

FORCE PROTECTION INC  
Form PRE 14A  
September 23, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**FORCE PROTECTION, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**Force Protection, Inc.**

9801 Highway 78, Building 1  
Ladson, SC 29456

October , 2008

Dear Shareholder:

On behalf of your Board of Directors, I am pleased to invite you to attend the 2008 Annual Meeting of Shareholders of Force Protection, Inc. (the "Company") to be held on November 21, 2008, at 10:00 a.m. Eastern Time at the Embassy Suites Hotel Airport / Convention Center, 5055 International Boulevard, North Charleston, South Carolina 29418.

At the meeting, management will review the Company's operations and discuss the financial statements for the year ended December 31, 2007, as well as our plans for the future. A question and answer session for shareholders will follow the management presentation.

The attached Notice of Annual Meeting of Shareholders and Proxy Statement describe the business to be conducted at the meeting, including the election of two directors, the proposed amendments to the Company's Amended Articles of Incorporation, the ratification of the appointment of the Company's independent registered public accounting firm, and the approval of the Force Protection, Inc. 2008 Stock Plan.

Your vote is important. Even if you do not plan to attend the meeting in person, we hope you will vote by telephone or Internet as described in the proxy voting instructions set forth in the enclosed Proxy Statement or by completing, signing, and returning the enclosed proxy card.

We look forward to seeing you at the meeting. Directions to the Embassy Suites Hotel Airport / Convention Center appear on the back cover of these materials.

Cordially,

Michael Moody  
*Chief Executive Officer & President  
and Chairman of the Board*

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**Notice of Annual Meeting of Shareholders  
Force Protection, Inc.**

The 2008 Annual Meeting of Shareholders of Force Protection, Inc. will be held on November 21, 2008 at 10:00 a.m. Eastern Time at the Embassy Suites Hotel Airport / Convention Center, 5055 International Boulevard, North Charleston, South Carolina 29418 to consider and take action with respect to the following matters:

1. Election of two directors for a term of three years;
2. Approval of the proposed amendments to Force Protection, Inc.'s Amended Articles of Incorporation;
3. Ratification of the Audit Committee's appointment of Grant Thornton LLP, as Force Protection, Inc.'s independent registered public accounting firm for the fiscal year ended December 31, 2007 and the fiscal year ending December 31, 2008;
4. Approval of the Force Protection, Inc. 2008 Stock Plan; and
5. Such other business as may properly be brought before the meeting or any adjournment thereof.

This summary is qualified in its entirety by the detailed information contained within the enclosed Proxy Statement.

The close of business on September 26, 2008 has been set as the record date for the determination of shareholders entitled to receive notice and to vote at the meeting or any adjournment thereof. The enclosed Proxy Statement is being mailed to those shareholders on or about October , 2008.

Shareholders who do not expect to attend the meeting in person are requested to vote their shares over the Internet, by telephone or by completing, signing and dating the included proxy card and returning it as instructed.

By order of the Board of Directors,

Lenna Ruth Macdonald  
*Chief Strategy Officer, General Counsel and Corporate Secretary*

Force Protection, Inc.  
9801 Highway 78, Building 1  
Ladson, South Carolina 29456

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**Force Protection, Inc.**

9801 Highway 78, Building 1  
Ladson, SC 29456

**PROXY STATEMENT**

This Proxy Statement is furnished to you in connection with the solicitation of proxies by our board of directors of Force Protection, Inc. (the "Company" or "Force Protection") to be used at the 2008 Annual Meeting of Shareholders ("Annual Meeting") to be held on November 21, 2008 at 10:00 a.m. Eastern Time at the Embassy Suites Hotel Airport / Convention Center, 5055 International Boulevard, North Charleston, South Carolina (the "Annual Meeting"). This Proxy Statement contains information about the items being voted on at the Annual Meeting and information about the Company.

Notice of the meeting and availability of the voting materials, which include this Proxy Statement and a proxy card, was mailed to shareholders on or about October 1, 2008. Our principal executive offices are located at 9801 Highway 78, Building 1 Ladson, SC 29456. Our phone number is (843) 574-7000.

