

FORCE PROTECTION INC

BUY						HOLD			SELL								SELL	RATING SINCE	01/18/2007
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F				
Annual Dividend Rate NA				Annual Dividend Yield NA			Beta NA		Market Capitalization \$1.5 Billion				52-Week Range \$0.94-\$24.30			Price as of 1/17/2007 \$22.45			

Source: **Industrials** | Sub-Industry: **Construction & Farm Machinery & Heavy Trucks** | Source: **GICS**

FRPT BUSINESS DESCRIPTION

No company description available.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	180.97	2,190.81	192.15

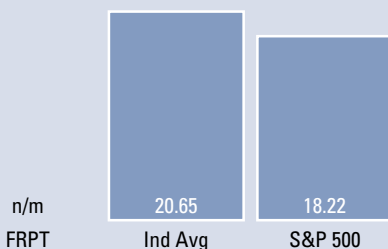
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	353.19	255.70	NA
Net Income	110.75	55.32	NA
EPS	106.25	66.04	NA

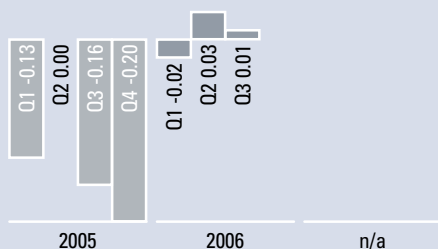
RETURN ON EQUITY (%)

	FRPT	Ind Avg	S&P 500
Q3 2006	-11.99	21.67	16.38
Q3 2005	-138.52	20.46	15.25
Q3 2004	NA	15.12	14.38

P/E COMPARISON



EPS ANALYSIS' (\$)

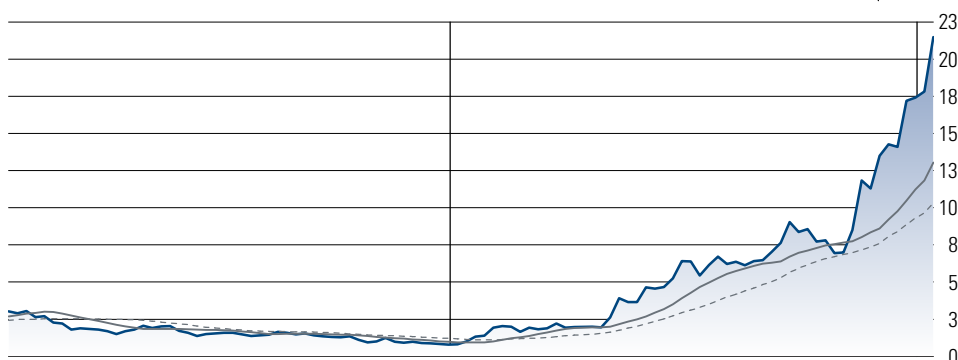


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

1 Year | 2 Years



Rating History

Volume in Millions



RECOMMENDATION

We rate FORCE PROTECTION INC (FRPT) a SELL. This is driven by some concerns, which we believe should have a greater impact than any strengths, and could make it more difficult for investors to achieve positive results compared to most of the stocks we cover. The company's weaknesses can be seen in multiple areas, such as its weak operating cash flow and poor profit margins.

HIGHLIGHTS

Net operating cash flow has decreased to -\$12.30 million or 28.09% when compared to the same quarter last year. In addition, when comparing the cash generation rate to the industry average, the firm's growth is significantly lower.

The gross profit margin for FORCE PROTECTION INC is rather low; currently it is at 19.40%. Despite the low profit margin, it has increased significantly from the same period last year. Despite the mixed results of the gross profit margin, the net profit margin of 1.40% trails the industry average.

The company's current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. Compared to other companies in the Machinery industry and the overall market, FORCE PROTECTION INC's return on equity significantly trails that of both the industry average and the S&P 500.

FRPT has no debt to speak of therefore resulting in a debt-to-equity ratio of zero, which we consider to be a relatively favorable sign. Along with the favorable debt-to-equity ratio, the company maintains an adequate quick ratio of 1.29, which illustrates the ability to avoid short-term cash problems.

This stock has increased by 2190.81% over the past year, outperforming the rise in the S&P 500 Index during the same period. Regarding the future course of this stock, we feel that the risks involved in investing in FRPT do not compensate for any future upside potential, despite the fact that it has seen nice gains over the past 12 months.

