

FORCE PROTECTION INC
Form 424B2
July 27, 2007

Pursuant to Rule 424(b)(2)
Registration No. 333-140074

PROSPECTUS

FORCE PROTECTION, INC.

OFFERING UP TO 13,000,000 SHARES OF COMMON STOCK

This prospectus relates to the sale of up to 13,000,000 shares of our common stock by our stockholders. We are not selling any securities in this offering and therefore will not receive any proceeds from this offering. All costs associated with this registration will be borne by us.

The shares of common stock are being offered for sale by the selling stockholders at prices established on the NASDAQ Stock Market or in negotiated transactions during the term of this offering. Our common stock is quoted on the NASDAQ Stock Market under the symbol FRPT. On July 24, 2007, the last reported sale price of our common stock was \$17.15 per share.

**THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK.
YOU SHOULD PURCHASE SECURITIES ONLY IF YOU CAN AFFORD A COMPLETE LOSS.
SEE RISK FACTORS BEGINNING ON PAGE 4.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

THE DATE OF THIS PROSPECTUS IS JULY 27, 2007

TABLE OF CONTENTS

| | Page |
|--|-------------|
| <u>The Company</u> | 3 |
| <u>Risk Factors</u> | 4 |
| <u>Forward Looking Statements</u> | 7 |
| <u>Use of Proceeds</u> | 8 |
| <u>Determination of Offering Price</u> | 8 |
| <u>Selling Securities Holders</u> | 8 |
| <u>Plan of Distribution</u> | 19 |
| <u>Description of Securities to Be Registered</u> | 20 |
| <u>Interest of Named Experts and Counsel</u> | 20 |
| <u>Material Changes</u> | 20 |
| <u>Incorporation of Certain Information by Reference</u> | 20 |

THE COMPANY

We manufacture ballistic- and blast-protected vehicles, which have been used to support armed forces and security personnel in Iraq, Afghanistan, Kosovo and other hot spots around the globe. These specialty vehicles are protected against landmines, hostile fire and Improvised Explosive Devices (IEDs, commonly referred to as roadside bombs). We believe our mine and ballistic protection technology is among the most advanced in the world. We currently have two manufacturing facilities. One located in Ladson, South Carolina, is on a 260 acre campus comprised of three manufacturing buildings with a combined floor area of approximately 452,240 square feet and an additional 90,000 square feet warehouse facility. The second facility is located in Roxboro, North Carolina, and adds an additional 430,000 square feet of manufacturing capabilities. At June 30, 2007, we employed 970 employees.

Our executive offices are located at 9801 Highway 78, Building #1, Ladson, South Carolina 29456 and our telephone number is (843) 740-7015. Our website is www.forceprotection.net. Information contained on our website does not constitute part of this prospectus and our address should not be used as a hyperlink to our website.

THE OFFERING

| | |
|--|---|
| Common stock outstanding as of July 10, 2007 | 68,207,649 shares |
| Common stock to be registered | 13,000,000 shares |
| Common stock to be outstanding after this Offering | 68,207,649 shares |
| Use of Proceeds | We will not receive any proceeds from the sale of common stock by the selling stockholders. |
| Stock Symbol | FRPT |

RISK FACTORS

An investment in the offered shares involves a high degree of risk. Prospective investors should understand that they may lose their investment and should consider carefully the following risk factors in making their investment decision.

IF WE CAN NOT ACCESS SUFFICIENT FUNDS WHEN NEEDED, WE MAY NOT BE ABLE TO MEET OUR CONTRACTUAL OBLIGATIONS TO DELIVER OUR PRODUCTS AND OUR BUSINESS MAY FAIL.

We believe we have sufficient cash resources to continue operations at our current capacity, however in the event of an unanticipated change of circumstances, or if we secure additional orders, we could face liquidity constraints and we could require external financing

4

to fund operations. Until we generate cash flow from operations that will be sufficient to satisfy our cash requirements, we will continue to seek alternative means for financing our operations and capital expenditures and/or postpone or eliminate certain investments or expenditures. Potential alternative means for financing may include leasing capital equipment, lines of credit, or obtaining additional debt or equity financing. When needed, additional financing may not be available, or available on acceptable terms. The inability to obtain additional financing or generate sufficient cash from operations could require us to reduce or eliminate expenditures for capital equipment, research and development, production or marketing of our products, or otherwise curtail or discontinue its operations, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if we raise funds through the sale of additional equity securities, the common stock currently outstanding will be further diluted.

IF WE FAIL TO MAINTAIN AN EFFECTIVE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING, WE MAY NOT BE ABLE TO ACCURATELY REPORT OUR FINANCIAL RESULTS. AS A RESULT, CURRENT AND POTENTIAL STOCKHOLDERS COULD LOSE CONFIDENCE IN OUR FINANCIAL REPORTING, WHICH COULD HARM OUR BUSINESS AND THE TRADING PRICE OF OUR STOCK.

We restated our Financial Statements in our annual reports on Form 10-K for the fiscal years ended 2003, 2004 and 2005 and we amended our annual report on Form 10-K for the 2006 fiscal year. In response to identifying the need to restate our historical financials we evaluated our internal controls and procedures and took steps to strengthen our controls over financial reporting. Having recognized the need for a strong, skilled financial leader, we hired Michael Durski as Chief Financial Officer in the first quarter of 2007. We also established an active Audit Committee of the Board of Directors in the fourth quarter of 2006. Acting on a recommendation from the Audit Committee, we replaced our independent audit firm with a larger, regional firm of national recognition. Additionally, we implemented a new computer system during the month of June 2007 with the goal of improving our internal controls and we anticipate a complete change in our manner of collection, reporting, and management of accounting data, which we believe will further strengthen the overall reliability of financial data going forward. We cannot be certain that the measures we have taken and are planning to take will sufficiently and satisfactorily improve our financial reporting. We intend to continue to evaluate the effectiveness of our internal control over financial reporting. The evaluation, implementation and testing of these efforts could result in increased cost and could divert management attention away from operating our business.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in conditions or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As a result, we may still identify material weaknesses in our internal control over financial reporting in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in significant deficiencies or material weaknesses, cause us to fail to timely meet our periodic reporting obligations, or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding disclosure controls and the effectiveness of our internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to timely meet our reporting obligations and cause investors to lose confidence in our reported financial information, leading to a decline in our stock price.

