

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION**

**IN RE FORCE PROTECTION, INC.
SECURITIES LITIGATION**

**Consolidated Civil Action No.
2:08-cv-845-CWH**

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

TO: All persons who purchased Force Protection, Inc. ("Force Protection" or the "Company") common stock from January 18, 2007 to March 14, 2008, inclusive (the "Class").

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure ("Rule 23") and an Order of the United States District Court for the District of South Carolina (the "Court") of the pendency of a class action lawsuit on behalf of the Class.

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

This Notice of Pendency and Proposed Settlement of Class Action (the "Notice") explains important rights you may have. Your legal rights are affected whether or not you act. Please read this Notice carefully!

COVER PAGE REQUIRED BY FEDERAL LAW

1. **Statement of Class Member's Recovery:** This Notice has been sent to you pursuant to an Order of the Court in the class action bearing the caption *In re Force Protection, Inc. Securities Litigation*, No. 2:08-cv-845-CWH (the "Action"). One of the purposes of this Notice is to inform you of the proposed settlement of the Action (the "Settlement") with defendants for \$24,000,000 (the "Settlement Amount"). This Notice describes the rights you may have in connection with the Settlement, what steps you may take in relation to the Settlement, and provides information about the hearing that will be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. In order to receive financial proceeds from the Settlement, you will need to file a Proof of Claim and Release form, which is attached hereto.

2. **Reasons for the Settlement with Defendants:** The Settlement resolves claims against Force Protection and certain of its former officers and directors (the "Defendants") regarding alleged violations of the federal securities laws. By entering into the Settlement, the Defendants do not admit any allegations of wrongdoing. In light of the amount of the Settlement and the immediacy of recovery to the members of the Class, Lead Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class. The Settlement provides a substantial benefit, namely \$24,000,000 in cash, less the various deductions and subject to certain potential adjustments described in this Notice, as compared to the risk that a similar, smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future, in which the Defendants would have the opportunity to assert substantial defenses to the claims brought against them.

3. **Statement of Average Amount of Damages Per Share:** Lead Plaintiffs and the Defendants do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (1) whether the statements made or facts allegedly omitted were material, false or misleading, or whether the Defendants are otherwise liable under the securities laws for those statements and omissions; (2) the appropriate economic model for determining the amount by which Force Protection's common stock was allegedly artificially inflated (if at all); (3) the amount by which Force Protection common stock was allegedly artificially inflated (if at all); (4) the various market forces influencing the trading price of Force Protection common stock; (5) the extent to which external factors, such as general market conditions, influenced the trading price of Force Protection common stock; and (6) the extent to which the various matters that Lead Plaintiffs alleged were false or misleading influenced (if at all) the trading price of Force Protection common stock.

4. In the opinion of Lead Plaintiffs, the Settlement Amount represents as much as 22%-33% of potentially recoverable damages.

5. In the opinion of Lead Plaintiffs' Co-Lead Counsel, the Settlement Amount represents a significant portion of the damages that would likely be awarded by a jury. More importantly, the Settlement Amount represents a significant portion of the damages that would likely be collected from Defendants, given the Company's limited resources to satisfy any potential judgment and limited insurance coverage.

6. There are approximately 70,264,512 million shares of Force Protection common stock outstanding. Lead Plaintiffs' damages expert estimates that approximately 163 million shares of Force Protection common stock traded during the Class Period. Assuming that the owners of all affected Force Protection shares elect to participate in the Settlement, the average recovery per share would be \$0.35 per share (based on outstanding shares), before the deduction of any fees, expenses, costs, and awards described herein. The actual amount disbursed to members of the Class who participate in the Settlement may be more or less than this figure.

7. **Statement of Attorneys' Fees and Expenses:** Lead Plaintiffs' Co-Lead Counsel has not received any payment for its services in conducting this litigation on behalf of Lead Plaintiffs and the members of the Class, nor have they been reimbursed for their out-of-pocket expenditures. If the Settlement is approved by the Court, such counsel will apply to the Court for attorneys' fees not to exceed 27.5% of the Settlement Amount (if awarded, such a fee would represent the approximate lodestar of plaintiffs' counsel to date), and reimbursement of expenses not to exceed \$600,000. If the amount requested by counsel is approved by the Court, the average cost would be approximately \$0.100 per share (based on outstanding shares). In addition, a Compensatory Award for the time and expenses incurred by Lead Plaintiffs will be sought, not to exceed \$15,000 per Lead Plaintiff, each of whom was deposed in this Action (the average cost of which would be less than \$0.001 per share).

