

May 10, 2007

FORCE PROTECTION, INC.

FRPT (05/10/07): \$26.67

The Ever-Expanding MRAP Requirement; Raising Estimates
OVERWEIGHT
Raising Estimates
INDUSTRIAL GROWTH
Defense & Security
NEUTRAL

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Key Data		FY	2006	2007 Prev	2007 New	2008 Prev	2008 New
52-Week Range:	\$3-\$25	EPS					
Market Cap. (mn):	\$1,826.9	Q1	(\$0.02)A	\$0.16E	\$0.16E	NE	NE
Shares Out. (mn):	68.5	Q2	\$0.03A	\$0.17E	\$0.18E	NE	NE
Avg. Daily Vol.:	1,348,257	Q3	\$0.01A	\$0.16E	\$0.18E	NE	NE
Fiscal Year-End:	31-Dec	Q4	\$0.32A	\$0.21E	\$0.26E	NE	NE
Dividend (Ind. Annual):	NA	Year	\$0.39A	\$0.70E	\$0.79E	\$1.30E	\$1.65E
Yield:	NA	P/E	68.06x		33.91x		16.20x
Debt/Total Capital:	0%	Rev. (mn)					
Price/TTM Sales:	9.3x	Q1	\$34.8A	\$129.3E	\$129.3E	NE	NE
Net Cash/Share:	NM	Q2	\$56.1A	\$152.8E	\$168.6E	NE	NE
Book Value/Share:	\$3.18	Q3	\$42.2A	\$173.5E	\$195.8E	NE	NE
Price/Book Value:	8.4x	Q4	\$63.0A	\$194.4E	\$250.1E	NE	NE
3-5 Year EPS Growth:	20%	Year	\$196.0A	\$650.0E	\$743.8E	\$1303.4E	\$1664.8E
Price Target:	NE	TEV/Sales	8.5x		2.2x		1.0x

Note: Price is as of the close on the date indicated. Any price target displayed in the data box above represents either a specific price target or the midpoint of a range.

Executive Summary

MRAP requirement appears likely to almost triple: The *Army Times* reported Thursday morning (May 10) that the Army is readying a funding request to field 15,200 additional MRAP vehicles through 2009. This would increase the size of the total MRAP requirement from 7,774 to 22,974 vehicles, with the Army's share increasing from 2,500 to 17,700 vehicles.

- **Secretary of Defense puts his foot down:** The Army had been trying to accelerate its own vehicle programs (MMPV and JLTV) to minimize its purchase of MRAPs (a Marine program), but direct pressure by the Secretary to speed up efforts to get these life-saving vehicles to the troops is now expected to result in enough Army MRAPs to replace every Humvee in Iraq and Afghanistan.
- **Impact on other vehicle programs:** We believe this expanded MRAP requirement will kill off the MMPV program and likely delay, if not completely change the prospects for, the JLTV program. We believe the fielding of nearly 23,000 MRAPs would permanently alter the DoD's expectations for the Humvee replacement, resulting in a shift of dollars and share from JLTV to MRAP.
- **All the better for Force Protection:** Of the seven viable players remaining for MRAP (Textron is out and General Purpose Vehicles may not have a prototype available until after the second major contract round in the fall), we continue to believe that Force Protection is best positioned to capitalize on both near- (MRAP) and far-term (JLTV) protected vehicle opportunities.
- **Raising our estimates on improved visibility:** Based on the expected increase in demand for MRAPs, we are raising our 2007 EPS estimate from \$0.70 to \$0.79 and our 2008 EPS estimate from \$1.30 to \$1.65. Our new production estimate would give the Force Protection/General Dynamics joint venture just over 40% market share and is well within the joint venture's stated production capacity projections.

Please see analyst certification and other important disclosures starting on page 8 and continuing through page 10.

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MARKET OUTLOOK IMPROVING, AS IS THE COUGAR'S POSITION

The market for mine-resistant ambush-protected (MRAP) vehicles is one of the most dynamic defense programs in recent memory, creating a new market paradigm that we expect will last well beyond current operations in Iraq and Afghanistan. The past week has seen a couple of events that have increased the prospects for this market to expand beyond the 7,774 envisioned by the DoD in March 2007 and improved the Cougar's competitive position.