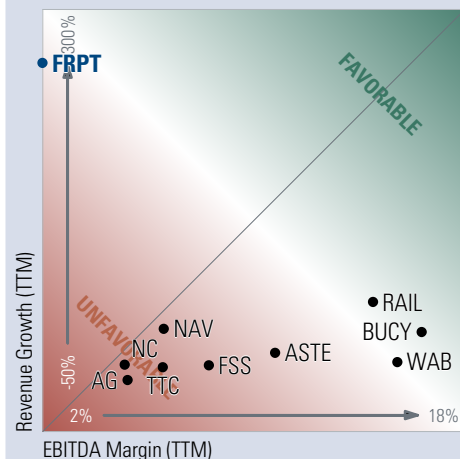
FORCE PROTECTION INC

Sector: Industrials | Sub-Industry: Construction & Farm Machinery & Heavy Trucks | Source: GICS

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PEER GROUP ANALYSIS

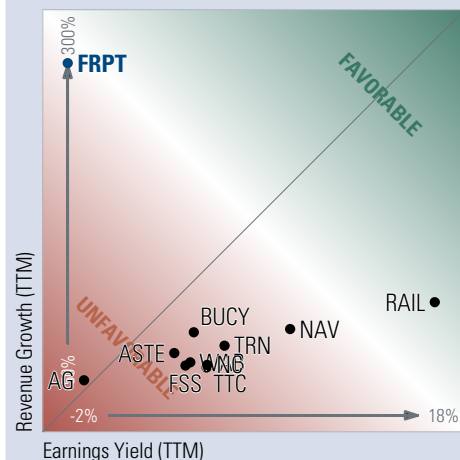
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$669 Million and \$2.9 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -7.4% and 255.7%. Companies with NA or NM values do not appear.

INDUSTRY ANALYSIS

The Machinery industry designs, manufactures, and sells equipment used in construction, agriculture, mining, infrastructure and other global industrial areas. Some of the key names in the industry include Caterpillar Inc., Illinois Tool Works, and Deere & Co.

Construction equipment sales are influenced by economic growth, government funding, the value of the dollar, labor markets, and lobbying efforts. North American residential construction should remain strong, even with the end of the super low interest rate environment and an impending turnaround in nonresidential construction.

In the agricultural machinery sector, crop yields and demand, commodity prices and government support, among other factors, come into play. Over the past few years, farm sales have risen considerably, but declining export demand for crops and plenty of reserves should impact sales going forward.

The heavy-duty truck market is regaining its legs after a steep tumble, and it should see some big strides in the coming years and contribute to better earnings growth. This equipment is replaced, on average, about every three to five years. With the last surge in replacement in 1999, this sector is due for increased demand as old equipment is replaced.

Looking forward, exporting gains from a weakened dollar are likely to continue in 2005. Moreover, steady volume gains in the U.S. and foreign markets should keep the industry buoyant, as global demand picks up.

Also, earnings and cash flow should rise steadily as volume rises, especially since industry participants have taken advantage of low interest rates by refinancing to pay down debt.

PEER GROUP: Machinery

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
FRPT	FORCE PROTECTION INC	22.45	1,504	NM	149.30	-5.94
ASTE	ASTEC INDUSTRIES INC	36.94	800	23.53	682.97	34.31
FSS	FEDERAL SIGNAL CORP	16.53	788	20.92	1,208.20	-18.50
RAIL	FREIGHTCAR AMERICA INC	52.98	669	6.03	1,321.23	112.36
AG	AGCO CORP	32.18	2,934	NM	5,186.10	-0.20
NAV	NAVISTAR INTERNATIONAL CORP	38.83	2,928	10.27	11,670.00	294.00
TRN	TRINITY INDUSTRIES	34.95	2,788	15.09	3,165.20	199.00
TTC	TORO CO	50.05	2,054	17.32	1,835.99	129.15
WAB	WABTEC CORP	31.62	1,549	20.01	1,063.46	74.86
BUCY	BUCYRUS INTERNATIONAL INC	45.61	1,437	19.35	704.56	74.23
NC	NACCO INDUSTRIES	133.80	1,074	17.24	3,277.20	68.60

The peer group comparison is based on Major Construction & Farm Machinery & Heavy Trucks companies of comparable size.

FORCE PROTECTION INC

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COMPANY DESCRIPTION

NA

FORCE PROTECTION INC
9801 Highway 78 Bldg 1
Ladson, SC 29456-3895
USA
Phone: 843-740-7015
<http://www.forceprotection.net>

STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of FRPT shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR

SCORE

Growth	2.0 out of 5 stars	★	★	☆	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, FRPT has a growth score better than 30% of the stocks we rate.		weak				strong
Total Return	5.0 out of 5 stars	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 90% of the companies we cover.		weak				strong
Efficiency	0.5 out of 5 stars	☆	☆	☆	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company ranks at the bottom of companies we review for income generated per dollar of capital.		weak				strong
Price volatility	1.5 out of 5 stars	★	☆	☆	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 20% of the stocks we monitor.		weak				strong
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
Income	0.5 out of 5 stars	☆	☆	☆	☆	☆
Measures dividend yield and payouts to shareholders. This company pays no dividends.		weak				strong

THESTREET.COM RATINGS RESEARCH METHODOLOGY

TheStreet.com Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

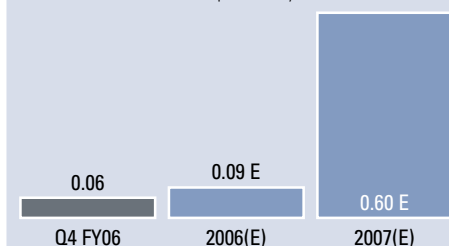
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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q3 FY06	Q3 FY05
Net Sales (\$mil)	42.16	9.30
EBITDA (\$mil)	0.84	-3.16
EBIT (\$mil)	0.59	-3.25
Net Income (\$mil)	0.60	-5.61