8. **Identification of Lead Plaintiffs' Co-Lead Counsel:** For further information regarding this Settlement you may contact either: (1) Jason S. Cowart, Esq., Pomerantz Haudek Grossman & Gross LLP, 100 Park Avenue, New York, NY 10017, www.pomlaw.com or (2) Jeffrey C. Block, Esq., Berman DeValerio, One Liberty Square, Boston, MA 02109, www.bermandevalerio.com. **DO NOT CONTACT THE COURT.**

[END OF COVER PAGE]

| YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT: | | |
|---|--------------------------|---|
| | DATE | |
| SUBMIT A CLAIM FORM | March 11, 2011 | The only way to get a payment. |
| EXCLUDE YOURSELF | December 27, 2010 | Get no payment and not be bound by the Settlement. This is the only option that allows you to ever be part of any other lawsuit against the Defendants with respect to the claims in this case. |
| OBJECT | December 27, 2010 | Write to the Court and explain why you do not like the Settlement. |
| REQUEST NOTICE OF CHANGE OF PLAN OF ALLOCATION | December 6, 2010 | You will be notified if the Plan of Allocation of the Settlement is modified in any manner, including by Court order. |
| GO TO A HEARING | January 25, 2011 | Ask to speak in Court about the fairness of the Settlement. |
| DO NOTHING | | Get no payment. Give up your rights. Alternatively, submit a claim. |

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| WHY DID I GET THIS NOTICE? |
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9. A class action is a lawsuit in which one or more persons sues on behalf of all other persons who have similar claims.

10. On March 10, 2008, a complaint was filed in the United States District Court for the District of South Carolina against defendants Force Protection, Frank Kavanaugh, Gordon R. McGilton, Michael S. Durski, and Raymond W. Pollard (collectively, the "Defendants"). This complaint alleged that the Defendants issued false and misleading statements, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and also alleged that certain individual defendants engaged in insider trading, in violation of Section 20A of the Exchange Act.

11. On September 27, 2010, the Lead Plaintiffs in this Action entered into the proposed Settlement with the Defendants.

12. On October 5, 2010, the Court granted preliminary approval of the proposed Settlement.

13. YOU RECEIVED THIS NOTICE BECAUSE YOU HAVE A RIGHT TO KNOW THAT A CLASS ACTION HAS BEEN CERTIFIED AND THAT, IF YOU FIT WITHIN THE DEFINITION OF THE CLASS, YOU WILL BE DEEMED PART OF THE CLASS UNLESS YOU EXPRESSLY EXCLUDE YOURSELF FROM IT IN WRITING PURSUANT TO THE INSTRUCTIONS BELOW. THIS NOTICE IS ALSO TO INFORM YOU OF THE NATURE OF THE ACTION AND OF YOUR RIGHTS IN CONNECTION WITH IT.

14. YOU ALSO RECEIVED THIS NOTICE BECAUSE, IF YOU ARE A MEMBER OF THE CLASS, YOU HAVE A RIGHT TO KNOW ABOUT A PROPOSED SETTLEMENT WITH THE DEFENDANTS BEFORE THE COURT DECIDES WHETHER TO APPROVE IT.

15. In that regard, this Notice explains your legal rights as a member of the Class, what benefits are available, who is eligible for them, and how to get them. This Notice also provides information about a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement, to consider the application by Lead Plaintiffs' Co-Lead Counsel for attorneys' fees, reimbursement of litigation expenses, and the application of Lead Plaintiffs for Compensatory Awards.

16. If the Court approves the proposed Settlement, and after any objections and appeals are resolved, a Claims Administrator approved by the Court will make payments from the fund created by the Settlement to eligible claimants pursuant to a plan of allocation ("Plan of Allocation").

17. The Settlement Hearing will be held on January 25, 2011, at 11:00 a.m., before the Honorable C. Weston Houck, Senior United States District Judge, United States District Court for the District of South Carolina, Charleston Federal Courthouse, 85 Broad Street, Charleston, SC 29401 (the "Settlement Hearing"). The purpose of the Settlement Hearing will be to determine:

- a. Whether the Settlement should be approved as fair, reasonable, adequate, and in the best interests of the Class;
- b. Whether the Plan of Allocation is fair, reasonable, adequate, and in the best interests of the Class;
- c. Whether the application by Lead Plaintiffs' Co-Lead Counsel for an award of attorneys' fees and expenses and for Compensatory Awards to Lead Plaintiffs should be approved; and
- d. Whether the Action should be dismissed with prejudice as against the Defendants.

The Court may adjourn or continue the Settlement Hearing without further notice to members of the Class. The issuance of this Notice is not an expression of the Court's opinion on the merits of any claim in the lawsuit, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments will be made after the completion of all claims processing. Please be patient.

WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

Background

18. Force Protection, which is headquartered in Ladson, South Carolina, is a manufacturer of blast and ballistic protected vehicles with sales to domestic and foreign governments.

19. Lead Plaintiffs have alleged that Defendants caused the price of Force Protection common stock to be artificially inflated during the Class Period by the issuance of materially false statements and by omitting to state material information concerning the Company's financial results, its compliance with United States Department of Defense regulations, and its ability to obtain contracts from the U.S. Government.

20. Beginning on March 10, 2008, putative class actions were filed against Defendants in the United States District Court for the District of South Carolina, Charleston Division, alleging claims under the federal securities laws. These actions included: *Candelore v. Force Protection, Inc., et al.*, No. 2:08-CV-845-CWH; *Young v. Force Protection, Inc., et al.*, No. 2:08-CV-928-CWH; *Deskin v. Force Protection, Inc., et al.*, No. 2:08-CV-968-CWH; *Hoffman v. Force Protection, Inc., et al.*, No. 2:08-CV-975-CWH; *Yarmish v. Force Protection, Inc., et al.*, No. 2:08-CV-1030-CWH; *Norman v. Force Protection, Inc., et al.*, No. 2:08-CV-1207-CWH; *Greenberg v. Force Protection, Inc., et al.*, No. 2:08-CV-1280-CWH; *Saulle v. Force Protection, Inc., et al.*, No. 2:08-CV-1546-CWH; *Mackie v. Force Protection, Inc., et al.*, No. 2:08-CV-1586-CWH; and *Cope & Hettinger v. Force Protection, Inc., et al.*, No. 2:08-CV-1642-CWH.

