
FORCE PROTECTION INC.
(NASDAQ: FRPT: \$16.65, BUY)
INDUSTRY: DEFENSE

Disclosures: 1, 2, 4A, 5, 6, 10

Force Protection Update:

Yesterday the Company released an 8K that has given rise to questions. Regarding the title page, we believe there are three takeaways:

- Restatement that Force Dynamics will be the producer of four Cougars as part of the MRAP program. This again works to announce that the JV between General Dynamics and Force Protection will be the “Official” operating entity that provides the military with the Category 2 trucks.
- The announcement was made to emphasize the distinctive status of the Cougar and the Company’s productive situation regarding supplying the military with vehicles. With all the furor of the Market since the beginning of the year, investors seem to have forgotten that Force’s Cougars have already “passed” the required tests for the MRAP, that they have been accepted by the Marines as a truck for the MRAP—they already have a “sole-source” contract for the original 100 trucks; and that FRPT has the only US-based, “hot” line manufacturing vehicles that is up and producing right now.
- Lastly, there was a comment regarding the Company about to receive additional substantial orders. I think this was released by the Company to further assuage the Market about the unusual approach taken by the military in releasing the contract. Remember, there was a comment in the original release that the DOD could order trucks using suppliers that have already passed tests and have been accepted by the Marines. During our nearly 12 months of following the Company, we have made an interesting observation: that company/DOD back channel chatter is a better leading indicator of Company success than the actual announcement of orders. What I mean here is that because of the process that the military uses to actually inform suppliers of contracts, that the DOD website is a better and more timely indicator of contracts received than what they actually hear from the DOD.

We are reiterating our **BUY** rating for Long-term appreciation with the share trading at \$16.65.

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