Army Poised to Choose MRAP

The Army has known for some time now that its tactical vehicle requirements for Iraq and Afghanistan are up near 18,000 vehicles (see our report, entitled, "Cougars and Cheetahs and Buffalo, OH MY!," dated April 16, 2007), and it was attempting to delay the purchase of MRAP vehicles (a Marine run program) in order to purchase more vehicles under its own programs; the Medium Mine Protected Vehicle (MMPV) and Joint Light Tactical Vehicle (JLTV).

Pressure from above: It was not until this week, however, that news reports began to surface that the Robert Gates, the Secretary of Defense, has gotten personally involved in the tactical vehicle procurement process. In an internal letter from his office dated May 2, 2007, to the Army and Marine service secretaries, Mr. Gates highlighted the importance of the MRAP program and emphasized the need to field vehicles as soon as possible:

- "The MRAP program should be considered the highest priority Department of Defense acquisition program."
- "I am also concerned with the wide variance in approach on the use of this capability between the Marine Corps and the Army. In this regard I ask both the Army and Marines to work with the Joint Staff to reexamine this issue and ***come back to me quickly on how to field and utilize the added new crew protection capability afforded by the MRAP family of vehicles.***" (emphasis ours)

Lining up the \$\$\$: The *Army Times* reported Thursday morning (5/10/2007) that the Army is preparing a request for Congress to fund a new plan to procure 17,700 MRAP vehicles in FY08 and FY09. This is an incremental 15,200 vehicles over the 2,500 allotted to the Army in the current MRAP procurement plan. One possible source of funds could be up-armored Humvee procurement, as the 17,700 MRAPs would be sufficient to replace all the Humvees in theater.

Company Description: Force Protection, Inc. engages in the manufacture of ballistic and blast protected vehicles. The company's products are used to protect personnel during transport, removal of unexploded ordnance, route clearance, humanitarian de-mining, and other missions that require protection from landmines and hostile fire.

Potential MRAP Funding Profile (based on Army fleet of 17,700 vehicles)

(\$bn)	FY07	FY08	FY09	
Obligated	1.4	0.0	0.0	Mostly reprogrammed funds, to be repaid from supplemental
Supplemental	2.4	0.0	0.0	\$3.8bn supplemental expected to pass, with \$1.4bn for reprogramming payback
FY08 GWOT	0.0	0.4	0.0	In February 2007 request
FY08 Supplemental	0.0	4.1	0.0	Current number being debated in Congress
Potential Army Request	<u>0.0</u>	<u>6.5</u>	<u>8.7</u>	Expected Army request to bring total Army MRAP procurement from 2,500 to 17,700
Total Funding	3.8	11	8.7	

Source: DoD and Thomas Weisel Partners LLC estimates

Increased Army MRAP Requirement Could Affect MMPV and JLTV

The potential for the Army to move forward with a substantially increased MRAP purchase throws into question how the Pentagon will proceed with two other tactical vehicle programs. We believe that such an expanded Army MRAP buy could result in the MRAP program taking share away from JLTV.

- **Medium Mine Protected Vehicle (MMPV):** MMPV plans had called for anywhere between 1,000 and 2,500 vehicles. The vehicle was intended to provide a bridge between MRAP and JLTV, but we expect the expanded Army MRAP order will end any further plans for a separate acquisition program given that many of the technical and survivability requirements for the MMPV were based off of MRAP.
- **Joint Light Tactical Vehicle (JLTV):** As the intended replacement for the Humvee, we believe the JLTV program now faces something between a delayed start of one-to-two years and a possible revision of requirements that would make vehicles such as FRPT's Cheetah a possible candidate for the program. Looking ahead two or three years, when this Army procurement of 17,700 MRAP vehicles would wind down, we expect Congress to be reluctant to fund the development of a brand new class of vehicle when the spiral development of an MRAP derivative (such as Force Protection's Cheetah) would offer a more affordable and proven route to replacing the Humvee fleet.

Textron's ASV Out of the Running

On Tuesday, May 8, Textron announced that it had been informed by the Marine Corps that it would not be receiving any MRAP orders. This was the first public news, outside of General Purpose Vehicles stating that its prototypes would be at least five months late, of any vehicles not making it through testing at Aberdeen. This improves Force Protection's prospects of winning a high percentage of MRAP awards by removing a competitor with sufficient production capacity to take a major share.