**QUESTIONS AND ANSWERS ON THE ANNUAL MEETING**

**Who can vote at the Annual Meeting?**

Shareholders who were owners of common stock of the Company at the close of business on September 26, 2008, (the "Record Date") are entitled to receive notice of the Annual Meeting and may attend and vote at the meeting. If you were a shareholder of record on that date, you will be entitled to vote at the Annual Meeting or any postponement or adjournment of the meeting all of the shares that you held on the record date. Each share of common stock is entitled to one vote. As of the Record Date for the Annual Meeting, there were \_\_\_\_\_ shares of common stock of the Company outstanding and entitled to vote.

**What may I vote on?**

Each shareholder is being asked to vote on:

The election of two nominees to serve on our board of directors.

The proposed amendments to the Company's Amended Articles of Incorporation.

The ratification of the appointment of the Company's independent registered public accounting firm for the fiscal year ended December 31, 2007 and the fiscal year ending December 31, 2008.

The approval of the Force Protection, Inc. 2008 Stock Plan.



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**How does the Board of Directors recommend I vote on the proposals?**

The board of directors recommends votes:

FOR the nominees for our board of directors.

FOR the approval of the proposed amendments to the Company's Amended Articles of Incorporation.

FOR the ratification of the appointment of the Company's independent registered public accounting firm for the fiscal year ended December 31, 2007 and the fiscal year ending December 31, 2008.

FOR the approval of the Force Protection, Inc. 2008 Stock Plan.

**How do I vote?**

Your vote is important. Because many shareholders cannot attend the Annual Meeting in person, it is necessary that shareholders be represented by proxy. Most shareholders have a choice of voting either (1) over the Internet, (2) using a toll-free telephone number, (3) by completing the proxy card and mailing it in the postage-prepaid envelope provided, or (4) in person by attending the Annual Meeting. Please refer to your proxy card or the information forwarded by your bank, broker or other nominee through which you hold your shares to determine which method of voting is available to you.

*You may vote over the Internet or by telephone.*

If you are a shareholder of record, you may vote via the Internet or telephone by following the instructions set forth on your proxy card mailed with this Proxy Statement. The deadline for voting electronically or by telephone is 6:00 a.m. Eastern Time on November 21, 2008.

Internet and telephone voting procedures are designed to authenticate each shareholder by use of a control number which can be found on your proxy card and to allow you to confirm that your instructions have been properly recorded. Please be aware that if you vote over the Internet or by telephone you may incur costs such as telephone and Internet access charges for which you will be responsible.

If your shares are held in "street name," please check your proxy card or contact your bank, broker or other nominee to determine whether you will be able to vote electronically or by telephone. Holding shares in "street name" means you hold shares through a bank, broker or other nominee, and they are not held in your individual name.

*You may vote by mail.*

You may vote by mail by completing and properly signing your proxy card and mailing it in the enclosed postage-prepaid envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you have instructed. If you do not mark your voting instructions on the proxy card, your shares will be voted as our board of directors recommends.

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*You may vote in person at the Annual Meeting.*

Written ballots will be available to any shareholder who wants to vote in person at the Annual Meeting. However, if you hold your shares in "street name," you must request a proxy from your bank, broker or other nominee in order to cast your votes at the Annual Meeting.

If matters other than those outlined in this Proxy Statement are properly presented for consideration at the Annual Meeting, including consideration of a motion to adjourn the Annual Meeting to another time or place, the persons named as proxies and acting thereunder will have discretion to vote the matters according to their judgment to the same extent as the person delivering the proxy would be entitled to vote. As of the date that this Proxy Statement was printed, the Company did not anticipate that any other matters would be raised at the Annual Meeting.

**What does it mean if I receive more than one proxy card?**

It means that you have multiple accounts listed with the Company's stock transfer agent. If you received a proxy card, the shares on your proxy card or cards are all of the shares of common stock registered in that name with our stock transfer agent on the Record Date. If you have shares registered in the name of a bank, broker, or other nominee, they will not appear on your proxy card and your bank, broker or other nominee will send you instructions on how to vote.

**How do I vote shares held by a broker or bank?**

If a bank, broker or other nominee holds shares of common stock for your benefit, and the shares are not in your name on the stock transfer agent's records, then you are considered a "beneficial owner" of those shares. If your shares are held this way, sometimes referred to as being held in "street name", your bank, broker or other nominee will send you instructions on how to vote. If you have not heard from the bank, broker or other nominee who holds your shares, please contact them as soon as possible.

**How will my proxy be voted?**

If you sign and return your proxy card without instructions as to how it is to be voted, the proxy holders identified on the proxy card will vote your shares as follows:

FOR the nominees for our board of directors.