WE DEPEND ON OUR SUPPLIERS AND IF WE CAN NOT OBTAIN CERTAIN COMPONENTS FOR OUR PRODUCTS, WE MIGHT HAVE TO DEVELOP ALTERNATIVE DESIGNS THAT COULD INCREASE OUR COSTS.

We depend upon a number of suppliers for components of our products. There is an inherent risk that certain components of our products will be unavailable for prompt delivery or, in some cases, discontinued. We have only limited control over any third-party manufacturer as to quality controls, timeliness of production, deliveries and various other factors. Should the availability of certain components be compromised, it could force us to develop alternative designs using other components, which could add to the cost of goods sold and compromise delivery commitments. If we are unable to obtain components in a timely manner, at an acceptable cost, or at all, we may need to select new suppliers, redesign or reconstruct processes we use to build the hulls and/or the vehicles, which management believes would take a minimum of one year. We may not be able to manufacture any vehicles for a period of time, which could materially adversely affect our business, results from operations, and financial condition.

WE DEPEND ON THE U.S. GOVERNMENT FOR A SUBSTANTIAL AMOUNT OF OUR SALES. IF WE DO NOT FIND ACCEPTANCE OF OUR PRODUCTS WITHIN THE U.S. GOVERNMENT, OUR BUSINESS MAY FAIL.

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We serve the defense market and our sales are highly concentrated within the U.S. government. The customer relationship with the U.S. government involves certain risks that are unique such as the ongoing development of high-technology products, price, availability and quality of materials and suppliers.

U.S. defense spending has historically been cyclical. Defense budgets have received their strongest support when perceived threats to national security raise the level of concern over the country's safety. As these threats subside, spending on the military tends to decrease. Accordingly, while Department of Defense funding has grown rapidly over the past few years, there is no assurance that this trend will continue. Rising budget deficits, the cost of the Global War on Terrorism and increasing costs for domestic programs continue to put pressure on all areas of discretionary spending, which could ultimately impact the defense budget. Wartime support for defense spending could wane if the country's troop deployments in support of operations in Iraq and Afghanistan are reduced. A decrease in U.S. government defense spending or changes in spending allocation could result in one or more of our programs being reduced, delayed or terminated. Reductions in our existing programs, unless offset by other programs and opportunities, could adversely affect our ability to sustain and grow our future sales and earnings.

U.S. GOVERNMENT CONTRACTS GENERALLY ARE NOT FULLY FUNDED AT INCEPTION AND ARE SUBJECT TO TERMINATION. IF THE U.S. GOVERNMENT DOES NOT ORDER AS MANY VEHICLES AS WE ANTICIPATE, OUR BUSINESS WILL BE ADVERSELY AFFECTED.

Government contracts and subcontracts typically involve long purchase and payment cycles, competitive bidding, qualification requirements, delays or changes in funding, extensive specification development, price negotiations and milestone requirements. Each government agency also maintains its own rules and regulations with which we must comply and which can vary significantly among agencies. Governmental agencies also often retain some portion of fees payable upon completion of a project and collection of these fees may be delayed for several months or even years, in some instances.

In addition, an increasing number of government contracts are fixed price contracts which may prevent us from recovering costs incurred in excess of our budgeted costs. Fixed price contracts require us to estimate the total project cost based on preliminary projections of the project's requirements. The financial viability of any given project depends in large part on our ability to estimate such costs accurately and complete the project on a timely basis. In the event actual costs exceed the fixed contractual cost, we may not be able to recover the excess costs.

Some government contracts are also subject to termination or renegotiation at the convenience of the government, which could result in a large decline in revenue in any given quarter. Although government contracts have provisions providing for the reimbursement of costs associated with termination, the termination of a material contract at a time when our funded backlog does not permit redeployment of staff could result in a reduction in the number of employees. In addition, the timing of payments from government contracts is also subject to significant fluctuation and potential delay, depending on the government agency involved. Any such delay could result in a temporary shortage in working capital.

SOME OF OUR PRODUCT COMPONENTS ARE MANUFACTURED IN SOUTH AFRICA OR OTHER FOREIGN COUNTRIES AND IF THEY BECOME UNSTABLE OR GOVERNMENT REGULATIONS CHANGE, OUR COSTS MAY INCREASE OR WE MAY BECOME UNABLE TO SOURCE CERTAIN PARTS.

Some of our product components are manufactured in South Africa and supplied from other foreign countries. If import tariffs or taxes increase for any reason, our cost of goods would increase. Our financial performance may be affected by changes in political, social and economic environment. The role of the central and local governments in the economy is significant. Policies toward economic liberalization, and laws and policies affecting foreign companies, foreign investment, currency exchange rates and other matters could change, resulting in greater restrictions on our ability to do business with suppliers based in other countries. The government could impose surcharges, increase tax rates, or revoke, terminate or suspend operating licenses without compensating us. Also, South Africa and other countries, from time to time, experience instances of civil unrest and hostilities. Confrontations have occurred between the military, insurgent forces, and civilians. If for these or any other reason, we lose our ability to sub-contract or manufacture the components to our products, or the cost of doing business increases, our business, financial condition, and results of operations would be materially and adversely affected.

WE MAY BE SUBJECT TO PERSONAL LIABILITY CLAIMS FOR OUR PRODUCTS AND IF OUR INSURANCE IS NOT SUFFICIENT TO COVER SUCH CLAIMS, OUR EXPENSES MAY INCREASE SUBSTANTIALLY.

We may be subject to personal liability claims and our insurance may not be adequate to cover such claims. As a result, a significant lawsuit could adversely affect our business. We may be exposed to liability for personal injury or property damage claims relating to the use of the products. Any future claim against us for personal injury or property damage could materially adversely affect the business, financial condition, and results of operations and result in negative publicity. Even if we are not found liable, the costs of defending a lawsuit can be high. We do not currently maintain insurance for this type of liability. Additionally, even if we do purchase insurance, we may experience legal claims outside of our insurance coverage, or in excess of our insurance coverage, or that insurance will not cover.

WE ARE SUBJECT TO SUBSTANTIAL COMPETITION AND WE MUST CONTINUE RESEARCH AND DEVELOPMENT TO REMAIN COMPETITIVE.