Improved Visibility; Raising Estimates

We believe the Secretary of Defense pushing the Army to increase its MRAP procurement plans provides improved visibility into 2008 MRAP demand and sets a strong foundation for 2009, while the elimination of a competitor improves the likelihood that Force Protection will retain a major share of the order book. If, as reported, the Army plans to stretch its MRAP procurement through 2009, we believe it is well within Force Protection's projected production capacity for its joint venture with General Dynamics to maintain close to a 50% market share.

We are raising our 2007 revenue and EPS estimates of \$650mn and \$0.70 to \$744mn and \$0.79, respectively, based on the Cougar production rate ramping from 60 per month at the start of 2007 to 140 per month by the end of the year. This is well below the stated production goal of 200 per month by the end of the year (General Dynamics, as the other half of the joint venture, would also produce 200 per month by the end of 2007). We note that some share of the work would be sub-contracted out to Armor Holdings.

We are also raising our 2008 revenue and EPS estimates from \$1.3bn and \$1.30 to \$1.7bn and \$1.65, respectively. This is based on Cougar production of 2,190 vehicles, up from our prior estimate of 1,530. Our Buffalo (99 vehicles) and Cheetah (800 vehicles) production estimates are unchanged.

MRAP market share: Our new estimates are based on the Force Protection/General Dynamics joint venture producing approximately 5,900 MRAP Cougar vehicles in 2007 and 2008. Based on the expectation that the Army will up its MRAP procurement from 2,500 to 9,000 in that two year time frame (the final 8,700 would be procured in 2009), this implies a 41% market share for the Cougar (9,000 Army + 3,700 Marine Corps + 1,574 other).

Evolution of MRAP Requirements

	Nov-06	Feb-07	Mar-07	Possible May/June-07
Marine Corps	1,022	3,700	3,700	3,700
Army	2,500	2,500	2,500	17,700
Navy	538	538	544	544
Air Force	0	0	697	697
Special Forces	0	0	333	333
Total	4,060	6,738	7,774	22,974

Source: DoD and *Army Times*

MRAP Category I & II Vehicle Orders

Company	Prototype Order	Production Orders		Comment on Production Contracts
		Cat I	Cat II	
Force Protection	--	--	200	Awarded prior to joint venture with General Dynamics
Force Dynamics (FRPT/GD JV for Cougar)	4	365	760	1,000 vehicle order received April 24, 2007
General Dynamics	4	10	10	From RG-31 family of vehicles, BAE sub-contractor
Armor Holdings	4	--	--	Based on FMTV trucks
BAE Systems	4	15	75	From RG-33 family of vehicles
International Military and Government (Navistar)	4	--	--	
Oshkosh	4	100	--	Oshkosh is prime with Protected Vehicles Alpha vehicle
Protected Vehicles	4	--	60	Goloan vehicle, Oshkosh a sub-contractor for production
General Purpose Vehicle	4	--	--	Prototypes likely to be 5 months late, we expect GPV to drop-out
Textron	4	--	--	ASV orders will continue, but notified that will receive no MRAP orders

Source: Company reports and DoD

VALUATION

FRPT trades at 16.2x 2008E P/E, a discount to defense suppliers peer group peers at 17.9x. Although bears will argue that MRAP-boosted 2008 earnings are unsustainable and should be discounted, we believe that the expected increase in Army requirement for MRAP further supports our thesis that the MRAP program is likely to grow and that the company is well positioned for whatever vehicle platform replaces the Humvee, as well as being an acquisition candidate. We are comfortable with a 20–22x earnings multiple for a current fair value of \$33–36 per share.