21. These cases were consolidated on June 10, 2008, Docket No. 74, as *In re Force Protection, Inc. Securities Litigation*, Consolidated Civil Action No. 2:08-CV-845-CWH, U.S.D.C., District of South Carolina.

22. On June 20, 2008, the Court appointed plaintiffs Laborers' Annuity and Benefit System of Chicago, Gary Trautman, David J. Jager, Bhadra Shah, Panteli Poulikakos, George Poulikakos, and Niki Poulikakos as Lead Plaintiffs and approved the Lead Plaintiffs' choice of Pomerantz Haudek Grossman & Gross LLP and Berman DeValerio as Lead Plaintiffs' Co-Lead Counsel.

23. Following the appointment, Lead Plaintiffs' Co-Lead Counsel began an exhaustive investigation of the facts that gave rise to the allegations in the complaint. This investigation included numerous interviews of former Force Protection employees and other witnesses; review of public filings with the United States Securities and Exchange Commission (the "SEC"); and analysis of publicly available trading information.

24. An Amended Complaint was filed on November 6, 2008.

25. On January 16, 2009, Defendants moved to dismiss the Complaint. Following full briefing and oral argument of the motion, the Court denied the motion to dismiss on September 29, 2009.

26. Following the denial of Defendants' motion to dismiss, Lead Plaintiffs and Defendants engaged in extensive discovery. Over one million pages of documents were produced from the Defendants, Force Protection's outside accountants and consultants, the Department of Defense, and analysts who covered Force Protection during the Class Period, all of which Lead Plaintiffs' Co-Lead Counsel reviewed and analyzed.

27. Each of the Lead Plaintiffs sat for a deposition, responded to interrogatories and produced documents to the Defendants. In addition, Lead Plaintiffs retained a financial market consulting firm to assist in assessing loss causation and damages.

28. On November 16, 2009, Lead Plaintiffs moved the Court for an order certifying the Litigation as a class action under Federal Rule of Civil Procedure 23. Lead Plaintiffs filed an amendment to their motion for class certification on February 5, 2010. Pursuant to the briefing schedule ordered by the Court, Defendants filed their brief in opposition to the motion for class certification on March 31, 2010, and Lead Plaintiffs filed their reply brief in support of class certification on May 7, 2010.

29. Discovery was underway, and the class certification motion was pending, at the time that Lead Plaintiffs and Defendants entered into settlement negotiations by way of mediation conducted by the Honorable Layn R. Phillips (Ret.), a mediator with extensive experience mediating complex cases like this Action.

30. Prior to the mediation conference, Lead Plaintiffs' Co-Lead Counsel and counsel for Force Protection prepared and submitted comprehensive mediation statements to Judge Phillips. These statements provided comprehensive overviews of the factual and legal issues implicated by the litigation, presented the parties' respective views about the strengths and weaknesses of the claims alleged, and highlighted the critical issues that would determine whether a settlement was possible.

31. On August 2, 2010, the parties held a mediation with Judge Phillips. After extensive, arm's-length negotiations, the parties reached an agreement in principle to settle the Action on August 20, 2010, and subsequently entered into a Stipulation of Settlement ("Stipulation").

HOW DO I KNOW IF I AM PART OF THE CLASS OR IF I CAN PARTICIPATE IN THE SETTLEMENT?

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A MEMBER OF THE CLASS OR THAT YOU CAN PARTICIPATE IN THE SETTLEMENT.

32. You are a member of the Class, and therefore impacted by the Settlement, if you purchased common stock of Force Protection from January 18, 2007 to March 14, 2008, inclusive. Excluded from the Class are the Defendants and their corporate affiliates; any current or former officers or directors of Force Protection; and their successors, heirs, assigns, executors, personal representatives, marital communities and immediate family members.

33. To determine the amount of Recognized Losses, if any, that you sustained, and therefore your potential recovery thereof from the Settlement, see paragraphs 54 to 71 below, which set forth the Plan of Allocation.

WHAT RIGHTS DO I HAVE AS A MEMBER OF THE CLASS?

34. **YOU NEED NOT TAKE ANY ACTION TO BE A MEMBER OF THE CLASS.** If you take no action in response to this Notice, you will automatically be considered to be a member of the Class to the extent you fit within the definition outlined above.

35. It is important to note, however, that your legal rights will be affected by remaining in the Class; specifically, you will not be able to sue, continue to sue, or be part of any other lawsuit against the Defendants relating to the issues arising in the Action. It also means that any judgment that is subsequently entered in the Action, or orders of the Court, will be applicable to you and will, therefore, be legally binding.

36. Thus, by remaining in the Class, you will be subject to the Judgment contemplated by the Settlement and you will be bound by the release of Released Claims contained therein.

