMSA for cost effectiveness, transparency, professional order execution, fast delivery and support by NAMSA’s experienced staff.





# NAMSA Advantages (cont'd)

- NATO Members can simply give a direct order to NAMSA to enter the “Exchange Program” and have Bulova Technologies Europe LLC take your “Obsolete”, “Deteriorated” and “Suspended” stock.
- NATO Members receive your 10% factory regenerated mortar shells (complete) - fully qualified for their mortar systems complete with new firing tables and warranty.
- NATO Members commitment is to purchase now **only** 25% of the quantity delivered.
- All DEMIL processes and costs for the “Obsolete”, “Deteriorated” and “Suspended” stock is avoided.
- NATO Members reserve the right to decide when and how they are going to replace their “Obsolete”, “Deteriorated” and “Suspended” stock and which configuration is most suitable for their needs, after the 25% commitment is met.

# Advantages of the Exchange Program

## The Customer Benefits!

- ✓ **NO** additional COMMITMENTS by the customer.
- ✓ **GAIN** significant DEMIL COST SAVINGS (*pay transportation only*) and secure protection of the Environment.
- ✓ **GAIN** by eliminating the administrative burden and storage cost expenses.
- ✓ **GAIN** the 10% 'Free Returns' value, worth several millions of €€€s.
- ✓ **GAIN** associated with your purchase of only 25% of the quantity offered to the program, at approximately 60% of the new mortar shells' price, worth several millions of €€€s of savings. **GAIN** associated with taking advantage of the Option (over 5 years) to purchase additional factory regenerated mortar shells (complete) with the same price as above - ***at a fraction of its new replacement price-*** (worth several millions of €€€s).
- ✓ Mortars of any type can be provided as an additional option qualified with the offered mortar shells together with firing tables (***Particularly for the newest NATO members for 81mm W/S***).
- ✓ **CONFIGURATION** flexibility for replacement of mortar shells stock.

# Quality Assurance

- All mortar shells delivered to our customers in accordance with this program will be guaranteed and will meet all the requirements of ISO 9001, ISO 14001 and the relevant NATO STANAGS.
- All mortar shells: Standard and/or Non-Standard offered and available within Bulova Technologies Europe LLC warehouse are produced from the very mortars received through the NAMSA “Exchange Program”. This means that those mortar shells were selected by a member country based upon the highest specifications offered at the time of their original procurement.
- All mortar shells shall be disassembled, and a new improved tailfin, increment charge, ignition cartridges together with a new advanced and reliable fuze (M-93N) shall be installed, resulting in a better aerodynamic shape, 30% - 40% improved range, reliability over 99%, and high performance.
- All regenerated mortar shells are delivered with new firing tables, created and adopted for its new superior performance and new 20-year shelf-life and standard factory warranty.





# The New Advanced Fuze M-93N

- The M-93N Fuze is considered to be the most effective and reliable mechanical fuze in the market today with the following features:

- ✓ Point Detonating
- ✓ Time Delay
- ✓ Super Quick

Fuze setting that can be changed manually and **without** the use of a special key.

- The M-93N is codified (NSN: **1390 SAV900733**).



## The New Advanced Fuze M-93N (cont'd)

Replacement of the fuze with the new one as desired by the customer. Bulova Technologies Europe LLC recommends the M-93N fuze with the following technical characteristics:

Intended for assembling of HE mortar shells of calibers: 60mm, 81/82mm, and 120mm

- > Working acceleration--from 400g to 13000g
- > Safety in front of the muzzle--50 m (with ignition cartridge)
- > Temperature range of use from -53 °C to +71°C (*supersedes STANAG 2895*)
- > Fuze--Waterproof
- > Visual indicator of status (armed/non-armed), noticeable at light intensity of 0,2 Lx
- > Fuze mass--250 grams
- > Action regulator (manual movement without visual control)
- > Action regulator set on point-detonating/super-quick action (SQ) in the extreme left position
- > The extreme right position is for the delayed action (D)
- > Homologated with the American mortar shells--81mm **M56A1**, 81mm **M56**, 81mm **M43A1**, 60mm **M49A2**, and **NON-NATO 82mm**



# Packing, Markings and Transportation

- The packing and markings of the mortar shells is in accordance with NATO STANAGS.
- Boxes are imported from the USA or are manufactured by EUROPEAN companies in strict compliance with acceptable specifications of NATO.

<b>UN Number: 0294</b>	<b>60mm</b>	<b>81/82mm</b>	<b>120mm</b>
<b>Truck Content:</b>	<b>7776</b>	<b>3360</b>	<b>1008 pieces</b>

- Markings are always in accordance with customers instructions.