We are subject to significant competition that could harm our ability to win business and increase the price pressure on our products. We face strong competition from a wide variety of firms, including large, multinational vehicle, defense and aerospace firms. Most of our competitors have considerably greater financial, marketing and technological resources than we do which may make it difficult to win new contracts and we may not be able to compete successfully. Certain competitors operate fabrication facilities and have longer operating histories and presence in key markets, greater name recognition, larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources, as a result, these competitors may be able to adapt more quickly to new or emerging technologies and changes in customer requirements. They may also be able to devote greater resources to the promotion and sale of their products. Moreover, we may not have sufficient resources to undertake the continuing research and development necessary to remain competitive.

Competitors may attempt to independently develop similar designs or duplicate our products or designs. We or our competitors may intentionally or unintentionally infringe upon or misappropriate products or proprietary information. In the future, litigation may be necessary to enforce intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. Currently we have no patents. Any patent or patents sub-licensed to us relating to current or future products may be challenged, invalidated, or circumvented or the rights granted there-under will may not be held valid if subsequently challenged. Our products are based on technological innovation. Consequently, the life cycles of our products can be relatively short. Our success depends significantly on our ability to establish and maintain a competitive position in this field. Our products may not remain competitive in light of technological developments by others. Our competitors may succeed in discovering and developing technology before we do that would render our technology, and hence our products, obsolete and noncompetitive.

WE MUST COMPLY WITH ENVIRONMENTAL REGULATIONS OR WE MAY HAVE TO PAY EXPENSIVE PENALTIES OR CLEAN UP COSTS.

We are subject to federal, state, local and foreign laws, and regulations regarding protection of the environment, including air, water, and soil. Our manufacturing business involves the use, handling, storage, and contracting for recycling or disposal of, hazardous or toxic substances or wastes, including environmentally sensitive materials, such as batteries, solvents, lubricants, degreasing agents, gasoline and resin. We must comply with certain requirements for the use, management, handling, and disposal of these materials. We do not maintain insurance for pollutant cleanup and removal. If we are found responsible for any hazardous contamination, we may have to pay expensive fines or penalties or perform costly clean-up. Even if we are charged, and later found not responsible, for such contamination or clean up, the cost of defending the charges could be high. If we do not comply with government regulations, we may be unable to ship our products or have to pay expensive fines or penalties. We are subject to regulation by county, state and federal governments, governmental agencies, and regulatory authorities from several different countries. If we fail to obtain regulatory approvals or suffer delays in obtaining regulatory approvals, we may not be able to marketing

our products and services, and generate product and service revenues. Further, we may not be able to obtain necessary regulatory approvals. Although we do not anticipate problems satisfying any of the regulations involved, we cannot foresee the possibility of new regulations, which could adversely affect our business. Further our products are subject to export limitations and we may be prevented from shipping our products to certain nations or buyers.

6

WE RELY ON PROPRIETARY DESIGNS AND RIGHTS AND IF WE HAVE TO LITIGATE THOSE RIGHTS, OUR EXPENSES COULD SUBSTANTIALLY INCREASE.

Our success and ability to compete depend, in part, on the protection of our designs and technology. In addition, our technology could infringe on patents or proprietary rights of others. We have not undertaken or conducted any comprehensive patent infringement searches or studies. If any third parties hold any conflicting rights, we may be required to stop making, using or selling our products or to obtain licenses from and pay royalties to others. Further, in such event, we may not be able to obtain or maintain any such licenses on acceptable terms, if at all. We may need to engage in future litigation to enforce intellectual property rights or the rights of customers, to protect trade secrets or to determine the validity and scope of proprietary rights of others, including customers. This litigation could result in substantial costs and diversion of resources and could materially and adversely affect our results of operations.

WE DEPEND ON MANAGEMENT AND OTHER KEY PERSONNEL AND WE MAY NOT BE ABLE TO EXECUTE OUR BUSINESS PLAN WITHOUT THEIR SERVICES.

Our success and our business strategy depend in large part on our ability to attract and retain key management and operating personnel. Such individuals are in high demand and are often subject to competing employment offers. We depend to a large extent on the abilities and continued participation of our executive officers and other key employees. We do not presently maintain key man insurance on any employees. We believe that, as our activities increase and change in character, additional, experienced personnel will be required to implement our business plan. Competition for such personnel is intense and we may not be able to hire them when required, or have the ability to attract and retain them.

WE DO NOT INTEND TO PAY DIVIDENDS IN THE FORESEEABLE FUTURE; THEREFORE, YOU MAY NEVER SEE A RETURN ON YOUR INVESTMENT.

We do not anticipate the payment of cash dividends on our common stock in the foreseeable future. We anticipate that any profits from our operations will be devoted to our future operations. Any decision to pay dividends will depend upon our profitability at the time, cash available and other factors. Therefore, you may never see a return on your investment. Investors who anticipate a need for immediate income from their investment should not purchase our securities.

OUR STOCK PRICE IS VOLITILE AND YOU MAY NOT BE ABLE TO SELL YOUR SHARES FOR MORE THAN WHAT YOU PAID.

Our stock price has been subject to significant volatility, and you may not be able to sell shares of common stock at or above the price you paid for them. The trading price of our common stock has been subject to wide fluctuations in the past. From July 10, 2006 through July 10, 2007, our common stock has traded at prices as low as \$5.25 per share and as high as \$31.16 per share. The market price of the common stock could continue to fluctuate in the future in response to various factors, including, but not limited to: quarterly variations in operating results; our ability to control costs and improve cash flow; announcements of technological innovations or new products by us or our competitors; changes in investor perceptions; and new products or product enhancements by us or our competitors. The stock market in general has continued to experience volatility which may further affect our stock price. As such, you may not be able to resell your shares of common stock at or above the price you paid for them.

FORWARD LOOKING STATEMENTS

This prospectus contains forward-looking statements, including, without limitation, statements concerning possible or assumed future results of operations and those preceded by, followed by or that include the words believes, could, expects, intends, anticipates, or similar expressions. Actual results could differ materially from these anticipated in the forward-looking statements for many reasons including our ability to raise capital when necessary; availability of parts and raw materials for our products; continued customer acceptance of our products; on-going success of our research and development efforts and other risks described elsewhere in this prospectus. Although we believe the expectations reflected in the forward-looking statements are

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reasonable, they relate only to events as of the date on which the statements are made, and our future results, levels of activity, performance or achievements may not meet these expectations. We do not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in our expectations, except as required by law.

