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NOTE

MARC ROBINS, CFA
503-445-2490

FORCE PROTECTION INC. (OTC BB: FRPT: \$6.01)

INDUSTRY: DEFENSE

DISCLOSURES: 1, 4A, 6, 10

RATING: BUY

RISK: HIGH

On July 9th, there was a rather detailed and gruesome article in the *LA Times* regarding the July 8th killing of three US soldiers during the IED destruction of a "Cougar." The article went on to point out the durability and safety record of the Cougars and the substantial amount expended by the US armed services to date for the "heretofore indestructible" trucks.

Later yesterday, the DoD identified the Army casualties. But the official notice also explained that the casualties occurred when an improvised explosive device detonated near the Mine Protected Vehicle but clarified the fact that the attack occurred on a RG-31—a vehicle not manufactured by Force Protection and that it was not a Cougar involved in the incident.

In the shadow of this very unfortunate attack on our young people, investors should take some solace that it was not a FRPT vehicle involved in the event. Thus, the stellar safety record maintained by Force is still intact. But, we all have to remember that all defense mechanisms are vulnerable and that Force Protection's vehicles are the PRIME TARGET by insurgents. (Please see our note dated June 19th, Field Trip Notes—"Kill the Klaw!") On the other hand, no Company is as well prepared and is continually focused on improving the defensive capabilities of its trucks as Force Protection and as we have recently learned, the Company is venturing out into introducing this advanced technology to other equipment manufacturers and military suppliers.

We are maintaining our **BUY** rating.

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