

Existing and Future Contracts/Acronyms/New Investor Info

Here's the **frpt_inv** list of existing and reasonably likely future contracts for FRPT, as of 3/9/07.

If you are a new shareholder of FRPT or just heard of it and considering a purchase, you have found a company with a lot of potential. Near term, the biggest deals are the Mine Resistant Ambush Protected (MRAP) contract with a potential total of 1000's of Cougars and the Medium Mine Protected Vehicle (MMPV) with possibly 2500 Cougars. This is several billion in potential contracts. Also, there is a 180 Buffalo contract, worth approximately \$144 Million that with high confidence will be awarded in June or July 07.

In summary,

- 1) FRPT is completing delivery on a 41 Buffalo order, the 199 Cougar ILAV's and 86 Cougar Mastiffs and supporting vehicles under current contracts.
- 2) Provided initial deliveries and ramping up volume on their initial MRAP orders for 329 Cougars and 80 Buffalos.
- 3) Competing for a significant share of the remainder of the MRAP contract of 4100 to 22000 vehicles and an MMPV contract of 260 to 600+ vehicles.
- 4) Supporting Cheetah evaluations and working on getting a contract for it as it is now production ready.

If you'd like the easy introduction to the company, watch the company video at

http://www.forceprotection.net/news/video.html?video=fpr_overview

While you are on the company web site, take a look at the other videos, then go over to the testimonials page to see front line thank you's for the lives being saved each day by this company.

<http://www.forceprotection.net/news/testimonial.html>

Their latest production release is at

http://www.forceprotection.net/news/news_article.html?id=160

That will give you the background to see why this company is saving lives and has been awarded several contracts for vehicle deliveries. As Force Protection increases capacity, the size of the contracts increases. In other words, "We'll buy them as fast as you can build them, so build them faster."

Check out the following summary for lots of details and links for background research.

Note: Line items within a product are approximately ordered based on confidence, i.e. awarded contracts first, soon to be awarded next, followed by likely or possible. Backlogs are as of October 1, since that was the most recent detailed listing. In other words, some of these contracts were completed in Q4, or have had significant deliveries since then. References to the previous messages and links provide further details and justification so that you don't have to just trust me. If you have time, you may want to spend some time reading the background messages and links as well. The IV message numbers refer to messages on Investorvillage's FRPT board. An acronym dictionary is at the end of the message. This is detailed enough you may want to print it out first, then come back to follow the links.

Cougar (MRAP)

<http://www.forceprotection.net/models/cougar/>

The MRAP program is currently purchasing the Cougar 6x6 for Category II and Cougar 4x4 for Category I. Once the Cheetah is in production later this year, there may be future Cheetah awards for Category I.

- 1) 100 Cougar 6x6 JERRV to be delivered between Nov 06 and Nov 07. Expect it will be delivered ahead of schedule, likely by end of Q2. Part of the \$125Million delivery order on \$214 Mill contract awarded Nov 06. The first units were delivered February 07.
http://www.forceprotectioninc.com/news/news_article.html?id=133
- 2) Delivery award for the second 100 Cougar 6x6 JERRV on the Nov 06 contract. Awarded, to be completed by Nov 07, but expect to be delivered by end of Q2. \$69 Million.
http://www.forceprotection.net/news/news_article.html?id=142
- 3) Delivery award for 2 Cougar 4x4 and 2 Cougar 6x6 for "prototype" evaluation. Awarded Feb 07 and completed in Feb. Approx \$4 Million.
http://www.forceprotection.net/news/news_article.html?id=152
- 4) Delivery award for 65 Cougar 4x4 and 60 Cougar 6x6. Awarded Feb 07 and first units delivered in Feb 07. Expect to be completed in Q2 07. \$67.4Million. 50/50 split with GD.
http://www.forceprotection.net/news/news_article.html?id=156
- 5) IDIQ award for up to 1500 Category I and 2600 Category II vehicles, renewable for up to 5 years. This could easily be many 1000's of vehicles, but the actual quantity that will be ordered will take a few more months to be clear. Potential value: \$Billions.

Cougar (Non-ILAV, Non-MRAP)

<http://www.forceprotection.net/models/cougar/>

The Mastiff is based on the 6x6, the HEV on the 4x4 and most JERRV's are based on the 6x6, but some are 4x4.