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by certain selling stockholders. We will not receive proceeds from the sale of shares of common stock in this offering.

DETERMINATION OF OFFERING PRICE

The selling stockholders may sell shares from time to time in negotiated transactions, brokers transactions or a combination of such methods at market prices prevailing at the time of the sale or at negotiated prices.

SELLING SECURITY HOLDERS

The following table sets forth the names of the Selling Security Holders, the securities beneficially owned by them, and the number of offered shares which may be offered for sale pursuant to this prospectus by each of the Selling Security Holders.

All information with respect to share ownership has been furnished by the Selling Security Holders. The offered shares may be offered from time to time by the Selling Security Holders named below. However, the Selling Security Holders are not obligated to sell any offered shares immediately under this prospectus. The table assumes that all of the offered shares held by the Selling Security Holders are sold, and that the Selling Security Holders acquire no additional shares of common stock before the completion of this offering.

Beneficial ownership is determined in accordance with the rules of the SEC, and for calculating the shares and percentage beneficially owned by each Selling Security Holder includes any securities which the person has the right to acquire within 60 days of the date of this prospectus through the conversion or exercise of any security or right.

Unless otherwise indicated below, each of the Selling Security Holders acquired the common stock included in this Registration Statement in a private placement that closed on December 20, 2006, at a price of \$11.75 per share, resulting in gross proceeds to us of \$152,750,000.

| Name and Address of Selling Securityholder | Number of Shares Beneficially Owned Before Offering | Number of Shares to be Offered Pursuant to this Prospectus (1) | Number of Shares Beneficially Owned after Offering | Percentage of Class Owned After Offering (2) |
|---|--|--|--|--|
| Calm Waters Partnership (3) c/o Baraboo Growth, LLC 115 S. 84th St. Suite 200 Milwaukee, WI 53214 | 3,250,000 | 750,000 | 2,500,000 | 3.67 % |
| Longview Fund, LP (4) c/o Viking Asset Management 600 Montgomery St., 44th Floor San Francisco, CA 94111 | 100,000 | 100,000 | 0 | * |
| Midsummer Investment LTD (5) c/o Midsummer Capital 295 Madison Ave., 38th Floor New York, NY 10017 | 3,778,300 | 200,000 | 1,778,300 | 2.61 % |
| Harbour Holdings Ltd. (6) c/o Skylands Capital, LLC 1200 N. Mayfair Rd., Suite 250 Milwaukee, WI 53226 | 657,300 | 117,300 | 540,000 | * |

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| Skylands Special Investment LLC (7) c/o Skylands Capital, LLC 1200 N. Mayfair Rd., Suite 250 Milwaukee, WI 53226 | 311,700 | 56,700 | 255,000 | * |
| Skylands Special Investment II LLC (8) c/o Skylands Capital, LLC 1200 N. Mayfair Rd., Suite 250 Milwaukee, WI 53226 | 43,500 | 8,000 | 35,500 | * |
| Skylands Quest LLC (9) c/o Skylands Capital, LLC 1200 N. Mayfair Rd., Suite 250 Milwaukee, WI 53226 | 98,000 | 18,000 | 80,000 | * |
| Ardsley Partners Fund II, LP (10) 262 Harbor Drive, 4th Floor Stamford, CT 06902 | 208,400 | 208,400 | 0 | * |
| Ardsley Partners Institutional Fund, LP (11) 262 Harbor Drive, 4th Floor Stamford, CT 06902 | 127,000 | 127,000 | 0 | * |
| Ardsley Offshore Fund, Ltd. (12) 262 Harbor Drive, 4th Floor Stamford, CT 06902 | 158,500 | 158,500 | 0 | * |
| Marion Lynton (13) 262 Harbor Drive, 4th Floor Stamford, CT 06902 | 6,100 | 6,100 | 0 | * |
| DKR Sound Shore Oasis Holding Fund Ltd. (14) c/o DKR Capital Partners LP 1281 E. Main Street Stamford, CT 06902 | 100,000 | 100,000 | 0 | * |
| Alydar Fund LP (15) 222 Berkeley St., 17th Floor Boston, MA 02116 | 13,176 | 13,176 | 0 | * |
| Alydar Fund Limited (16) 222 Berkeley St., 17th Floor Boston, MA 02116 | 500,485 | 500,485 | 0 | * |
| Alydar QP Fund LP (17) 222 Berkeley St., 17th Floor Boston, MA 02116 | 186,339 | 186,339 | 0 | * |
| Atlas Master Fund (18) 135 E. 57th St., 27th Floor New York, NY 10022 | 940,000 | 920,000 | 20,000 | * |
| John Hancock Technology Leaders Fund (nominee: HARE & CO.) (19) 101 Huntington Ave., 6th Floor Boston, MA 02199 | 3,000 | 3,000 | 0 | * |

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|---|-----------|---------|-----------|------|---|
| John Hancock Small Cap Equity Fund (nominee: HARE & CO.) (20) 101 Huntington Ave., 6th Floor Boston, MA 02199 | 1,554,500 | 390,000 | 1,164,500 | 1.71 | % |
| JHF II Emerging Growth Fund (nominee: CANALSIDE & CO.) (21) 101 Huntington Ave., 6th Floor Boston, MA 02199 | 338,600 | 115,000 | 223,600 | * | |
| JHT Emerging Growth Trust (nominee: BELIE & Co.) (22) 101 Huntington Ave., 6th Floor Boston, MA 02199 | 55,300 | 20,000 | 35,300 | * | |
| John Hancock Technology Fund (nominee: HARE & CO.) (23) 101 Huntington Ave., 6th Floor Boston, MA 02199 | 222,000 | 222,000 | 0 | * | |
| George Weiss Associates, Inc. Profit Sharing Plan (24) c/o George Weiss Associates, Inc. One State Street, 20th Floor Hartford, CT 06103 | 300,000 | 300,000 | 0 | * | |
| IOU Limited Partnership (25) c/o George Weiss Associates, Inc. One State Street, 20th Floor Hartford, CT 06103 | 350,000 | 350,000 | 0 | * | |
| OGI Associates LLC (26) c/o George Weiss Associates, Inc. One State Street, 20th Floor Hartford, CT 06103 | 97,580 | 97,580 | 0 | * | |
| Weiss Multi-Strategy Partners LLC (27) c/o George Weiss Associates, Inc. One State Street, 20th Floor Hartford, CT 06103 | 2,420 | 2,420 | 0 | * | |
| Lagunitas Partners LP (28) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133 | 1,118,000 | 100,000 | 1,018,000 | 1.49 | % |
| Gruber & McBaine International (29) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133 | 306,000 | 20,000 | 286,000 | * | |
| Trustees of Hamilton College (30) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133 | 89,000 | 20,000 | 69,000 | * | |