37. As a member of the Class, however, you are entitled to share in any recovery obtained in this Action based upon a Plan of Allocation set forth below in paragraphs 54 to 71, subject to Court approval or modification. Thus, by remaining in the Class, you are entitled to share in the recovery from the Settlement as described in this Notice.

38. As a member of the Class, you are also entitled to notice and the opportunity to file an objection with the Court if you do not agree with all or part of the proposed Settlement, Plan of Allocation, attorneys' fees, or Compensatory Awards. Thus, this Notice describes the way in which you can object to the foregoing.

Excluding Yourself from the Class

39. **IF YOU DO NOT WISH TO PARTICIPATE IN THE CLASS, THEN YOU MUST IMMEDIATELY TAKE SPECIFIC STEPS TO EXCLUDE YOURSELF.** In addition, if you are currently prosecuting your own action arising out of the claims asserted herein and you wish to continue to do so, or if you have not yet filed an individual action but intend to do so, then you must also take specific steps to exclude yourself from the Class. This process is commonly referred to as "opting out." If you ask to be excluded, you will not receive any payment that may arise from this Action, whether by judgment or settlement, and you cannot file objections. However, you will not be legally bound by anything that happens in this Action, and you may be able to sue (or continue to sue) the Defendants at your own expense at a future time.

40. For example, if the Settlement is approved, members of the Class who have not requested exclusion will be allowed to participate in the Settlement, but they will have to release all Released Claims, even if they bring, or have a pending, litigation, arbitration or other proceeding against the Released Parties relating to the Released Claims.

41. In order to be excluded from the Class, you must transmit a written request to the Claims Administrator at the following address: Force Protection Inc. Securities Litigation, c/o Rust Consulting, Inc., P.O. Box 2389, Faribault, MN 55021-9089. The request for exclusion must: (1) state your name, address, and telephone number; and (2) **provide documentation** reflecting all purchases and sales of Force Protection common stock during the Class Period, including the dates, the number of shares of Force Protection common stock, and price paid or received per share for each such purchase or sale.

42. **TO BE VALID, A REQUEST FOR EXCLUSION MUST STATE ALL OF THE FOREGOING INFORMATION. YOUR EXCLUSION REQUEST MUST BE RECEIVED NO LATER THAN DECEMBER 27, 2010.**

WHAT RECOVERY DOES THE SETTLEMENT PROVIDE?

43. The Settlement requires the Defendants to provide the Class with \$24,000,000 (the "Settlement Amount"), plus interest accrued, in order to settle the federal securities claims brought against them. Attorneys' fees and expenses, notification costs, a Compensatory Award to the Lead Plaintiffs, and claims administration costs will be deducted from the Settlement Amount. The Settlement Amount minus these fees, costs, expenses and awards shall be distributed to the Class.

WHY IS THERE A SETTLEMENT OF THIS ACTION?

44. Under the proposed Settlement, the Court will not decide in favor of either the Lead Plaintiffs or the Defendants. By agreeing to a Settlement, both the Lead Plaintiffs and the Defendants avoid the costs and risk of a trial, and the Class Members are compensated.

45. In light of the amount of the Settlement and the immediacy of recovery to the Class, Lead Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class. The Settlement provides a substantial benefit, namely at least \$24,000,000 in cash as compared to the risk that a similar, smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future, in which the Defendants would have the opportunity to assert substantial defenses to the claims asserted against them.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

46. If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither Lead Plaintiffs nor the Class would recover anything. Also, if the Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

Lead Plaintiffs' Assessment of the Settlement

47. Lead Plaintiffs believe that the claims against the Defendants have merit and that the evidence developed to date supports those claims. Lead Plaintiffs believe they could demonstrate at trial that the Defendants caused the price of Force Protection common stock to be artificially inflated during the Class Period by the issuance of materially false statements and by omitting to state material information concerning Force Protection. Lead Plaintiffs also believe that they could prove that, as a result of this misconduct, members of the Class were injured.

48. However, Lead Plaintiffs recognize and acknowledge the expense and length of continued proceedings, trial, and appeals. Lead Plaintiffs also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this one. Lead Plaintiffs are also mindful of the inherent problems of proof under, and possible defenses to, the federal securities law violations asserted, including the defenses asserted by the Defendants during the litigation, in motions on the pleadings, in settlement negotiations, and in the mediation proceedings.

49. In light of the foregoing, Lead Plaintiffs believe that the Settlement confers substantial benefits upon the Class. Based on its evaluation, Lead Plaintiffs and Lead Plaintiffs' Co-Lead Counsel have determined that the Settlement is in the best interests of the Lead Plaintiffs and the Class.

Defendants' Assessment of the Claims and Settlement

50. The Defendants vigorously dispute that Lead Plaintiffs would prevail at trial in this Action on the claims they asserted. The Defendants vigorously dispute, among other things, that Lead Plaintiffs would succeed in proving the allegations in the Amended Complaint that the prices of Force Protection common stock were artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, and that the Lead Plaintiffs or the Class were harmed by the conduct alleged.

51. Nonetheless, the Defendants have concluded that further conduct of the Action would be protracted and expensive, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation in order to limit further expense, inconvenience and distraction, to dispose of the burden of protracted litigation, and to permit the operation of the Company's business without further distraction and diversion of the Company's executive personnel with respect to matters at issue in the Action. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this litigation.

52. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation. The Defendants enter into the Stipulation and Settlement without in any way acknowledging any fault, liability, or wrongdoing of any kind. There has been no adverse determination by any court against any of the Defendants on the merits of the claims asserted by the Lead Plaintiffs.

53. Neither the Settlement, nor Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by any of the Defendants of the merit or truth of any of the allegations or wrongdoing of any kind on the part of any of the Defendants, or of any infirmity in the defenses that the Defendants have or could have asserted in this Action.

HOW MUCH WILL MY PAYMENT BE? WHAT IS THE PLAN OF ALLOCATION?

54. Your share of the recovery (if any) will depend upon the number of valid claims sent in by Class Members ("Authorized Claimants"), when and for what price Authorized Claimants purchased and/or sold their shares of Force Protection common stock, how many shares of Force Protection common stock you bought, and when you bought and sold your shares.

55. To receive cash from the Settlement Fund, Class Members must complete the attached Claim Form and mail it and all required documentation to the Claims Administrator postmarked no later than March 11, 2011. Class Members who do not submit acceptable Claim Forms will not share in the Settlement Fund. Class Members who do not submit either a request for exclusion or an acceptable Claim Form will nevertheless be bound by the Settlement and the Judgment of the Court dismissing the claims against the Defendants.

Allocation to Class Members

56. The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Settlement Fund based upon each Authorized Claimant’s Recognized Loss. The Recognized Loss formula set forth below is not intended to be an estimate of the amount that a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is simply the basis upon which the Settlement Fund will be proportionately distributed to Authorized Claimants.

Formula for Calculating Recognized Losses

57. Co-Lead Counsel, assisted by a damages expert, analyzed the market price reaction to certain disclosures that occurred during the Class Period, which purportedly corrected for Defendants’ alleged misrepresentations. Recognized Losses are based on a portion of the price declines following those disclosures.

58. Your claim for losses will be computed as the lesser of (i) your Recognized Loss as set forth in the Recognized Loss Table below or (ii) the actual purchase price of each share of Force Protection common stock you bought less *either* the sale price of that share (if you sold it before March 14, 2008, the last day of the Class Period) or \$1.79 (the closing price on March 14, 2008, if you continued to hold it through that date).

59. For shares of Force Protection common stock purchased before January 18, 2007, the Recognized Loss is \$0.00 per share (because persons who purchased prior to the beginning of the Class Period are not members of the Class).

| RECOGNIZED LOSS TABLE | | | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| ↙ If You Purchased Shares of Force Protection Common Stock During These Periods ↘ | | | | | | | | | | |
| | Your Recognized Loss is ↘ | 01/18/07 - 05/15/07 | 05/16/07 - 06/03/07 | 06/04/07 - 07/15/07 | 07/16/07 - 07/22/07 | 07/23/07 - 08/07/07 | 08/08/07 - 08/09/07 | 08/10/07 - 11/13/07 | 11/14/07 - 03/02/08 | 03/03/08 - 03/14/08 |
| ↙ And Sold Those Shares During These Periods ↘ | 01/18/07-06/03/07 | \$0.00 | | | | | | | | |
| | 06/04/07-07/15/07 | \$0.92 | \$1.01 | | | | | | | |
| | 07/16/07-07/22/07 | \$1.19 | \$1.28 | \$0.27 | | | | | | |
| | 07/23/07-08/07/07 | \$1.38 | \$1.47 | \$0.46 | \$0.19 | | | | | |
| | 08/08/07-08/09/07 | \$1.69 | \$1.78 | \$0.77 | \$0.50 | \$0.31 | | | | |
| | 08/10/07-11/13/07 | \$1.40 | \$1.49 | \$0.48 | \$0.21 | \$0.02 | \$0.00 | | | |
| | 11/14/07-03/02/08 | \$1.90 | \$1.99 | \$0.98 | \$0.71 | \$0.52 | \$0.21 | \$0.50 | | |
| | 03/03/08-03/16/08 | \$2.43 | \$2.52 | \$1.51 | \$1.24 | \$1.05 | \$0.74 | \$1.03 | \$0.53 | |
| | 03/17/08 or later or never sold | \$2.67 | \$2.76 | \$1.75 | \$1.48 | \$1.29 | \$0.98 | \$1.27 | \$0.77 | \$0.24 |

60. Any shares purchased and sold between each of the foregoing disclosure dates (*e.g.*, shares purchased on July 24, 2007 and sold on August 6, 2007 (“ins-and-outs”)) will have a Recognized Loss of \$0.

61. To the extent that the Settlement Fund is sufficient, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s Recognized Loss, as defined above. If, however, the Settlement Fund is not sufficient to permit such payment, then each Authorized Claimant shall be paid its *pro rata* share of the Settlement Fund based upon the percentage of the Settlement Fund that each Authorized Claimant’s Recognized Loss bears to the entire Settlement Fund. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

62. No distribution will be made on a claim where the Authorized Claimant's *pro rata* share of the Settlement Fund is less than \$10.

General Provisions for Plan of Allocation

63. In processing claims, a first-in, first-out basis ("FIFO") will be applied to acquisitions, purchases, and sales starting with the opening position (if any) at the outset of the Class Period.