FOR the approval of the proposed amendments to the Company's Amended Articles of Incorporation.

FOR the ratification of the appointment of the Company's independent registered public accounting firm for the fiscal year ended December 31, 2007 and the fiscal year ending December 31, 2008.

FOR the approval of the Force Protection, Inc. 2008 Stock Plan.

If you indicate voting instructions on your proxy card, the proxy holders will follow your instructions in casting all votes.

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**How are shares held by a broker voted?**

The Company is listed on the Nasdaq Capital Market ("Nasdaq"), which has rules that govern brokers who have record ownership of listed common stock held in brokerage accounts for their clients who beneficially own the shares. Under these rules, brokers who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters ("discretionary matters"), but do not have discretion to vote uninstructed shares as to certain other matters ("non-discretionary matters"). A broker may return a proxy card on behalf of a beneficial owner from whom the broker has not received instructions that casts a vote with regard to discretionary matters, but expressly states that the broker is not voting as to non-discretionary matters. The broker's inability to vote with respect to the non-discretionary matters is referred to as a "broker non-vote." Broker non-votes will be counted for the purpose of determining the presence of a quorum. Broker non-votes will have no effect on the election of directors (Proposal One), the ratification of the appointment of the Company's independent registered public accounting firm (Proposal Three) or the approval of the Force Protection, Inc. 2008 Stock Plan (Proposal Four). Broker non-votes will have the effect of counting as a vote against approval of the proposed amendments to the Company's Amended Articles of Incorporation (Proposal Two).

An abstention is counted as present and entitled to vote for purposes of determining a quorum. An abstention will have no effect on the election of directors (Proposal One), the ratification of the appointment of the Company's independent registered public accounting firm (Proposal Three) or the approval of the Force Protection, Inc. 2008 Stock Plan (Proposal Four). An abstention will have the effect of counting as a vote against approval of the proposed amendments to the Company's Amended Articles of Incorporation (Proposal Two).

**Who counts the votes?**

Representatives of our stock transfer agent, National City Bank, will tabulate and certify the votes and act as the independent inspectors of election. The Company's inspectors of election will tabulate the votes cast at the meeting over the telephone or over the internet or, together with the votes cast by proxy, whether in person, over the telephone or over the internet.

**May I change my vote?**

Yes. You may revoke your proxy at any time before the Annual Meeting by submitting (i) a second later dated proxy card and returning it before the polls close at the Annual Meeting or (ii) a later telephone or on-line vote, or by attending the Annual Meeting and giving notice of revocation in person.

If you are mailing a written notice of revocation or a later proxy, send it to the Corporate Secretary of Force Protection, Inc., 9801 Highway 78, Building No. 1, Ladson, South Carolina 29456. You may also hand deliver a written notice of revocation or a later proxy to the Company at the Annual Meeting, at or before the taking of any vote.

If you hold your shares through a bank, broker or other nominee and have instructed the bank, broker or other nominee as to how to vote your shares, you must follow directions received from such bank, broker or nominee in order to change your vote or to vote at the Annual Meeting.

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**What constitutes a "quorum" for the Annual Meeting?**

A quorum is necessary to hold a valid Annual Meeting of shareholders. One third or 33<sup>1</sup>/<sub>3</sub>% of the outstanding shares entitled to vote on a matter, present or represented by proxy, constitutes a "quorum." If you vote (including by Internet, telephone and proxy card) your shares voted will count towards the "quorum" of the Annual Meeting. Abstentions or broker "non-votes" are counted as present and entitled to vote for purposes of determining whether a quorum exists. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have a discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

**What is the appropriate conduct for the Annual Meeting?**

To ensure that the Annual Meeting is conducted in an orderly fashion and that the shareholders wishing to speak at the meeting have a fair opportunity to speak, the Company will have certain guidelines and rules for the conduct of the meeting, which will be explained at the meeting.

**What vote is necessary to pass the items of business at the Annual Meeting?**

*Election of directors.*

The two director nominees receiving the highest number of votes for election will be elected. If you vote, your shares will be voted for election of the director nominees unless you give instructions to "withhold" your vote for the director nominee. Withheld votes will not influence election results. Abstentions are not recognized as to election of directors.