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| The Wallace Foundation (31) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133 | 72,500 | 20,000 | 52,500 | * |
| Jon D and Linda W Gruber Trust (32) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133 | 156,250 | 20,000 | 136,250 | * |
| J Patterson McBaine (33) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133 | 188,400 | 20,000 | 168,400 | * |
| Fidelity Commonwealth Trust: Fidelity Small Cap Retirement Fund (nominee: Bangle and Co) (34) 82 Devonshire St. Boston, MA 02109 | 200,000 | 200,000 | 0 | * |
| Franklin Templeton Small Cap Growth Fund (Metlife Series) (nominee: AUTERMOORING & CO) (35) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 76,100 | 76,100 | 0 | * |
| Minnesota Life General Account Small Cap Growth (nominee: EMSEG & CO) (36) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 35,300 | 35,300 | 0 | * |
| Transamerica Franklin Small Mid Cap Growth Fund (nominee: GERLACH & CO.) (37) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 40,600 | 40,600 | 0 | * |
| VALIC Company II Small Cap Growth (nominee: NEWBRIDGE + CO) (38) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 28,100 | 28,100 | 0 | * |
| FSS-Franklin Small Cap Growth Fund II (nominee: HARE & CO.) (39) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 601,000 | 601,000 | 0 | * |
| FSS-Franklin Small-Mid Cap Growth Fund (nominee: HARE & CO.) (40) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 4,316,100 | 4,316,100 | 0 | * |

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|--|---------|---------|---|---|
| FTIF Franklin US Small-Mid Cap Growth Fund (nominee: CUDD & CO.) (41) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 25,400 | 25,400 | 0 | * |
| Franklin US Small-Mid Cap Growth Fund (nominee: HARE & CO.) (42) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 12,800 | 12,800 | 0 | * |
| FTIF-Franklin Aggressive Growth Fund (nominee: EGGER & CO) (43) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 166,900 | 166,900 | 0 | * |
| Franklin Aggressive Growth Fund (nominee: HARE & CO.) (44) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 88,400 | 88,400 | 0 | * |
| AXA Premier VIP Small Mid Cap Growth Portfolio (nominee: CUDD & CO.) (45) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 110,500 | 110,500 | 0 | * |
| AXA Premier VIP Smid Cap Growth Fund (nominee: CUDD & CO.) (46) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403 | 28,800 | 28,800 | 0 | * |
| SEI U.S. Small Companies Fund (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 27,700 | 27,700 | 0 | * |
| Optimix Investment Management Limited (nominee: GERLACH & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 17,900 | 17,900 | 0 | * |
| Goldman Sachs Global Manager Strategies (nominee: Hare & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 32,200 | 32,200 | 0 | * |

| | | | | |
|---|---------|---------|---|---|
| JB Were Global Small Companies Fund - CFS (nominee: GERLACH & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 52,800 | 52,800 | 0 | * |
| NZ Funds Global Small Companies Trust (nominee: GERLACH & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 15,700 | 15,700 | 0 | * |
| SEI Institutional Investments Trust, Small Cap Fund (nominee: HARE & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 166,100 | 166,100 | 0 | * |
| SEI Institutional Managed Trust, Small Cap Growth Fund (nominee: HARE & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 201,900 | 201,900 | 0 | * |
| SEI Institutional Investments Trust, Small/Mid Cap Equity Fund (nominee: HARE & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 132,500 | 132,500 | 0 | * |
| Seligman Global Fund Series, Inc. - Global Smaller Companies Fund (nominee: CUDD & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 91,300 | 91,300 | 0 | * |
| Retail Employees Superannuation Trust (nominee: CUDD & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 77,400 | 77,400 | 0 | * |
| Australian Retirement Fund (nominee: CUDD & CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 65,800 | 65,800 | 0 | * |
| Central States, Southeast and Southwest Areas Pension Fund (nominee: Mac & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 188,000 | 188,000 | 0 | * |

| | | | | |
|---|---------|---------|---|---|
| Talvest Small Cap Cdn. Equity Fund (nominee: Mac & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 7,200 | 7,200 | 0 | * |
| Talvest Global Small Cap Fund (nominee: Mac & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 20,600 | 20,600 | 0 | * |
| Maritime Life Discovery Fund (nominee: Mac & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 34,900 | 34,900 | 0 | * |
| BC Telecom Pension Plan for Management and Exempt Employees (nominee: Mac & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 10,700 | 10,700 | 0 | * |
| Pension Plan for Management and Professionals of TELUS Corp-Alpha (nominee: Mac & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 22,800 | 22,800 | 0 | * |
| Telstra Super Pty Ltd (nominee: Hare & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 56,400 | 56,400 | 0 | * |
| Stichting Bedrijfstakpensioenfonds voor Het Veroepsvervoer Over De Weg (nominee: Booth & Co.) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 37,600 | 37,600 | 0 | * |
| J B Were Global Small Companies Pooled Fund (nominee: Hare & Co) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 291,400 | 291,400 | 0 | * |

| | | | | |
|---|---------|---------|---|---|
| Stichting Bedrijfstakpensioenfonds voor de Media PNO (nominee: KAS Depository Trust Co.) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 59,100 | 59,100 | 0 | * |
| WTC-CTF Smaller Companies Portfolio (nominee: FINWELL + CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 46,100 | 46,100 | 0 | * |
| Wellington Management Portfolios (Dublin) - Global Smaller Companies Equity (nominee: SQUIDLAKE + CO) (47) c/o Wellington Management Company, LLP 75 State Street Boston, MA 02109 | 43,900 | 43,900 | 0 | * |
| Capital Ventures International (48) 101 California Street, Suite 3250 San Francisco, CA 94111 | 400,000 | 400,000 | 0 | * |