64. The date of purchase or sale is the "contract" or "trade" date, and not the "settlement" date.

65. Brokerage commissions, fees and taxes should be excluded from the purchase or sale price of Force Protection common stock.

66. Class Members who do not file acceptable Claim Forms will not share in the Settlement Fund, yet will nevertheless be bound by the Court's Judgment and the Settlement.

67. Shares of Force Protection common stock acquired during the Class Period by means of a gift, inheritance or operation of law, do not qualify as the purchase of such shares on the date of such acquisition. If, however, such stock was purchased by the donor, decedent or transferor, then, unless the donor, decedent or transferor submits a Claim Form with respect to the shares, the recipient's Recognized Losses will be computed by using the closing price of such stock on the original date of purchase and not the date of transfer.

68. Payments pursuant to the Plan of Allocation, as approved by the Court, will be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Lead Plaintiffs' Co-Lead Counsel, the Claims Administrator, or any other agent designated by Lead Plaintiffs' Co-Lead Counsel, based upon a distribution made substantially in accordance with the Stipulation of Settlement and the Plan of Allocation or further Orders of the Court. Neither Defendants nor their counsel shall have any responsibility for, interest in, or liability whatsoever with respect to any allocation, management, disposition, computation, or distribution of the Settlement Fund.

69. The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.

Alteration of the Plan of Allocation

70. Lead Plaintiffs may alter the Plan of Allocation (subject to Court approval) without any further notice to Class Members, unless such Class Members expressly request notice of alteration of the Plan. Therefore, in order to receive such notice, you must send a request, no later than December 6, 2010, to the Claims Administrator at the address set forth below.

71. The Court also may modify the Plan of Allocation without further notice to Class Members.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

72. If you fall within the definition of the Class as defined above, you will remain a Class Member unless you elect to be excluded. If you do not request to be excluded, you will be bound by any judgment entered in the Action whether or not you file a Claim Form, including the dismissal with prejudice of any Released Claims against the Defendants you may possess under federal law, or the law of any state.

73. If you wish to remain a Member of the Class you need do nothing (other than timely file a Claim Form and Release if you wish to participate in the distribution of funds from the Settlement). Your interests will be represented by Lead Plaintiffs' Co-Lead Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

74. TO PARTICIPATE IN THE DISTRIBUTION FROM THE SETTLEMENT YOU MUST TIMELY REQUEST, COMPLETE AND RETURN THE ATTACHED CLAIM FORM POSTMARKED NO LATER THAN MARCH 11, 2011.

75. If you need an additional copy of the Claim Form, it may be obtained by either downloading a copy from the Claims Administrator's website at www.ForceProtectionClassAction.com; by calling the Claims Administrator at (877) 896-6933; or by sending a letter requesting a copy to the Claims Administrator at the following address: Force Protection Inc. Securities Litigation, c/o Rust Consulting, Inc., P.O. Box 2389, Faribault, MN 55021-9089. Unless the Court orders otherwise, if you do not timely submit a valid Claim Form, you will be barred from receiving any payments from the Settlement, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENT?

76. If the Settlement is approved, the Court will enter a Judgment. The Judgment will dismiss the claims against the Defendants with prejudice and provide that Lead Plaintiffs and all other Class Members (except those who validly and timely request to be excluded), shall upon the entry of the Judgment be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged the Released Claims.

77. It is expressly understood, however, that the Released Claims shall not include derivative claims and/or causes of action asserted against any of the Defendants in the various derivative actions now pending.

78. "Released Claims" means any and all rights, debts, demands, claims (including "Unknown Claims" as defined below) or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory, common law, foreign law, or any other law, rule, or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class and/or individual in nature, including both known claims and unknown claims that relate to the purchase or acquisition of the securities of Force Protection during the Class Period and that (a) Lead Plaintiffs or any member of the Class asserted, or could have asserted in this Action against any of the Released Persons; or (b) could have been asserted in this Action, or in any other action or forum by Lead Plaintiffs and/or the Class Members or any of them against any of the Released Persons which arise out of, are based upon, or are in any way related, directly or indirectly, to any of the facts, matters, allegations, transactions, events, disclosures, statements, acts or occurrences, representations or omissions involved, set forth, or referred to in the Complaint or that could have been alleged in the Complaint; **provided however**, that the Released Claims do not include (i) any claims to enforce the terms of the Stipulation; (ii) any claims by Force Protection or any of its present or former directors, officers, or employees (or any other person or entity who is covered by the relevant insurance policies) against the current or former insurers of Force Protection; or (iii) any claims asserted in the following derivative litigations:

- *Green v. Frank Kavanaugh, et al.*, Civ. A. No. 2:08-Cv-1904-CWH, U.S.D.C. D.S.C.;
- *Galbraith v. Frank Kavanaugh, et al.*, Civ. A. No. 2:08-Cv-1907-CWH, U.S.D.C. D.S.C.;
- *Cinotto v. Frank Kavanaugh, et al.*, Civ. A. No. 2:08-Cv-1998-CWH, U.S.D.C. D.S.C.;
- *Luu v. Frank Kavanaugh, et al.*, Civ. A. No. 2:08-Cv-2019-CWH, U.S.D.C. D.S.C.;
- *In re Force Protection Inc. Derivative Litigation*, Master File No. 2:08-1907-CWH;
- *Stephenson v. Frank Kavanaugh et al.*, Civ. A. No. 08-Cp-10-1735, Court of Common Pleas, Ninth Judicial Circuit, S.C.;
- *Hughes v. Michael Moody, et al.*, Civ. A. No. 08-Cp-10-2444, Court of Common Pleas, Ninth Judicial Circuit, S.C.;
- *Vitale v. Frank Kavanaugh, et al.*, Civ. A. No. 09-Cp-10-2216, Court of Common Pleas, Ninth Judicial Circuit, S.C.;
- *Vitale v. Gordon McGilton, et al.*, Case No. A560860, District Court of Clark County, Nevada.

"Unknown Claims" shall mean any Released Claims which the Lead Plaintiffs or any member of the Class does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Parties, or might have affected his, her or its decision not to object to, or opt out of, this Settlement. With respect to any and all Released Claims, the Settling Parties have stipulated and agreed that, upon the Effective Date, the Lead Plaintiffs expressly waive and relinquish, and the members of the Class shall be deemed to have, and by operation of the Judgment shall have expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits of § 1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Lead Plaintiffs expressly waive and the members of the Class shall be deemed to have waived, and upon the Effective Date and by operation of the Judgment shall have waived any and all provisions, rights and benefits conferred by any law of the United States or of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to § 1542 of the California Civil Code. The Lead Plaintiffs and the members of the Class may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but each of them hereby stipulates and agrees that the Lead Plaintiffs do settle and release, and each member of the Class shall be deemed to have, and upon the Effective Date and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, all Released Claims that are in any way based on or related to conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Settling Parties acknowledge that the foregoing waiver was bargained for and a key element of the Settlement of which this release is a part.

79. Other definitions relevant to Released Claims are as follows:

- a. "Defendants" shall mean Force Protection, Frank Kavanaugh, Gordon R. McGilton, Michael S. Durski, and Raymond W. Pollard;
- b. "Final," shall mean that an order of judgment is no longer subject to further appeal or review, whether by exhaustion of any possible appeal, lapse of time or otherwise;

- c. "Judgment" shall mean a judgment and order approving the Settlement and dismissing the Released Claims as against the Defendants with prejudice;
- d. "Legal Proceeding" means any action pending as of the date of execution of the Stipulation against Defendants in any federal court, state court or arbitration; and
- e. "Released Parties" shall mean each and every one of the following: Defendants and all entities owned, affiliated or controlled by them, all current and former Force Protection directors and officers and each of their respective agents, employees, consultants, insurers, attorneys, advisors, successors, heirs, assigns, executors, personal representatives, marital communities and immediate families.

80. All other capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Stipulation. In order to obtain a copy of the Stipulation, please see paragraph 93.

WHAT PAYMENTS ARE THE ATTORNEYS FOR THE CLASS AND THE LEAD PLAINTIFFS SEEKING FOR THEIR WORK IN THIS CASE?

81. Lead Plaintiffs' Co-Lead Counsel has not received any payment for their services in pursuing this lawsuit on behalf of the Class, nor have they been reimbursed for their considerable out-of-pocket expenses. Lead Plaintiffs' Co-Lead Counsel intend to apply to the Court for an award of attorneys' fees on behalf of all plaintiffs' counsel not to exceed 27.5% of the Settlement Amount (if awarded, such a fee would approximate the lodestar of plaintiffs' counsel to date).

82. In addition, Lead Plaintiffs' Co-Lead Counsel intends to apply for reimbursement of litigation expenses advanced in connection with the Action in an amount not to exceed \$600,000. Any expenses awarded to Lead Plaintiffs' Co-Lead Counsel shall be paid in cash from the Settlement Amount.

83. Lead Plaintiffs have incurred costs and expenses associated with their service as Class Representatives including the provision of deposition testimony, production of documents and participation in Lead Plaintiff meetings. Lead Plaintiffs have not received any compensation for such services which benefited the Class, nor have they been reimbursed for their out-of-pocket expenses. As a result, Lead Plaintiffs' Co-Lead Counsel intends to apply to the Court for Compensatory Awards for Lead Plaintiffs not to exceed \$15,000 per Lead Plaintiff, each of whom was deposed in this Action. Such Compensatory Awards for Lead Plaintiffs will be paid out of the Settlement Amount.

84. You may review the briefs and motions related to these requests at either www.pomlaw.com or www.bermandevalerio.com on or after November 5, 2010.

ARE THERE OTHER CONDITIONS THAT MAY AFFECT THE SETTLEMENT OR AN AWARD THEREFROM?

85. The Settlement is conditioned upon the occurrence of certain events. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; (2) expiration of the time to appeal from the Judgment, or if an appeal is taken, a final resolution of the appeal in favor of the Judgment; (3) the lack of requests for exclusions from the Settlement of eligible Class Members with Recognized Losses in excess of a certain amount; or alternatively, Defendants' lack of exercise of their right to terminate the Settlement in the event that amount is reached. If, for any reason, any one of the conditions described in the Stipulation is not met, that Stipulation might be terminated and, if terminated, will become null and void, and the parties to that Stipulation will be restored to their respective positions as of August 20, 2010.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT AND RELATED MATTERS? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT OR OTHER MATTERS REFERENCED IN THIS NOTICE?