# The Ultimate Flexibility

- Dictate your own Regenerated Mortar Shell Configuration.
- Bulova Technologies Europe LLC offers a long list and a variety of optional equipment and fuzes related to the mortar shells, fuze brand/style for compatibility and customization purposes at an additional cost.

# Benefits of the Contract Option

- **Ability to fulfill your immediate readiness needs:**
  - ✓ Additional regenerated mortar shells
  - ✓ New mortar shells
  - ✓ Select related optional equipment
  
- **The customer is free to select:**
  - ✓ When it is suitable to purchase additional mortar shells
  - ✓ Quantities needed to replace the expired stock.



# Benefits of the Contract Option *(cont'd)*

- This is the time to decide which type of mortar shells are required to satisfy both **strategic** and **budget** requirements by asking the following questions:
  - ✓ Should you purchase the most expensive, long-range mortar shells and fuze available and let it rest all its life on the shelf?
  - ✓ What is the most economic solution to achieve minimum readiness levels?
  - ✓ Should you replace **all** or **part** of the stock required to enhance military readiness levels and achieve NATO-compliance?
  - ✓ Is an alternate fuze brand/configuration needed?
  - ✓ Are new mortar W/S required? *(for newest NATO members)*



# Benefits of the Contract Option *(cont'd)*

- ✓ Bulova Technologies Europe LLC offers the factory regenerated mortar shells with a new advanced and reliable fuze, resulting in 30%-40% improved range and performance at a fraction of the new mortar price not comparable to any other manufacturer price list.
- ✓ The shelf-life of the regenerated mortar shells per NATO requirements is now 20 years.
- ✓ The regenerated mortar shells have increased availability, accuracy, safety, reliability, and fuze performance.
- ✓ Bulova Technologies Europe LLC offers qualified mortar shells for firing with any type of mortar system desired by the customer, accompanied with the new firing tables.



# Benefits of the Contract Option *(cont'd)*

- Bulova Technologies Europe LLC also has compiled a selective manufacturer's list and a variety of other optional equipment and fuzes related to the mortar, fuze, brand/style/specifications for compatibility and customization purposes.
- Select related optional equipment to satisfy your particular strategic needs:
  - ✓ Optional Equipment (especially for the newest NATO member countries): There is an immediate need to replace mortar W/S of 82mm with 81mm.

# Rosoboronexport Partnership

- Joint Stock Company “Rosoboronexport” is Russia's largest defense company and is one of the largest defense companies in the world. The company was established under the laws of the Russian Federation to carry out foreign trade activity for military products.
- The benefits of this strategic partnership with Joint Stock Company “Rosoboronexport” consists of the following:
  - Russia/Rosoboronexport has the patents and licenses for the specifications and drawings of the non-standard ammo and non-standard weapons that are distributed through the U.S. Government to NATO friendly countries.
  - The partnership provides an unprecedented opportunity to supply non-standard ammo and non-standard weapons to the U.S. Government to satisfy Bulova Technologies Group, Inc., blanket purchase agreement contracts.
  - With the assistance of Rosoboronexport, Bulova Technologies Group, Inc., has secured financing through Novikom Bank to fund all contracts that require Russian supplied ammunition and weapons.

# **Teaming Agreement with ITF Enhancing Human Security (Slovenia) and Tri Gas Oil And Trade S.A.**

- Tri Gas Oil And Trade S.A., a Swiss based company, partnered with Bulova Technologies Group, Inc., to assist with its marketing efforts throughout Europe.
- ITF Enhancing Human Security (ITF) is the worlds leading military mine removal advocacy organization which was established by the government of Slovenia to fund the removal and destruction (Demilitarization) of mines and other explosive devices around the globe.
- 95% of the funding comes from 27 governments, public donors, United Nations Development Program (UNDP), European Union, and many local authorities.
- This agreement will allow us access to funding sources provided by international donors for the mine demilitarization process employed by ITF and will accelerate the expansion of our motor exchange program.

# Memorandum of Understanding with Lockheed Martin (“Lockheed”)

- Lockheed Martin Corporation has currently certain obligations known as “Offsets” to the United Arab Emirates, the Kingdom of Saudi Arabia, and Kuwait.
- Lockheed and Bulova Technologies Group, Inc., are working together to determine whether Bulova’s “Exchange Program Technology Package” is appropriate to assist Lockheed in meeting its Offsets obligations.
- Bulova will submit its Exchange Program Technology Package proposal and business plan to Lockheed for review by an Internal Offsets Program Board (OPB).
- Subject to the approval of the Lockheed OPB both organizations will enter into a “Definitive Agreement” setting forth in detail a proposed timetable and compensation for implementation of Bulova’s Exchange Program Technology Package for Lockheed’s Offset obligations.



# **Bulova Technologies Europe LLC**

## **“A company Looking at the Future”**

**One-Stop-Shop for Mortar shells, fuzes and other related products!**