* less than 1%

- (1) Assumes all shares are sold pursuant to this prospectus.
- (2) Based on 68,207,649 shares of common stock issued and outstanding as of July 10, 2007.
- (3) Richard S. Strong, as Managing Partner, has voting and investment control over the securities held by Calm Waters Partnership.
- (4) Peter T. Benz, as Chairman of Viking Asset Management, Investment Advisor to Longview Fund, LP, has voting and investment control over the securities held by Longview Fund.
- (5) Scott Kaufman and Michel Amsalem, as Directors, have voting and investment control over the securities held by Midsummer Investment Ltd.
- (6) Charles A. Paquelet, as Investment Advisor, has voting and investment control over the securities held by Harbour Holdings Ltd.
- (7) Charles A. Paquelet, as President of Skylands Capital LLC, the managing member of Skylands Special Investment LLC, has voting and investment control over the securities held by Skylands Special Investment LLC.
- (8) Charles A. Paquelet, as President of Skylands Capital LLC, the managing member of Skylands Special Investment II LLC, has voting and investment control over the securities held by Skylands Special Investment II LLC.
- (9) Charles A. Paquelet, as President of Skylands Capital LLC, the managing member of Skylands Quest LLC, has voting and investment control over the securities held by Skylands Quest LLC.
- (10) Phil Hempleman, as General Partner, has voting and investment control over the securities held by Ardsley Partners Fund II, L.P.
- (11) Phil Hempleman, as General Partner, has voting and investment control over the securities held by Ardsley Partners Institutional Fund, L.P.
- (12) Phil Hempleman, as Investment Advisor, has voting and investment control over the securities held by Ardsley Offshore Fund, Ltd.

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(13) Phil Hempleman, as Investment Advisor, has voting and investment control over the securities held by Ms. Lynton.

(14) The investment manager of DKR SoundShore Oasis Holding Fund Ltd. (the Fund) is DKR Oasis Management Company LP (the Investment Manager). The Investment Manager has the authority to do any and all acts on behalf of the Fund, including voting any shares held by the Fund. Mr. Seth Fischer is the Managing Partner of Oasis Management Holdings LLC, one of the General Partners of the Investment Manager. Mr. Fischer has ultimate responsibility for trading with respect to the Fund. Mr. Fischer disclaims beneficial ownership of the shares.

15

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- (15) John Murphy, as General Partner of Alydar Capital LLC, the Managing Partner of Alydar Fund LP, has voting and investment control over the securities held by Alydar Fund, LP.
- (16) John Murphy, as General Partner of Alydar Capital LLC, the Managing Partner of Alydar Fund Limited, has voting and investment control over the securities held by Alydar Fund, Limited.
- (17) John Murphy, as General Partner of Alydar Capital LLC, the Managing Partner of Alydar QP Fund LP, has voting and investment control over the securities held by Alydar QP Fund, LP.
- (18) Balyasny Asset Management LP (BAM) is the Investment Advisor to Atlas Master Fund, Ltd. and Dmitry Balyasny is the sole Managing Member of the General Partner to BAM. By virtue of such relationship, BAM and Mr. Balyasny share dispositive and voting control over the securities beneficially owned by Atlas Master Fund and therefore, also beneficially own such securities.
- (19) Tom Norton, as Portfolio Manager, has voting and investment control over the securities held by John Hancock Technology Leaders Fund.
- (20) Alan E. Norton, as Portfolio Manager, has voting and investment control over the securities held by John Hancock Small Cap Equity Fund.
- (21) Alan E. Norton, as Portfolio Manager, has voting and investment control over the securities held by JHF II Emerging Growth Fund.
- (22) Alan E. Norton, as Portfolio Manager, has voting and investment control over the securities held by JHT Emerging Growth Trust.
- (23) Tom Norton, as Portfolio Manager, has voting and investment control over the securities held by John Hancock Technology Fund.
- (24) Steven C. Kleinman, as Chief Financial Officer of Weiss Multi-Strategy Advisors LLC, Investment Advisor to George Weiss Associates, Inc. Profit Sharing Plan, has voting and investment control over the securities held by George Weiss Associates, Inc. Profit Sharing Plan.
- (25) Steven C. Kleinman, as Chief Financial Officer of Weiss Multi-Strategy Advisors LLC, Investment Advisor to IOU Limited Partnership, has voting and investment control over the securities held by IOU Limited Partnership.
- (26) Steven C. Kleinman, as Chief Financial Officer of Weiss Multi-Strategy Advisors LLC, Investment Advisor to OGI Associates LLC, has voting and investment control over the securities held by OGI Associates.
- (27) Steven C. Kleinman, as Chief Financial Officer of Weiss Multi-Strategy Advisors LLC, Investment Advisor to Weiss Multi-Strategy Partners LLC, has voting and investment control over the securities held by Weiss Multi-Strategy Partners LLC.
- (28) Jon D Gruber and J Patterson McBaine, as Managers of Gruber & McBaine Capital Management, have the power to vote or dispose of the securities held by Lagunitas Partners LP.
- (29) Jon D Gruber and J Patterson McBaine, as Managers of Gruber & McBaine Capital Management, have the power to vote or dispose of the securities held by Gruber & McBaine International.
- (30) Jon D Gruber and J Patterson McBaine, as Managers of Gruber & McBaine Capital Management, have the power to vote or dispose of the securities held by Trustees of Hamilton College.
- (31) Jon D Gruber and J Patterson McBaine, as Managers of Gruber & McBaine Capital Management, have the power to vote or dispose of the securities held by The Wallace Foundation.
- (32) Jon D Gruber, as Trustee, has voting and investment control over the securities held by the Jon D and Linda W Gruber Trust.
- (33) J. Patterson McBaine has voting and investment control over the securities held in his name.
- (34) The entity is a registered investment fund (the Fund) advised by Fidelity Management & Research Company (FMR Co.), a registered investment adviser under the Investment Advisers Act of 1940, as amended. FMR Co., 82 Devonshire Street, Boston Massachusetts 02109, a wholly-owned subsidiary of FMR Corp. and an Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 12,820,512 shares of the preferred stock outstanding of the Company as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. Edward C. Johnson 3d, FMR Corp., through its control of FMR Co., and the Fund each has sole power to dispose of the

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Securities owned by the Fund. Neither FMR Corp. nor Edward C. Johnson 3d, Chairman of FMR Corp., has the sole power to vote or direct the voting of the shares owned directly by the Fund, which power resides with the Fund's Board of Trustees. The Fund is an affiliate of a broker-dealer. The Fund purchased the Securities in the ordinary course of business and, at the time of the purchase of the Securities to be resold, the Fund did not have any agreements or understandings, directly or indirectly, with any person to distribute the notes or conversion shares.