If you do not wish to object to the proposed Settlement, the Plan of Allocation, the application for attorneys' fees and reimbursement of litigation expenses, or the proposed Compensatory Award to the Lead Plaintiffs, you need not attend the Settlement Hearing scheduled for January 25, 2011.

86. Any Class Member who has not validly and timely requested to be excluded, and who objects to any aspect of the Settlement, the Plan of Allocation, the application for attorneys' fees, costs and expenses, or the request for a Compensatory Award to Lead Plaintiffs, may appear and be heard at the Settlement Hearing.

87. Any such Person must submit a written notice of objection, which must be **filed on or before December 27, 2010**, with the CLERK OF THE COURT, United States District Court for the District of South Carolina, Charleston Federal Courthouse, 85 Broad Street, Charleston, SC 29401; **and** also **served on or before December 27, 2010** upon: Brian C. Duffy, Duffy & Young, LLP, 96 Broad Street, Charleston, SC 29401; Jason S. Cowart, Esq., Pomerantz Haudek Block Grossman & Gross LLP, 100 Park Avenue, New York, NY 10017; Jeffrey C. Block, Berman DeValerio, One Liberty Square, Boston, MA 02109; M. Robert Thornton, King & Spalding LLP, 1180 Peachtree Street, NE, Atlanta, GA 30309; **and** Eleni M. Roumel, Nelson Mullins Riley & Scarborough LLP, 151 Meeting Street, Charleston, SC 29401.

88. The notice of objection must demonstrate the objecting Person's membership in the Class, including **documentation reflecting the number of Force Protection shares purchased and sold during the relevant period**, and contain a statement of the reasons for objection. Only members who have submitted written notices of objection and **related documentation** in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise. **By filing an objection, the objector consents to being deposed in his or her district of residence prior to the Settlement Hearing.**

89. The Settlement Hearing may be delayed from time to time by the Court without further written notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Plaintiffs' Co-Lead Counsel.

90. Unless otherwise ordered by the Court, any Class Member who does not object in the manner described herein will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the application for attorneys' fees and reimbursement of litigation expenses, the proposed Plan of Allocation, or the Compensatory Award to Lead Plaintiffs. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

WHAT IF I AM A BROKER, BANK OR OTHER NOMINEE WHICH BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

91. If you hold any Force Protection common stock purchased during the Class Period as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) provide a list of the names and addresses of such beneficial owners to the Claims Administrator, preferably on computer-generated mailing labels or, electronically in Microsoft Word files (label size Avery 5162), or in an MS Excel data table, setting forth (a) title/registration, (b) street address, (c) city/state/zip; or (2) send a copy of this Notice and the Claim Form by first class mail to all such beneficial owners, providing written confirmation to the Claims Administrator of having done so. If you choose to mail the Notice yourself, you may obtain (without cost to you) as many additional copies of these documents as you will need to complete the mailing by either downloading a copy from the Claims Administrator's website at www.ForceProtectionClassAction.com; by calling the Claims Administrator at (877) 896-6933; or by sending a letter requesting a copy to the Claims Administrator at the following address: Force Protection Inc. Securities Litigation, c/o Rust Consulting, Inc., P.O. Box 2389, Faribault, MN 55021-9089.

92. Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement of reasonable administrative costs actually incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, after submission of appropriate documentation.

CAN I SEE THE COURT FILE? WHO SHOULD I CONTACT IF I HAVE QUESTIONS?

93. This Notice is a summary and does not describe all of the details of the Action or the proposed Settlement. For full details of the matters discussed in this Notice, you may desire to review all of the documents that have been filed with the Court: the Consolidated Class Action Complaint, the Stipulation, the Notice, the Claim Form, the Preliminary Order of Approval, the papers filed in support of the Settlement, the applications for an award of attorneys' fees and expenses for Lead Plaintiffs' Co-Lead Counsel, and the application for a Compensatory Award for Lead Plaintiffs. These documents may be inspected during business hours at the office of the Clerk of the Court, United States District Court for the District of South Carolina, Charleston Federal Courthouse, 85 Broad Street, Charleston, SC 29401.

94. You may also review many of these documents at www.pomlaw.com or www.bermandevalerio.com on or after November 5, 2010.

95. If you have any questions about the Settlement or claims procedure, you may contact Lead Plaintiffs' Co-Lead Counsel by writing: POMERANTZ HAUDEK GROSSMAN & GROSS LLP, Jason S. Cowart, Esq., 100 Park Avenue, New York, NY 10017 **or** BERMAN DEVALERIO, Jeffrey C. Block, Esq., One Liberty Square, Boston, MA 02109.

96. If you need additional copies of this Notice, or if you have a question about filing a claim, you may contact the Claims Administrator, as set forth in paragraph 80 above.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: October 5, 2010

**BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION**

Force Protection Inc. Securities Litigation
c/o Rust Consulting, Inc.
P.O. Box 2389
Faribault, MN 55021-9089

IMPORTANT COURT DOCUMENTS