Force Protection Comparable Company Analysis (priced as of May 10, 2007)

Company		Ticker	Price	52 Week		Revenue (CY)			GAAP EPS (CY)			Mkt. Cap. (\$mn)	Ent. Value (\$mn)	CY 2008E					FCFLO Yield	
				Low	High	2007E	2008E	% Chg	2007E	2008E	% Chg			EV/ Rev.	EV/ EBITDA(P)	GAAP P/E	Relative	Economic P/E		
Defense suppliers																				
Alliant Techsystems* - O	ATK	100.00	74	-	102	3,800	4,128	9%	6.08	7.08	16%	3,455	4,894	1.2x	9.3x	14.1x	0.91x	13.9x	7.8%	
AeroVironment* - M	AVAV	21.24	21	-	26	185	221	19%	0.84	0.99	17%	446	338	1.5x	9.2x	21.5x	1.39x	21.5x	3.8%	
Applied Signal Tech* - M	APSG	17.65	13	-	19	164	172	5%	0.53	0.58	9%	215	197	1.1x	10.9x	30.7x	1.99x	30.7x	4.1%	
Argon ST* - O	STST	25.26	19	-	34	325	366	13%	1.08	1.30	20%	575	541	1.5x	10.4x	19.5x	1.26x	19.5x	3.8%	
DRS Technologies* - O	DRS	51.03	36	-	58	3,007	3,263	9%	3.48	3.92	13%	2,077	3,887	1.2x	8.7x	13.0x	0.84x	11.7x	7.5%	
EDO* - M	EDO	30.92	21	-	32	1,160	1,280	10%	1.74	2.39	38%	770	954	0.7x	6.6x	12.9x	0.84x	11.1x	10.4%	
Herley Industries* - M	HRLY	15.54	9	-	20	174	183	5%	0.91	0.88	-3%	224	208	1.1x	8.2x	17.6x	1.14x	16.0x	4.5%	
L-3 Communications* - O	LLL	94.60	67	-	96	13,506	14,164	5%	5.80	6.30	9%	11,920	16,068	1.1x	8.8x	15.0x	0.97x	13.7x	8.9%	
Rockwell Collins* - O	COL	65.92	49	-	70	4,444	4,808	8%	3.39	3.88	14%	11,246	11,305	2.4x	10.2x	17.0x	1.10x	16.7x	6.2%	
Averages/Totals						\$26,764	\$28,585	7%			15%	\$30,928	\$38,391	1.3x	9.1x	17.9x	1.16x	17.2x	6.3%	
Defense primes																				
Boeing* - M	BA	92.80	72	-	96	65,038	72,354	11%	4.90	6.45	32%	72,143	66,663	0.9x	7.0x	14.4x	0.93x	13.0x	7.6%	
General Dynamics* - O	GD	79.51	62	-	82	26,636	28,314	6%	4.75	5.30	12%	32,551	33,849	1.2x	9.3x	15.0x	0.97x	14.4x	7.2%	
Lockheed Martin* - O	LMT	98.60	70	-	104	41,325	42,342	2%	6.35	6.75	6%	42,605	43,953	1.0x	8.1x	14.6x	0.95x	14.2x	7.4%	
Northrop Grumman* - M	NOC	74.48	62	-	77	31,855	33,376	5%	4.98	5.30	6%	26,686	30,716	0.9x	8.3x	14.1x	0.91x	14.0x	6.7%	
Raytheon* - M	RTN	54.05	43	-	56	21,665	22,984	6%	3.00	3.65	22%	24,512	26,821	1.2x	8.6x	14.8x	0.96x	13.4x	7.3%	
Averages/Totals						\$186,519	\$199,370	7%			16%	\$198,497	\$202,002	1.0x	8.3x	14.6x	0.94x	13.8x	7.2%	
Force Protection* - O		FRPT	\$26.67	3	-	25	\$744	\$1,665	124%	0.79	1.65	109%	\$1,827	\$1,671	1.0x	9.5x	16.2x	1.05x	16.2x	0.1%
Major Indices:																				
NASDAQ Composite		COMP	2,534	2,013	-	2,580														
S&P 500		SPX	1,491	1,061	-	1,229				\$92.26	\$96.50	5%				15.5x	1.00x			

Rating: O = Overweight, M = Market Weight, U = Underweight, SR = Suspended Rating
 Note: EBITDA(P) - Large-cap defense adjusted to exclude non-cash FAS/CAS pension income/(expense)
 Source: Bridge, Baseline, company reports and (*) Thomas Weisel Partners LLC estimates

Force Protection Income Statement (\$mn)