(35) MetLife Advisers, LLC, a Delaware limited liability company, is the fund's advisor. Franklin Advisers, Inc., a California corporation, is the fund's sub-advisor and as such has voting and investment control over the shares held by the fund. Michael McCarthy, as Senior Vice President, Director Equity Research, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. McCarthy disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(36) Advantus Capital Management Inc., a wholly-owned subsidiary of the Securian Financial Group, Inc., is the fund's advisor. Franklin Advisers, Inc., a California corporation, is the fund's advisor and as such has voting and investment control over the shares held by the fund. Michael McCarthy, as Senior Vice President, Director Equity Research, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. McCarthy disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(37) Franklin Advisers, Inc., a California corporation, is the fund's advisor and as such has voting and investment control over the shares held by the fund. Edward B. Jamieson, as President, Chief Investment Officer Equities, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. Jamieson disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(38) Variable Annuity Life Insurance Company (VALIC), a life insurance company organized under Chapter 3 of the Texas Insurance Code, is the fund's advisor. Franklin Advisers, Inc., a California corporation, is the fund's sub-advisor and as such has voting and investment control over the shares held by the fund. Michael McCarthy, as Senior Vice President, Director Equity Research, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. McCarthy disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(39) Franklin Advisers, Inc., a California corporation, is the fund's advisor and as such has voting and investment control over the shares held by the fund. Michael McCarthy, as Senior Vice President, Director Equity Research, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. McCarthy disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(40) Franklin Advisers, Inc., a California corporation, is the fund's advisor and as such has voting and investment control over the shares held by the fund. Edward B. Jamieson, as President, Chief Investment Officer Equities, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. Jamieson disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(41) Franklin Advisers, Inc., a California corporation, is the fund's advisor and as such has voting and investment control over the shares held by the fund. Edward B. Jamieson, as President, Chief Investment Officer Equities, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. Jamieson disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(42) Franklin Advisers, Inc., a California corporation, is the fund's advisor and as such has voting and investment control over the shares held by the fund. Edward B. Jamieson, as President, Chief Investment Officer Equities, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. Jamieson disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(43) Franklin Advisers, Inc., a California corporation, is the fund's advisor and as such has voting and investment control over the shares held by the fund. Robert Dean, as Vice President, Research Analyst, Portfolio Manager, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. Dean disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(44) Franklin Advisers, Inc., a California corporation, is the fund's advisor and as such has voting and investment control over the shares held by the fund. Robert Dean, as Vice President, Research Analyst, Portfolio Manager, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. Dean disclaims beneficial ownership of

these shares, except to the extent of any pecuniary interest therein.

(45) AXA Equitable Life Insurance Company, a New York stock life insurance corporation, is the fund's advisor. Franklin Advisers, Inc., a California corporation, is the fund's sub-advisor and as such has voting and investment control over the shares held by the fund.

17

Michael McCarthy, as Senior Vice President, Director Equity Research, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. McCarthy disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(46) AXA Equitable Life Insurance Company, a New York stock life insurance corporation, is the fund's advisor. Franklin Advisers, Inc., a California corporation, is the fund's sub-advisor and as such has voting and investment control over the shares held by the fund. Edward B. Jamieson, as President, Chief Investment Officer Equities, Portfolio Management Equity, Franklin Advisers, Inc., may be considered a beneficial owner of any shares deemed to be beneficially owned by the fund, however, Mr. Jamieson disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest therein.

(47) Wellington Management Company, LLP is an investment adviser registered under the Investment Advisers Act of 1940, as amended. Wellington, in such capacity, may be deemed to share beneficial ownership over the shares held by its client accounts.

(48) Heights Capital Management, Inc., the authorized agent of Capital Ventures International (CVI), has discretionary authority to vote and dispose of the shares held by CVI and may be deemed to be the beneficial owner of these shares. Martin Kobinger, in his capacity as Investment Manager of Heights Capital Management, Inc., may also be deemed to have investment discretion and voting power over the shares held by CVI. Mr. Kobinger disclaims any such beneficial ownership of the shares. CVI acquired the shares of common stock included in this Registration Statement in a private transaction from an investor in the December 2006 private placement.

PLAN OF DISTRIBUTION

The selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. The selling stockholders may sell the shares from time to time:

- in transactions on any national securities exchange or U.S. inter-dealer system of a registered national securities association on which our common stock may be listed or quoted at the time of sale; or
- in private transactions and transactions otherwise than on these exchanges or systems; or
- at prices related to such prevailing market prices, or
- in negotiated transactions, or
- in a combination of such methods of sale; or
- any other method permitted by law.

The selling stockholders may effect such transactions by offering and selling the shares directly to or through securities broker-dealers, and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of the shares for whom such broker-dealers may act as agent or to whom the selling stockholders may sell as principal, or both, which compensation as to a particular broker-dealer might be in excess of customary commissions.

Any broker-dealers who act in connection with the sale of its shares are underwriters within the meaning of the Securities Act, and any discounts, concessions or commissions received by them and profit on any resale of the shares as principal may be deemed to be underwriting discounts, concessions and commissions under the Securities Act.

On or prior to the effectiveness of the registration statement to which this prospectus is a part, we will advise the selling stockholders that they and any securities broker-dealers or others who are deemed to be statutory underwriters will be governed by the prospectus delivery requirements under the Securities Act. Under applicable rules and regulations under the Securities Exchange Act, any person engaged in a distribution of any of the shares may not simultaneously engage in market activities with respect to the common stock for the applicable period under Regulation M prior to the commencement of such distribution. In addition and without limiting the foregoing, the selling security owners will be governed by the applicable provisions of the Securities Exchange Act, and the rules and regulations thereunder, including without limitation Rules 10b-5 and Regulation M, which provisions may limit the timing of purchases and sales of any of the shares by the selling stockholders. All of the foregoing may affect the marketability of our securities.