*Approval of the Proposed Amendments to the Company's Amended Articles of Incorporation.*

The approval of the proposed amendments to the Company's Amended Articles of Incorporation will require that a majority of the Company's outstanding shares of common stock, vote in favor of the proposed amendments. Abstentions will have the effect of a vote against the approval of the proposed amendments.

*Ratification of appointment of independent registered public accounting firm.*

The appointment of Grant Thornton LLP as the Company's independent registered public accounting firm will be ratified if a majority of the votes cast at the meeting vote in favor of such ratification of the appointment. Abstentions are not recognized as to ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm.

*Approval of the Force Protection, Inc. 2008 Stock Plan.*

The approval of the Force Protection, Inc. 2008 Stock Plan ("2008 Stock Plan") will require that a majority of the votes cast at the meeting, vote in favor of adoption of the plan. Abstentions are not recognized as to approval of the 2008 Stock Plan.

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**How will voting on any other business be conducted?**

As of the date that this Proxy Statement was printed, the Company was not aware of any business or proposals to be considered at the Annual Meeting other than the items described in this Proxy Statement. If any other business is properly proposed and the chairman of the Annual Meeting permits it to be presented at the Annual Meeting, the signed proxies received from you and other shareholders give the persons voting the proxies the authority to vote on the matter according to their judgment to the same extent as you or such other shareholders would be entitled to vote on such matters.

**When are shareholder proposals for the 2009 Annual Meeting due?**

Our 2009 annual meeting of shareholders is expected to be held on May 8, 2009 ("2009 Annual Meeting"). Any shareholder who intends to present a proposal at the 2009 Annual Meeting must deliver the proposal in writing or in person to the Corporate Secretary of Force Protection, Inc., 9801 Highway 78, Building 1, Ladson, South Carolina 29456, on or after November 9, 2008, but no later than January 8, 2009, pursuant to our First Amended and Restated Bylaws. To be considered adequate, the notice must contain specified information about the matter to be presented at the meeting and the shareholder proposing the matter, as specified in our bylaws. Pursuant to Rule 14a-8 of the Exchange Act, shareholders who wish to present proposals for inclusion in the proxy materials to be distributed by us in connection with our 2009 Annual Meeting must submit their proposal no later than January 8, 2009, or if the date of the 2009 Annual Meeting is changed by more than 30 days, then no later than a reasonable time before we begin to print and send the proxy materials. A proposal received after January 8, 2009, will be considered untimely and will not be entitled to be presented at the meeting. See "Shareholder Proposals and Director Nominations for our 2009 Annual Meeting" for additional information.

**What are the costs of this proxy solicitation?**

In addition to using the mail, our directors, officers, employees, and agents may solicit proxies by personal interview, telephone, telegram, or otherwise, although they will not be paid any additional compensation. The Company will bear all expenses of solicitation. We will also reimburse banks, brokers, and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses incurred in connection with forwarding the Company's Annual Meeting materials to you because they hold title to your common stock.

**May I inspect the shareholder list?**

For a period commencing the earlier of 2 days after this Proxy Statement is mailed to shareholders or 10 days prior to the Annual Meeting, a list of shareholders registered on the books of our stock transfer agent as of the Record Date will be available for examination by registered shareholders during normal business hours at the Company's principal offices at 9801 Highway 78, Building No. 1, Ladson, South Carolina 29456, provided the examination is for a purpose germane to the meeting.

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**How can I get materials for the Annual Meeting?**

This Proxy Statement and the accompanying proxy card are first being mailed to shareholders on or about October , 2008. Each registered and beneficial owner of common stock on the Record Date, including Company employees, should receive a copy of the Company's annual report on Form 10-K for the fiscal year ended 2007, including consolidated financial statements (the "Annual Report") with this Proxy Statement.

**In addition, a copy of the Company's Annual Report is available to each shareholder without charge on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and upon written request sent to Investor Relations, Force Protection, Inc., 9801 Highway 78, Building 1, Ladson, South Carolina 29456.**

**Are the proxy materials and Annual Report available electronically?**

This Proxy Statement and the Annual Report are available on the Company's website at [www.forceprotection.net](http://www.forceprotection.net), under "Investor Relations".

Registered shareholder's can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. You can choose this option and save the Company the cost of producing these documents by completing the relevant portion of your proxy card or by following the instructions provided when voting on the Internet or by telephone.