FY DEC	2004	2005	1Q06	2Q06	3Q06	4Q06	2006	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E
Net Sales	10.3	49.7	34.8	56.1	42.2	63.0	196.0	129.3	168.6	195.8	250.1	743.8	1,664.8
Cost of Sales	11.3	44.4	28.2	45.9	34.2	50.7	159.0	104.0	134.6	155.6	196.3	590.5	1,310.6
Gross Profit	(1.0)	5.3	6.6	10.2	7.9	12.3	37.0	25.3	34.1	40.1	53.8	153.3	354.2
SGA	9.1	16.6	5.9	7.5	6.8	7.1	27.2	13.7	17.4	19.0	22.5	72.6	158.2
R&D	0.0	1.7	0.7	0.6	0.5	1.4	3.2	1.9	2.5	2.9	3.8	11.2	23.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Income	(10.1)	(12.9)	0.1	2.0	0.6	3.9	6.6	9.7	14.2	18.2	27.5	69.6	172.7
Other income	0.6	(1.9)	0.0	0.0	0.1	0.8	1.0	1.2	1.1	1.0	1.0	4.2	3.7
Interest expense	(0.7)	(1.7)	(0.8)	(0.8)	(0.1)	0.0	(1.7)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Income (loss) from continued operations	(10.2)	(16.6)	(0.7)	1.2	0.6	4.7	5.9	10.9	15.2	19.2	28.5	73.8	176.3
Loss from discontinued operations/deferred tax benefit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax income	(10.2)	(16.6)	(0.7)	1.2	0.6	4.7	5.9	10.9	15.2	19.2	28.5	73.8	176.3
Tax benefit (expense)	0.0	0.0	0.0	0.0	0.0	12.3	12.3	0.0	(2.6)	(6.7)	(10.0)	(19.3)	(61.7)
Net income (loss)	(10.2)	(16.6)	(0.7)	1.2	0.6	17.0	18.2	10.9	12.6	12.5	18.5	54.5	114.6
Dilute Earnings/(Loss) per Share	(\$0.53)	(\$0.49)	(\$0.02)	\$0.03	\$0.01	\$0.32	\$0.39	\$0.16	\$0.18	\$0.18	\$0.26	\$0.79	\$1.65
Diluted Shares	19.4	33.9	37.5	44.9	51.7	51.7	46.4	68.5	69.0	69.5	70.0	69.3	69.6
EBIT	(10.1)	(12.9)	0.1	2.0	0.6	3.9	6.6	9.7	14.2	18.2	27.5	69.6	172.7
Depreciation and Amortization	0.2	0.4	0.2	0.2	0.2	0.2	0.8	0.5	0.7	0.8	0.9	2.8	4.0
EBITDA	(9.9)	(12.6)	0.3	2.2	0.8	4.1	7.4	10.2	14.8	19.0	28.4	72.4	176.6
Margin Analysis													
Gross margin	(9.7%)	10.7%	19.1%	18.1%	18.8%	19.5%	18.9%	19.6%	20.2%	20.5%	21.5%	20.6%	21.3%
SG&A	88.9%	33.4%	16.8%	13.3%	16.1%	11.2%	13.9%	10.6%	10.3%	9.7%	9.0%	9.8%	9.5%
R&D	0.0%	3.3%	1.9%	1.1%	1.3%	2.1%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.4%
EBITDA margin	(96.6%)	(25.3%)	0.9%	3.9%	2.0%	6.5%	3.8%	7.9%	8.8%	9.7%	11.3%	9.7%	10.6%
EBIT margin	(98.6%)	(26.0%)	0.3%	3.6%	1.4%	6.2%	3.4%	7.5%	8.4%	9.3%	11.0%	9.4%	10.4%
Effective tax rate		nm	nm	nm	nm	nm	nm	0.0%	17.2%	35.0%	35.0%	26.2%	35.0%
Net margin	(99.7%)	(33.3%)	(1.9%)	2.2%	1.4%	27.0%	9.3%	8.4%	7.5%	6.4%	7.4%	7.3%	6.9%
Y/Y growth													
Net sales	64%	384%	495%	206%	353%	287%	294%	272%	201%	364%	297%	279%	124%
EBITDA			NM	NM	NM	NM	NM	NM	NM	NM	NM	877%	144%
EBIT			NM	NM	NM	NM	NM	NM	NM	NM	NM	949%	148%
Net income			NM	NM	NM	NM	NM	NM	NM	NM	NM	199%	110%
EPS			NM	NM	NM	NM	NM	NM	NM	NM	NM	101%	109%
Q/Q growth													
Net sales			114%	61%	(25%)	49%		105%	30%	16%	28%		
EBITDA			NM	633%	(61%)	384%		150%	46%	28%	49%		
EBIT			NM	1673%	(71%)	558%		149%	46%	29%	51%		
Net income			NM	(285%)	(51%)	2725%		(36%)	16%	(1%)	48%		
EPS			NM	(215%)	(54%)	2681%		(51%)	15%	(2%)	47%		