- 1) 86 Mastiff PPV for the British. \$65Mill awarded. Deliveries ahead of schedule and to be complete by end of April 07.
http://www.forceprotection.net/news/news_article.html?id=117
<http://www.defenseindustrydaily.com/2006/07/britain-buying-new-land-vehicles-for-iraqi-afghan-theaters/index.php>
http://www.forceprotection.net/news/news_article.html?id=136
12/1 8-K says this order is actually for over 90 vehicles.
- 2) 15 JERRV to be delivered in 3Q-4Q06, \$9.3Mill awarded. 11 were delivered in Q3, remaining 4 were delivered in Q4.
http://www.forceprotection.net/news/news_article.html?id=95
http://www.forceprotection.net/news/news_article.html?id=106
- 3) Delivery award for 15 more JERRV. \$9.4Million awarded and all 15 were delivered in January 07.
http://www.forceprotection.net/news/news_article.html?id=148
- 4) 1 HEV remaining to be delivered. \$400K. awarded. This one is left over from a previous contract and keeps getting pushed out, perhaps waiting for another larger HEV order.
- 5) Ambulance Variant of Cougar recently announced. No specific contract for this one yet. Might get included in MRAP.
http://www.forceprotection.net/news/news_article.html?id=126
- 6) The Army has an MMPV draft solicitation with award projected later this year. Likely to need two MMPV's for each Buffalo awarded to form a GSTAMIDS convoy. The February

20 executive summary increased the maximum quantity to 2500 vehicles, so this program is growing quickly in scope. On the other hand, they are taking a more deliberate slow process compared to MRAP.

<http://contracting.tacom.army.mil/majorsys/mmpv/mmpv.htm>

- 7) In January 07 there was a posting for a 500 vehicle Marine Personnel Carrier Program. This looks like another good market for Cougars.

<http://contracting.tacom.army.mil/majorsys/mpc/mpc.htm>

See message 43228 for my analysis.

<http://www1.investorvillage.com/smbd.asp?mb=132&mn=43228&pt=msg&mid=1580521>

- 8) Follow on order of more Mastiff for the British. Contract specifies details for 4 more, but press articles refer to the total order being for about 108, which would be 22. Approximate value \$15 Million. Also, the initial order for 86 could be considered a test quantity with much larger orders possible next year as they prove themselves. See IV8805. The 12/1 8-K says the initial order is for over 90 vehicles, with an option to purchase an additional 18.

Cougar ILAV

The Cougar ILAV is the Cougar 6x6 chassis on two axles.

<http://www.defenseindustrydaily.com/2006/06/bae-delivering-a-cougar-variant-for-iraqs-4454m-ilav-contract/index.php>

- 1) Total IDIQ ILAV contract shared with BAE is for up to 1050 vehicles for up to \$445 Million delivered by May 2008. DoD can initiate delivery orders up to that number fairly easily. Indication is that they will be issued as equipping the Iraqis with ILAV's is one of the keys to the US handing over control. Partnership terms with BAE are: 50/50 production split with BAE. Royalty paid by BAE to FRPT for units BAE builds. 100% of the training and support contract to FRPT. After 1050, contract with BAE is complete, so FRPT can provide 100% of future ILAV's or renegotiate.
- 2) Initial delivery order of 378 units awarded. 2 of FRPT's 189 were delivered in Q3. Additional deliveries occurred in Q4. Remainder will be completed by end of April 07.
http://www.forceprotection.net/news/news_article.html?id=103
- 3) Follow on delivery order for additional 20 units awarded. None delivered yet. Force Protection's share of 10 will be delivered by end of April 07.
http://www.forceprotection.net/news/news_article.html?id=128
- 4) Proposed sale of 600 ILAV's announced to Congress. Approximate value of \$240 Million shared with BAE. Not awarded yet, TBD.
http://www.dsca.mil/PressReleases/36-b/2006/Iraq_06-69.pdf
- 5) Proposed sale of 276 ILAV's. Not awarded yet, TBD.
http://www.dsca.mil/PressReleases/36-b/2007/Iraq_07-09.pdf