BALANCE SHEET

	Q3 FY06	Q3 FY05
Cash & Equiv. (\$mil)	26.75	1.25
Total Assets (\$mil)	82.85	27.39
Total Debt (\$mil)	0.00	3.15
Equity (\$mil)	49.58	9.60

PROFITABILITY

	Q3 FY06	Q3 FY05
Gross Profit Margin	19.38%	8.46%
EBITDA Margin	2.00%	-33.94%
Operating Margin	1.41%	-34.90%
Sales Turnover	1.80	1.53
Return on Assets	-7.17%	-48.57%
Return on Equity	-11.99%	-138.52%

DEBT

	Q3 FY06	Q3 FY05
Current Ratio	2.31	1.73
Debt/Capital	0.00	0.25
Interest Expense	0.11	0.36
Interest Coverage	5.34	-8.92

SHARE DATA

	Q3 FY06	Q3 FY05
Shares outstanding (mil)	53	35
Div / share	0.00	0.00
EPS	0.01	-0.16
Book value / share	0.94	0.27
Institutional Own %	NA	NA
Avg Daily Volume	1,437,892	882,135

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

FORCE PROTECTION INC's gross profit margin for the third quarter of its fiscal year 2006 has significantly increased when compared to the same period a year ago. The company grew its sales and net income significantly quarter versus same quarter a year prior, and was able to outpace the average competitor in the industry when comparing revenue growth, but not when comparing net income growth. FORCE PROTECTION INC has average liquidity. Currently, the Quick Ratio is 1.29 which shows that technically this company has the ability to cover short-term cash needs. The company's liquidity has increased from the same period last year.

At the same time, stockholders' equity ("net worth") has greatly increased by 416.35% from the same quarter last year. Together, the key liquidity measurements indicate that it is relatively unlikely that the company will face financial difficulties in the near future.

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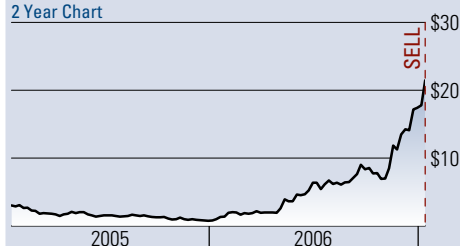
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RATINGS HISTORY

We have only begun rating this company, and therefore do not yet have a significant ratings history. During this short period, the company has remained a Sell, and there has been inadequate time to evaluate price changes in reference to our ratings.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
1/18/07	NA	Initiated	--	Sell

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET.COM RATINGS

(as of 1/17/2007)

39.20% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.14% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

30.66% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

SELL. This stock's P/E ratio is negative, making its value useless in the assessment of premium or discount valuation, only displaying that the company has negative earnings per share. For additional comparison, its price-to-book ratio of 24.00 indicates a significant premium versus the S&P 500 average of 2.89 and a significant premium versus the industry average of 3.33. The price-to-sales ratio is well above both the S&P 500 average and the industry average, indicating a premium. Upon assessment of these and other key valuation criteria, FORCE PROTECTION INC seems to be trading at a premium to investment alternatives within the industry.

Price/Earnings	1	2	3	4	5
	premium				discount

FRPT NM **Peers 20.65**

- Neutral. The absence of a valid P/E ratio happens when a stock can not be valued on the basis of a negative stream of earnings.
- FRPT's P/E is negative making this valuation measure meaningless.

Price/Projected Earnings	1	2	3	4	5
	premium				discount

FRPT 37.42 **Peers 17.00**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- FRPT is trading at a significant premium to its peers.

Price/Book	1	2	3	4	5
	premium				discount

FRPT 24.00 **Peers 3.33**

- Premium. A higher price-to-book ratio makes a stock less attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- FRPT is trading at a significant premium to its peers.

Price/Sales	1	2	3	4	5
	premium				discount

FRPT 7.97 **Peers 1.39**

- Premium. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- FRPT is trading at a significant premium to its industry.

Price/CashFlow	1	2	3	4	5
	premium				discount

FRPT NM **Peers 14.55**

- Neutral. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- FRPT's P/CF is negative making the measure meaningless.

Price to Earnings/Growth	1	2	3	4	5
	premium				discount

FRPT NA **Peers 2.14**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- Ratio not available.

Earnings Growth	1	2	3	4	5
	lower				higher

FRPT 66.04 **Peers 36.51**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- FRPT is expected to have an earnings growth rate that significantly exceeds its peers.

Sales Growth	1	2	3	4	5
	lower				higher

FRPT 255.70 **Peers 17.10**

- Higher. A sales growth rate that exceeds the industry implies that a company is gaining market share.
- FRPT has a sales growth rate that significantly exceeds its peers.

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