Source: Company reports and Thomas Weisel Partners LLC estimates

Force Protection Cash Flow (\$mn)

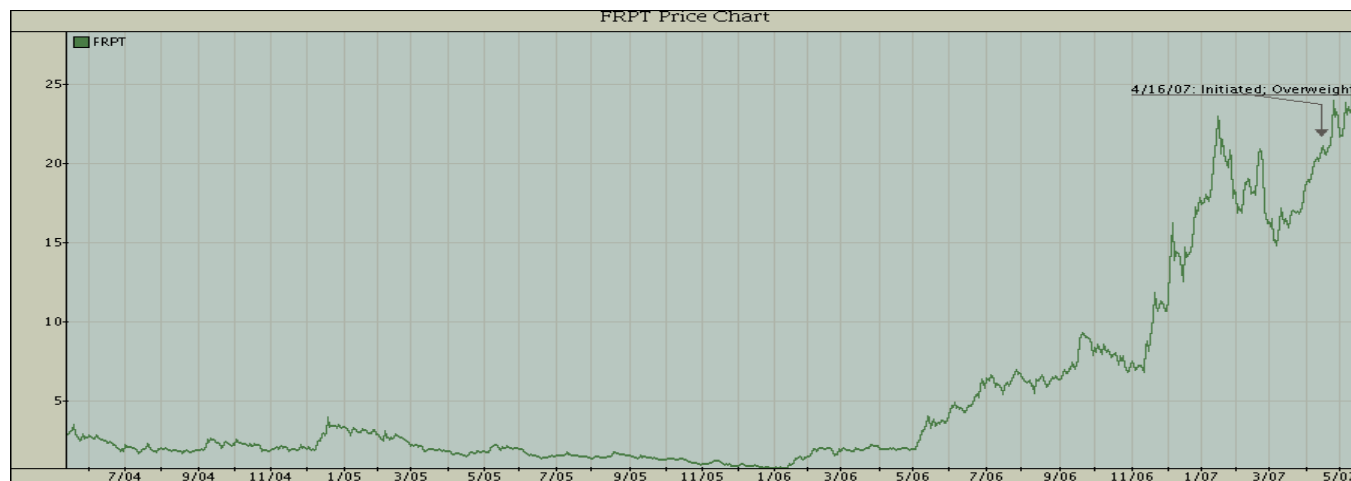
FY DEC	2004	2005	1Q06	2Q06	3Q06	4Q06	2006	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E
Net income (loss) from operations	(12.0)	(13.5)	(0.7)	1.2	0.6	17.0	18.2	10.9	12.6	12.5	18.5	54.5	114.6
Depreciation and amortization	0.2	0.4	0.2	0.2	0.2	0.2	0.8	0.5	0.7	0.8	0.9	2.8	4.0
Common stock issued for services	3.7	(0.3)	0.3	0.1	0.2	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Stock based compensation	0.0	0.1	0.0	0.0	0.4	0.9	1.3	0.3	0.3	0.3	0.3	1.3	1.3
Issuance of stock	0.0	0.2	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other - Net	0.0	(2.8)	0.0	0.0	0.0	(12.3)	(12.3)	0.0	0.0	0.0	0.0	0.0	0.0
Change in asset and liabilities	(3.9)	(2.0)	7.4	(4.7)	(13.8)	(24.2)	(35.3)	(21.7)	(15.6)	(16.6)	(21.7)	(75.6)	(109.9)
Net cash from (used in) operations	(11.9)	(18.0)	7.2	(3.2)	(12.3)	(18.2)	(26.5)	(10.0)	(2.0)	(3.0)	(2.0)	(17.0)	10.0
Purchase of property and equipment	0.0	(1.5)	(0.6)	(1.7)	(2.0)	(3.2)	(7.6)	(5.3)	(4.0)	(3.5)	(2.2)	(15.0)	(8.0)
Process from the sale of property and equipment	(0.9)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used in investing activities	(0.9)	(1.4)	(0.6)	(1.7)	(2.0)	(3.2)	(7.6)	(5.3)	(4.0)	(3.5)	(2.2)	(15.0)	(8.0)
Proceeds from issuance of preferred stock	0.0	15.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from issuance of common stock	11.1	0.7	(0.4)	6.3	40.3	139.6	185.8	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from stock commitments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from convertible debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments on short term debts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment on capitalized lease obligations	0.0	(0.1)	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Preferred stock dividends paid	0.0	(0.8)	0.0	(0.4)	(0.2)	0.1	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.4)
Proceeds from (payments on) borrowings, net	3.7	3.1	(1.3)	(3.8)	(2.5)	0.0	(7.5)	0.0	0.0	0.0	0.0	0.0	0.0
Other	(0.1)	0.0	0.0	(0.0)	0.0	11.3	11.3	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities	14.8	18.3	(1.6)	2.2	37.6	151.0	189.2	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.4)
Net increase (decrease) in cash	2.0	(1.0)	4.9	(2.7)	23.3	129.6	155.1	(15.4)	(6.1)	(6.6)	(4.3)	(32.4)	1.6
Net cash from continuing operations	(11.9)	(18.0)	7.2	(3.2)	(12.3)	(18.2)	(26.5)	(10.0)	(2.0)	(3.0)	(2.0)	(17.0)	10.0
Capex	0.0	(1.5)	(0.6)	(1.7)	(2.0)	(3.2)	(7.6)	(5.3)	(4.0)	(3.5)	(2.2)	(15.0)	(8.0)
Free cash flow	(11.9)	(19.5)	6.6	(4.9)	(14.3)	(21.4)	(34.1)	(15.3)	(6.0)	(6.5)	(4.2)	(32.0)	2.0
<u>Capital structure</u>													
Cash	2	1	6	3	27	156	156	141	135	128	124	124	126
Debt	0	8	6	3	0	0	0	0	0	0	0	0	0
Net debt	(2)	6	0	(1)	(27)	(156)	(156)	(141)	(135)	(128)	(124)	(124)	(125)
Equity	3	1	1	8	50	218	218	229	241	254	272	272	386
<u>Analysis</u>													
Debt/capital	16%	84%	84%	23%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net debt/capital	(59%)	70%	1%	(9%)	(54%)	(72%)	(72%)	(61%)	(56%)	(50%)	(45%)	(45%)	(32%)
Return on equity (ROE)	(400.5%)	(372.6%)					32.7%					22.4%	35.4%
Return on invested capital (ROIC)	(315.5%)	(164.0%)					33.8%					22.4%	35.4%
Equity/share	\$0.13	\$0.04	\$0.03	\$0.18	\$0.96	\$4.21	\$4.69	\$3.34	\$3.49	\$3.65	\$3.88	\$3.93	\$5.55