Buffalos

<http://www.forceprotection.net/models/buffalo/>

- 1) 44 Buffalos to be delivered by Dec 07. Part of the \$125 Million delivery order on \$214 Million contract awarded Nov. 06.
http://www.forceprotectioninc.com/news/news_article.html?id=133
- 2) Contracts for a total of 41 Buffalos were awarded in 06 prior to the Nov contract. Approximate contract value \$30-40 Million. Remaining backlog is 33 units. Will be completed by end of April 07.
http://www.forceprotection.net/news/news_article.html?id=78
http://www.forceprotection.net/news/news_article.html?id=79
http://www.forceprotection.net/news/news_article.html?id=131
- 3) Delivery award for 19 Buffalos from Nov 06 Contract. \$16.3 Million
- 4) Delivery award for additional 17 Buffalos from Nov 06 contract to be completed by Aug 08. Portion of \$214 Million Contract. Per SEC filings and press release, FRPT expects to be awarded and is already treating it as if it has been awarded. Value approx \$15 Million.
- 5) Sole Source award for 180 Buffalos expected to be awarded in June or July. Approximate value \$144 Million. Sole source award not contested. Appear to just be waiting for the time to pass. Already a good Buffalo backlog, so delay is not an issue.
<http://www.fbo.gov/spg/USA/USAMC/DAAE07/W56HZV07R0343/SynopsisP.html>
<http://www.bloomberg.com/apps/news?pid=conewsstory&refer=conews&tkr=FRPT:US&sid=aStcxwo2z4Ag>
- 6) Rental fees and toy license fees from appearance in the Transformers movie to come out in July 07.
- 7) British may start buying Buffalos as they gain experience with Cougars. Reference in one of the news articles.
- 8) The Buffalo is also used in the humanitarian mission of demining old battlefields so that they are safe for civilians. Once capacity allows, there is the possibility of additional Buffalo purchases for this use.

Cheetah (formerly MUV-R and MRUV)

<http://www.forceprotection.net/models/cheetah/>

Force Protection is raising visibility on the Cheetah with the AUSA show in March 07 and have now proclaimed on their web site the vehicle is production ready.

- 1) Likely to get an initial production contract in 2007 to prove the vehicle. Then a larger award once testing is satisfactory. This may occur as an MRAP Category I order, or may be an independent order.
- 2) Strong position to compete for the JLTV as it moves forward. JLTV is a many billion dollar, many year contract, that will take some time to roll out. see IV11135
- 3) British may also buy Cheetahs as we believe they have also evaluated them.

ILS/PSI (Field Support, Spares, Training, Maintenance, Repairs, Professional Services)

- 1) Buffalo ILS Contracts. \$5Million for Buffalo spares. Awarded, \$800K remaining as of the end of Q3
http://www.forceprotection.net/news/news_article.html?id=80
- 2) ILAV ILS Contract: \$25Million over the next two years, Raging Bull message 76773
Included in 378 unit award.
- 3) Additional ILS as number of vehicles in the field keeps going up. We will have well over 1300 vehicles in the field within 12 months. See IV39122
<http://www1.investorvillage.com/smbd.asp?mb=132&mn=39122&pt=msg&mid=1490371>
- 4) Catalyst reports claim a high return on ILS/PSI, similar to how your auto dealer gets a high return on their service department. Repairs to the vehicle after an IED hit adds significantly to our revenue on an ongoing basis. See latest Catalyst reports on FRPT.
<http://catalystresearch.biz/ResearchFRPT.html>
- 5) ILS/PSI revenue is somewhat based on total vehicles in the field. In other words, the revenue from ILS/PSI would continue to grow every quarter, even if our vehicle shipments were to hit a steady state because the total number of vehicles in the field keeps going up.

Patent Licensing

- 1) Licensing Revenues from patent on blast protection for wheeled and tracked vehicles. In private negotiations.
FRPT Press release, on investor news page June 15. "The significance of this undertaking cannot be overstated, and we intend to fully exploit this opportunity," said Force Protection CEO Gordon McGilton. "Since the technology can be applied not only to our vehicles, but to virtually any wheeled or tracked vehicle, the potential size of the opportunity may actually exceed that of our vehicle market." Also described in
http://catalystresearch.biz/files/FRPT_Update_Report_06_19_06.pdf

Brief comments:

Can FRPT deliver the units for this many contracts?

FRPT announced partnerships with GD and AH to increase capacity dramatically. The GD partnership gives them access to a pool of skilled welders to build more capsules and the AH partnership gives them access to a pool of skilled truck assemblers for final assembly. In addition, FRPT has a partnership with Ultra Machine and Fabrication that is growing very quickly and Spartan has also been increasing their capacity.

Force Protection announced a joint venture with General Dynamics named Force Dynamics. This joint venture will bid for the MRAP contract and has a production capacity of 200 Cougars per month ramping to 300 Cougars per month by 08. Awards to this joint venture are an even 50/50 split of revenue between the two companies.

Force Protection's recently completed a private placement that raised over \$150 Million to finish preproduction activities for the Cheetah as well as increase Buffalo and Cougar capacity.