After electing to view future proxy statements and annual reports over the Internet, you will receive a card in the mail with instructions containing the Internet address of those materials. Your choice will remain in effect until you call Shareholder Services toll-free number (800) 622-6757, write National City Bank, Department 5352, Shareholder Services, PO Box 92301, Cleveland, Ohio 44101-430 or contact the Company.

If you hold our common stock through a bank, broker, or other nominee, please refer to the information provided by your bank, broker or nominee regarding the availability of electronic delivery.

**How can I reach the Company to request materials or information referred to in these Questions and Answers?**

You may reach us by mail addressed to:

Corporate Secretary  
Force Protection, Inc.  
9801 Highway 78, Building 1  
Ladson, South Carolina 29456  
or call 843.574.3900, or by send a message to:  
[investorrelations@forceprotection.net](mailto:investorrelations@forceprotection.net)



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**PROPOSAL ONE: ELECTION OF DIRECTORS**

Our board of directors is currently comprised of five directors. Our board of directors is divided into three classes for purposes of election, with terms of office ending in successive years.

**Director Nominees**

Our board of directors has nominated each of John S. Day and John W. Paxton, Sr., incumbent directors, whose terms are currently scheduled to expire at the Annual Meeting, for election to a three-year term expiring at the Annual Meeting in 2011. The nominees, if elected as directors, are expected to continue in office until their respective term expires, or until his earlier death, resignation, or retirement.

Our board of directors has no reason to believe that the nominees will not serve if elected. If the nominees are unavailable for election at the time of the Annual Meeting, the Company representatives named on the proxy card will vote for another nominee proposed by our board of directors or, as an alternative, our board of directors may reduce the number of positions on our board.

**Board Recommendation:**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"  
THE ELECTION OF THE DIRECTOR NOMINEES**

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**Information about Board Nominees and Continuing Directors**

Current as of September 15, 2008, set forth below is the personal and business experience information for the nominees for election to our board of directors. In addition, set forth below is the personal and business experience information for each of the current members of our board of directors who will continue to serve as our directors until such time as their next election. The nominees have consented to being nominated as directors and have agreed to serve if elected. The nominees are currently directors.

**Board Nominees**

John S. Day  
Director since September 2007  
Committees Audit Committee, Chair  
Age: 59  
Expiration of term, if elected, 2011 (Class III)

Mr. Day has been a director of Force Protection, Inc. since September 2007. Mr. Day has over 30 years of experience in the accounting profession serving a broad range of publicly and privately owned clients. Mr. Day joined Arthur Andersen LLP in 1976 and was admitted as an audit partner in 1986. In 2002, he joined Deloitte & Touche LLP in Atlanta as a Director. Mr. Day retired from Deloitte in December 2005. Mr. Day was appointed to the board of Lenbrook Square Foundation, Inc., a non-profit organization, effective July 1, 2007 where he serves as a member of the finance and governance committees. Mr. Day holds a Bachelor of Arts in Economics from the University of North Carolina and a Master of Business Administration from Harvard Graduate School of Business.

John W. Paxton, Sr.  
Director since February 2008  
Committees Audit Committee, Compensation Committee  
Age: 71  
Expiration of term, if elected, 2011 (Class III)

Mr. Paxton has been a director of Force Protection, Inc. since February 2008. He has over 30 years of experience in the aerospace, wireless voice and data, logistics and manufacturing industries. Currently, Mr. Paxton is the Chairman and Chief Executive Officer of Pro Mach, Inc., an integrated packaging solutions provider, and has been the Chairman of Mobilisa, a provider of

wireless internet solution to the DoD, since 2002. From 2007 until the present, Mr. Paxton has been the Vice Chairman of IntelliCheck Mobilisa, Inc. From 1998 until 2002, Mr. Paxton was the Chairman and Chief Executive Officer of Telxon Corporation. Mr. Paxton served on the Board of Directors of TransDigm, Inc., a supplier of proprietary aerospace components used in commercial and military aircraft. Mr. Paxton holds a Bachelor of Science and Master of Science in business administration from LaSalle University, and is a registered professional engineer.