Source: Company reports and Thomas Weisel Partners LLC estimates

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES:

The Research Analyst(s) principally responsible for the analysis of any security or issuer included in this report certifies that the views expressed accurately reflect the personal views of the Research Analyst(s) about the subject securities or issuers and certifies that no part of his or her compensation was or is or will be, directly or indirectly, related to the specific recommendations or views expressed by the Research Analyst(s) in this report.



Notes: Price chart updated as of 5/7/2007. All price targets displayed in the chart above represent either a specific price target or the midpoint of a range. Prior to November 16, 2006, Thomas Weisel Partners LLC used a three-tier rating system with different rating names and definitions: Outperform, Peer Perform and Underperform.

Source: First Call, FactSet and Thomas Weisel Partners LLC

Thomas Weisel Partners LLC makes a market in the securities of the following company or companies mentioned in this report and may sell any of the securities to or buy them from customers on a principal basis: Force Protection, Inc.

The following table outlines the Thomas Weisel Partners LLC stock rating system, along with the relevant definitions, effective November 16, 2006.

STOCK RATING	STOCK RATINGS DEFINITIONS	PCT. OF SECURITIES RATED IN EACH CATEGORY	PCT. FOR WHICH IB SERVICES HAVE BEEN PROVIDED
Overweight (O)	When an analyst rates a stock Overweight, he/she is advising our clients to carry a position in the stock that is in excess of its weighting relative to the stocks either in that analyst's coverage or an index identified by the analyst that includes, but is not limited to, stocks covered by that analyst.	44.2%	30.3%
Total Buy		44.2%	30.3%
Market Weight (M)	When an analyst rates a stock Market Weight, he/she is advising our clients to carry a position in the stock that is in line with its weighting relative to the stocks either in that analyst's coverage or an index identified by the analyst that includes, but is not limited to, stocks covered by that analyst.	52.0%	9.8%
Total Hold		52.0%	9.8%
Underweight (U)	When an analyst rates a stock Underweight, he/she is advising our clients to carry a position in the stock that is below its weighting relative to the stocks either in that analyst's coverage or an index identified by the analyst that includes, but is not limited to, stocks covered by that analyst.	3.8%	5.6%
Total Sell		3.8%	5.6%
Suspended Rating (S)	The stock rating has been suspended.		
Not Rated (NR)	The stock is not rated, but it is covered by a Thomas Weisel Partners LLC analyst.		
Not Covered (NC)	The stock is not covered by a Thomas Weisel Partners LLC analyst.		

Notes: The percentage of investment banking services is calculated as of 3/31/2007. The percentage of securities rated in each category is calculated as of 5/10/2007. The new rating system is effective 11/16/2006. An analyst's coverage universe is defined as all of the stocks within the analyst's industry that reasonably are part of his/her potential coverage, not necessarily the stocks specifically covered. "Buy", "Hold" and "Sell" are not ratings categories defined by Thomas Weisel Partners LLC and should not be interpreted as investment opinions. We show these categories for illustrative purposes in accordance with NASD and NYSE regulations. The above table includes Thomas Weisel International stocks.

Source: FactSet and Thomas Weisel Partners LLC

The following grid outlines the Thomas Weisel Partners LLC industry rating system, along with the relevant definitions, effective November 16, 2006.

INDUSTRY RATINGS	INDUSTRY RATINGS DEFINITIONS
Favorable	When an analyst assigns a Favorable rating to an industry that means he/she believes that, generally, the industry's fundamentals or stock prospects are improving.
Neutral	When an analyst assigns a Neutral rating to an industry that means he/she believes that, generally, the industry's fundamentals or stock prospects are stable.
Unfavorable	When an analyst assigns an Unfavorable rating to an industry that means he/she believes that, generally, the industry's fundamentals or stock prospects are deteriorating.

Source: Thomas Weisel Partners LLC

The following grid outlines the Thomas Weisel Partners LLC stock rating system, along with the relevant definitions, in effect from April 4, 2003, to November 16, 2006.

COMPANY RATING	RATINGS DEFINITION
Outperform (O)	The stock is expected to outperform the median performance of the Analyst's coverage universe over the next six to 12 months.
Peer Perform (P)	The stock is expected to perform in line with the median performance of the Analyst's coverage universe over the next six to 12 months.
Underperform (U)	The stock is expected to underperform the median performance of the Analyst's coverage universe over the next six to 12 months.
Suspended Rating (S)	The stock rating has been suspended.
Not Rated (NR)	The stock is not rated, but it is covered by a Thomas Weisel Partners LLC analyst.
Not Covered (NC)	The stock is not covered by a Thomas Weisel Partners LLC analyst.

SECTOR RATING	SECTOR RATING DEFINITION
Overweight (OW)	The Analyst's coverage universe is expected to outperform the S&P 500 over the next six to 12 months.
Market Weight (MW)	The Analyst's coverage universe is expected to perform in line with the S&P 500 over the next six to 12 months.
Underweight (UW)	The Analyst's coverage universe is expected to underperform the S&P 500 over the next six to 12 months.

Source: Thomas Weisel Partners LLC

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