Force Dynamics Announcement

http://www.forceprotection.net/news/news_article.html?id=144

Private Placement Announcement

<http://www.forceprotection.net/investors/news.html> December 21 article

GD Announcement

http://www.forceprotection.net/news/news_article.html?id=135

AH Announcement

http://www.forceprotection.net/news/news_article.html?id=138

Ultra Machine and Fabrication

IV14226

<http://www.investorvillage.com/smbd.asp?mb=132&mn=14226&pt=msg&mid=992531>

This all confirms plans are in place and being executed to win the very high volume contracts. As we said months ago, the deal was get the production capacity in place and the orders will follow.

Additional Resources to review

2006 year in review release

http://www.forceprotection.net/news/news_article.html?id=146

Recent announcement from company of over \$10Billion in potential contracts in the pipeline.

http://www.sec.gov/Archives/edgar/data/1032863/000110465906078791/a06-24859_18k.htm

Force Protection Web Site: <http://www.forceprotection.net/>

Catalyst Financial Reports: <http://catalystresearch.biz/ResearchFRPT.html>

CE Unterberg Report: <http://unterberg.com/research/news/091506FRPTInitiationWEB.pdf>

Yahoo Group for Force Protection. <http://finance.groups.yahoo.com/group/forceprotection/>

Yahoo group has photos, files, contracts, and some message traffic. It could become our store for due diligence files if we started to post them there.

Spartan Q3 conference call. <http://www.spartanmotors.com/webcasts.asp> The most detailed conference call available describing Force Protection and Spartan's work over the last four months to more than triple Cougar capacity. See IV message 6398 for my summary.

Acronyms:

Vehicles

FCS – Future Combat System – Large Army program to define a new family of vehicles for the Army of several years from now.

GSTAMIDS - Ground Standoff Minefield Detection System. The convoy that includes a Buffalo and its supporting vehicles. An official program.

HEV – Cougar Hardened Engineer Vehicle. Based on Cougar 4x4.

ILAV – Iraqi Light Armored Vehicle. A Cougar 6x6 chassis on two axles instead of three. A troop transport designed to equip the Iraqi's so they can take over duties currently covered by US troops.

JERRV - Joint Explosive Ordnance Disposal Rapid Response Vehicle – This is a 6x6 or 4x4 Cougar used by the Explosive Ordnance Disposal and Combat Engineer Troops. These job of these troops is to disarm and dispose of IED's.

JLTV – Joint Light Tactical Vehicle –Program designed to replace the Humvee family of vehicles. Many billion dollar program in early stages of development.

Mastiff PPV- Mastiff Protected Patrol Vehicle. A Cougar 6x6 purchased by the British for their forces.

MPAV - Mine Protected Ambush Vehicle. A briefly used acronym that is equivalent to MRAP.

MRAP – Mine Resistant Ambush Protected vehicle. A series of three vehicles similar to the Buffalo, Cheetah and Cougar. Over 4100 vehicles currently planned.

MMPV - Medium Mine Protected Vehicle. Army program for a vehicle similar to the JERRV or Cheetah. Phrase has also been used to describe the RG-31, but don't think RG-31 will win the current contract.

MRUV – Mine Resistant Utility Vehicle. Used once or twice by FRPT to describe what is now called the Cheetah

MUV-R - Mine-protected Utility Vehicle / Rapid Deployable (MUV-R), now called the Cheetah.

Services

ILS – Integrated Logistics Support (Spare parts and supplies, routine maintenance service, repairs and training)

Contracting Process

Delivery Award – Purchase order for X vehicles for Y dollars. Ship per schedule, or sooner.

CONUS - Continental US

IDIQ – Indefinite Delivery, Indefinite Quantity Award. For example a contract is awarded for up to 1050

ILAV's for up to \$445 Million, locking in pricing and supplier. But need a delivery award to actual ship product.

OCONUS - Outside continental US. In FRPT's case, typically Iraq and Afghanistan.

RFI – Request for Information. An initial query to industry for “what do you have in this space”

RFP – Request for Proposal. A more direct query for a proposal for industry.

RFQ – Request for Quote. A direct query for a bid on a very specific product or service.

Customers/Partners/Regulators

AH - Armor Holdings. The Sealy, Texas plant owned by Stewart & Stevenson before S&S was acquired by AH builds military trucks.

BAE – British based defense contractor that is partner for ILAV. Formerly British Aerospace, but now has growing US presence due to acquisitions.

DoD – US Department of Defense

GD - General Dynamics. Lima Plant in Ohio builds several lines of armored vehicles.

MoD – British Ministry of Defense

SEC - Securities and Exchange Commission. The SEC is the agency responsible for administering federal securities laws in the US.