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**Continuing Directors**

Major General Jack A. Davis, USMC (RET.)  
Director since March 2006  
Committees Audit Committee and Compensation  
Committee, Chair  
Age: 62  
Expiration of term, 2009 (Class I)

MGen. Davis has been a director of Force Protection, Inc. since March 2006 and has a diverse background of senior level management and leadership positions in business, law enforcement and the military. With over 40 years experience, he is highly regarded in each of these fields. MGen. Davis served in the U.S. Marine Corps, both active and reserve, from 1968 to 2005 where he held the rank of Major General. MGen. Davis' career included command at every level from platoon to division in addition to numerous staff assignments. MGen. Davis attended numerous high level schools both here and abroad. MGen. Davis' law enforcement career included both federal and state agencies where he retired in 1999 with 30 years of distinguished service. MGen. Davis is also the founder of J.A. Davis and Associates, a security and leadership training company. In addition to his service with Force Protection, MGen. Davis currently serves on the Board of Advisors of two publicly held and one privately held company. MGen. Davis holds undergraduate and masters degrees from Indiana State University and a Master of Urban Administration from University of North Carolina Charlotte.

Michael Moody  
Director since September 2006  
Committees None  
Chairman, Board of Directors  
Age: 62  
Expiration of term, 2010 (Class II)

Mr. Moody was appointed President of Force Protection, Inc. in September 2007, the Interim Chief Executive Officer on January 30, 2008 and appointed as the Chief Executive Officer on February 29, 2008. Mr. Moody has more than thirty years of senior management experience in operational management, reorganizations, acquisitions and business transformations. From 2005 - 2007 he provided business and financial advisory services to privately held businesses. Mr. Moody was the Chief Operating Officer at the London

American General Agency and Senior Vice President of Corporate Development for Magna Carta Companies, a mutual insurance company, where he also served on the Board of Directors. Mr. Moody is a CPA (Australia) and an associate with the Australian Society of Accountants, and holds a Bachelor of Arts in Economics from Macquarie University in Sydney, Australia.

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Lieutenant General Roger G. Thompson, Jr., USA  
(RET.)  
Director since December 2006  
Lead Director since January 2008  
Committees Audit Committee and Compensation  
Committee  
Age: 63  
Expiration of term, 2010 (Class II)

LTG. Thompson has been a director of Force Protection, Inc. since December 2006. LTG. Thompson is Vice President of the Association of the United States Army where he is responsible for all operational events including symposia, the largest landpower exhibition and conference in North America and four exhibitions in four overseas trade shows. Additionally, he provides executive leadership of 124 AUSA Chapters worldwide and management of membership programs totaling over 5,300 major, midsize and small defense oriented companies. He currently serves on the Board of Advisors of a privately held company. A veteran with 34 years of experience on active duty, LTG. Thompson commanded at all levels of the Army, including field artillery and transportation units. While with the Department of Army Staff, LTG. Thompson served as Deputy Assistant Secretary of the Army, Financial Management and Comptroller (Director of the Army Budget). LTG. Thompson completed his military career as the Deputy Commander in Chief, United States Transportation Command. In this position he was responsible for the daily operations supporting all military and commercial transportation for the entire DoD. LTG. Thompson holds a Bachelor of Science from the United States Military Academy, a Master of Business Administration from Syracuse University, and a Master's degree in National Security and Strategic Studies from the Naval War College. He graduated from the Army's Command and General Staff College and the Naval War College.

**Policies Governing Director Nominations**

In recommending candidates for election to our board of directors, the independent members of our board of directors consider nominees recommended by directors, officers, employees, shareholders and others, using the same criteria to evaluate all candidates. All of the independent directors of our board of directors, or a special committee of the independent directors of our board of directors may be appointed to evaluate each candidate's qualifications, including whether a candidate possesses any of the specific qualities and skills desirable in members of our board of directors.

Evaluations of candidates generally involve a review of background materials, internal discussions and interviews as appropriate. Generally the independent directors, or special committee, as the case may be, will consider various criteria in considering whether to make a recommendation. These criteria include an expectation that directors have substantial accomplishments in their professional backgrounds, are able to make independent, analytical inquiries and exhibit sound judgment. Director candidates should possess the highest personal and professional ethics, honesty, integrity and values, be committed to promoting the long-term interests of our shareholders and be able and willing to devote the necessary time to carrying out their duties and responsibilities as members of our board of directors. Further, directors should come from diverse backgrounds and experience basis. In addition, if a director will be serving on the Audit Committee they must meet our standards for independence and be free from potential conflicts of interest. Upon selection of a qualified candidate, the independent directors, or special committee, as the case may be, recommends the candidate for consideration by our full board of directors. A majority of the board's independent directors must approve the director nominee. The independent