On or prior to the effectiveness of the registration statement to which this prospectus is a part, we will advise the selling stockholders that the anti-manipulation rules under the Securities Exchange Act may apply to sales of shares in the market and to the activities of the selling security owners and any of their affiliates. We have informed the selling stockholders that they may not:

- engage in any stabilization activity in connection with any of the shares;

- bid for or purchase any of the shares or any rights to acquire the shares,
- attempt to induce any person to purchase any of the shares or rights to acquire the shares other than as permitted under the Securities Exchange Act; or
- effect any sale or distribution of the shares until after the prospectus shall have been appropriately amended or supplemented, if required, to describe the terms of the sale or distribution.

We have informed the selling stockholder that it must effect all sales of shares in broker's transactions, through broker-dealers acting as agents, in transactions directly with market makers, or in privately negotiated transactions where no broker or other third party, other than the purchaser, is involved.

The selling stockholder may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act. Any commissions paid or any discounts or concessions allowed to any broker-dealers, and any profits received on the resale of shares, may be deemed to be underwriting discounts and commissions under the Securities Act if the broker-dealers purchase shares as principal.

In the absence of the registration statement to which this prospectus is a part, certain of the selling stockholder would be able to sell its shares only pursuant to the limitations of Rule 144 promulgated under the Securities Act.

DESCRIPTION OF SECURITIES TO BE REGISTERED

We have the authority to issue 300,000,000 shares of common stock. Each share of our common stock has identical rights and privileges. The holders of our common stock are entitled to vote upon all matters submitted to a vote of our shareholders and are entitled to one vote for each share of common stock held. There are no cumulative voting rights.

The holders of our common stock are entitled to share equally in dividends and other distributions that our board of directors may declare from time to time out of funds legally available for that purpose, if any, after the satisfaction of any prior rights and preferences of any outstanding preferred stock. If we liquidate, dissolve or wind up, the holders of shares of common stock will be entitled to share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities and our obligations to holders of our outstanding preferred stock.

The holders of our common stock have no preemptive or other subscription rights to purchase shares of our stock, nor are they entitled to the benefits of any redemption or sinking fund provisions.

INTEREST OF NAMED EXPERTS AND COUNSEL

No expert or counsel will receive a direct or indirect interest in the issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of Force Protection, Inc. Nor does any such expert or counsel have any contingent based agreement with us or any other interest in or connection to us.

MATERIAL CHANGES

There have been no material developments since the July 12, 2007 filing of our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006, that are not described in a subsequent report on Form 10-Q or Form 8-K.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or SEC, in accordance with the Securities Exchange Act of 1934. You may read and copy any document we file at the SEC's public reference rooms at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference rooms. Our reports, proxy and information statements, and other information filed with the SEC are available to the public over the Internet at the SEC's World Wide Website at <http://www.sec.gov>.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

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This prospectus is part of a registration statement we filed with the SEC. You should rely only on the information or representations provided in this prospectus. The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this

information. This prospectus also does not contain all the information set forth in the registration statement. For further information, you can obtain the complete registration statement and the documents incorporated herein by reference from the SEC offices listed above.

We have authorized no one to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of the document. You should also be aware that the information in this prospectus may change after this date.

The following documents, which have been filed with the SEC by Force Protection, Inc. are incorporated in this prospectus by reference and made a part of it. The SEC file number for all documents which are incorporated by reference is 001-33253.

- 1) Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and amendments thereto filed on June 11, 2007 and July 12, 2007.
- 2) Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2007 and the amendment thereto filed on July 19, 2007.
- 3) Current Reports on Form 8-K filed with the SEC on January 12, 2007, January 18, 2007, January 25, 2007, February 5, 2007, February 20, 2007, March 6, 2007, March 15, 2007, March 28, 2007, April 23, 2007, April 27, 2007, May 9, 2007, June 5, 2007, June 26, 2007 and July 18, 2007.
- 4) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of fiscal year ended December 31, 2006.

In addition, any amendments to these document and all other reports, proxy statements and other documents of Force Protection hereafter filed with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the termination of the offering of the securities covered by this prospectus, shall be deemed to be incorporated in this prospectus and made a part of it by reference from the date of filing of each of these documents. Statements in this prospectus modify and supersede statements contained in all earlier documents incorporated by reference in this prospectus. Further, all future documents incorporated by reference will modify and supersede this prospectus.

We undertake to provide without charge to each person to whom this prospectus is delivered, upon the written or oral request, a copy of any and all of the information that has been incorporated by reference in the prospectus. Exhibits to the information that is incorporated by reference will be included only if the exhibits are specifically incorporated by reference into the information that the prospectus incorporates. Requests should be directed to Michael Durski, Chief Financial Officer, Force Protection, Inc., 9801 Highway 78, Bldg #1, Ladson, South Carolina 29456, telephone number (843) 740-7015.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITY

Our Articles of Incorporation, as amended, provide that no director of this corporation shall have any personal liability for monetary damages to the corporation or its shareholders for breach of his fiduciary duty as a director, except that this provision shall not eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for: (i) any breach of the director's duty of loyalty to the corporation or its shareholders; or (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; Nothing contained herein will be construed to deprive any director of his right to all defenses ordinarily available to a director nor will anything herein be construed to deprive any director of any right he may have for contribution from any other director or other person.

Our Bylaws provide that we shall indemnify a person made or threatened to be made a party to a threatened, pending or completed civil, criminal, administrative, arbitration or investigative proceeding by reason of such person's present or former capacity as our director, officer, employee or agent if such person: (a) has not been indemnified by another organization or employee benefit plan for the same judgment, penalty or fine; (b) acted in good faith; (c) received no improper personal benefit and, if a director, had no improper conflict of interest; (d) in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful; and (e) reasonably believed that the conduct complained of was in our best interests or was not opposed to our best interests.

Unless prohibited or limited by our Articles of Incorporation, as amended, or Bylaws, we must indemnify our current and former directors, officers and employees who are made or threatened to be made a party to certain proceedings by reason of their present or former official capacity with us, against judgments, penalties, fines, settlements, and reasonable expenses (including attorney's fees) incurred in connection with such proceedings. Proceeding, means a threatened, pending or completed civil, criminal, administrative or investigative action, including a

derivative action in our name. Reference is made to the detailed terms of the Nevada statute for a complete statement of such indemnification right.

21

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act, and is unenforceable for that reason.

22
