

Fortress International Group, Inc.
Form 10-K/A
April 28, 2008

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

**FORM 10-K/A
(Amendment No. 1)**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: **000-51426**

FORTRESS INTERNATIONAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation or organization)*

20-2027651
(I.R.S. Employer Identification No.)

**9841 Broken Land Parkway
Columbia, Maryland**
(Address of principal executive offices)

21046
(Zip Code)

Registrant's telephone number, including area code
(410) 312-9988

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.0001 par value per share	NASDAQ Capital Market
Warrants to purchase common stock, \$.0001 par value per share	NASDAQ Capital Market
Units, each consisting of one share of Common Stock, \$.0001 par value and two warrants to purchase shares of common stock, \$.0001 par value	NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Exchange Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

EXPLANATORY NOTE

The purpose of this Amendment No. 1 (the “Amendment”) to the Annual Report on Form 10-K of Fortress International Group, Inc. for the year ended December 31, 2007 (the “Original Report”) is to include the disclosure required in Part III, Items 10, 11, 12, 13 and 14. Except for Items 10, 11, 12, 13 and 14 of Part III and Item 15 of Part IV, no other information included in the Original Report is amended or changed by this Amendment. As a result of this Amendment, we are also filing as exhibits to this Amendment the certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Because no financial statements are contained in this Amendment, we are not including certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Except as otherwise expressly stated herein for the items amended in this Amendment, this Amendment continues to speak as of the date of the Original Report and we have not updated the disclosure contained herein to reflect events that have occurred since the filing of the Original Report. Accordingly, this Amendment should be read in conjunction with our Original Report and our other filings made with the SEC subsequent to the filing of the Original Report.

FORTRESS INTERNATIONAL GROUP, INC.

FORM 10-K/A

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PART III**Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****Executive Officers and Directors**

The following table sets forth certain information regarding our executive officers and directors as of April 25, 2008.

Name	Age	Position
Harvey L. Weiss	65	Chairman of the Board
C. Thomas McMillen*	55	Vice Chairman of the Board
Thomas P. Rosato	56	Chief Executive Officer and Director
Gerard J. Gallagher	51	President, Chief Operating Officer and Director
Timothy C. Dec	49	Chief Financial Officer and Chief Accounting Officer
David J. Mitchell*	46	Director
(1)(3)		
Donald L. Nickles* (2)	59	Director
John Morton, III*	64	Director
(1)(2)(3)		
Asa Hutchinson*	57	Director
(1)(2)(3)		
William L. Jews*	56	Director
(1)(3)		

* Nonemployee director.

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Special Committee

Harvey L. Weiss, age 65, became our Chairman of the Board upon the closing of our acquisition of TSS/Vortech on January 19, 2007. From our inception through the closing of the acquisition, Mr. Weiss had served as our Chief Executive Officer, President and a member of our Board. He has over 35 years of experience in the information technology and security market place. From 2002 to August 1, 2004, Mr. Weiss was the Chief Executive Officer and President of System Detection, Inc., a software security company. From 2000 to 2002, he served as President of Engineering Systems Solutions, Inc., a security and biometrics integration firm. During 1999, Mr. Weiss was the Chief Executive Officer and President of Global Integrity Corporation, a SAIC subsidiary specializing in information security and served as a Director until the company was sold in 2002. From 1996 to 1998, until sold to Network Associates, Inc, Mr. Weiss was President of the Commercial Division, Secretary and Director of Trusted Information Systems, Inc., a NASDAQ-listed security network company. Prior to that time, from 1994 to 1996, Mr. Weiss served as President of Public Sector Worldwide Division for Unisys Corporation. From 1991 to 1993, Mr. Weiss was the Vice President of Sales and the President and Chief Operating Officer of Thinking Machines Corporation, a massively parallel processing company. Prior to that time, he served in various senior capacities in Digital Equipment Corporation. Mr. Weiss serves on the Board of Forterra Systems, Inc., a simulation company, is a member of the Brookings Institution Council, and is a trustee of Capitol College. In addition, Mr. Weiss is the Co-Chairman of the Board and Co-chief Executive Officer of Secure America Acquisition Corporation, a blank check company formed for the purpose of acquiring one or more domestic and international operating businesses in the homeland security industry, but not businesses that design, build or maintain mission-critical facilities. Mr. Weiss received a Bachelor of Science in Mathematics from the University of Pittsburgh.

C. Thomas McMillen, age 55, became our Vice Chairman of the Board upon the closing of our acquisition of TSS/Vortech on January 19, 2007. From our inception through the closing of the acquisition, Mr. McMillen had served as our Chairman of the Board. He has over 20 years of experience in government, finance and mergers and acquisitions. Mr. McMillen has also served, since August 2005, as the President, Chief Executive Officer and Chairman of the Board of Homeland Security Capital Corporation, a consolidator of homeland security companies that provides capital, management advice and investments for developing companies. Mr. McMillen co-founded Global Secure Corp., a homeland security company providing critical infrastructure services, in 2003, and served as its Chief Executive Officer until February 2004. From February 2004 until February 2005, Mr. McMillen served as a consultant to Global Secure Corp. In addition, from October 2004 through July 2005, he served as a Chairman of the Board of Global Defense Corporation, a development stage company focused on acquiring companies in critical infrastructure security. From December 2003 to February 2004, Mr. McMillen served as Vice Chairman and Director of Sky Capital Enterprises, Inc., a venture firm, and until February 2005 served as a consultant. From March 2003 to February 2004, Mr. McMillen served as Chairman of Sky Capital Holdings, Ltd, Sky Capital Enterprises' London stock exchange-listed brokerage affiliate. Mr. McMillen has also been Chief Executive Officer of Washington Capital Advisors, LLC, a merchant bank and one of our stockholders, since 2003. Mr. McMillen has also been an independent consultant throughout his career. From 1994 through February 1999, Mr. McMillen served as the Founder, Chief Executive Officer and Director of NASDAQ-listed Complete Wellness Centers, Inc., a medical multi-disciplinary clinic management company. In addition, Mr. McMillen is the Co-Chairman of the Board and Co-Chief Executive Officer of Secure America Acquisition Corporation, a blank check company formed for the purpose of acquiring one or more domestic and international operating businesses in the homeland security industry, but not businesses that design, build or maintain mission-critical facilities. Mr. McMillen was appointed by President Clinton to Co-Chair the President's Council on Physical Fitness and Sports from 1993 to 1997. From 1987 through 1993, he served three consecutive terms in the United States House of Representatives from the 4th Congressional District of Maryland. Prior to that, Mr. McMillen played 11 years in the National Basketball Association. Mr. McMillen received a Bachelor of Science in chemistry from the University of Maryland and a Bachelor of Arts and a Master of Arts from Oxford University as a Rhodes Scholar.

Thomas P. Rosato, age 56, became a Director and our Chief Executive Officer upon our acquisition of TSS/Vortech on January 19, 2007. Mr. Rosato has over 25 years of experience in mission-critical service businesses. In 2002, he Co-Founded TSS and Vortech and served as Chairman of each of the companies. From 1998 to 2001, Mr. Rosato served as the President - Group Maintenance of America/Encompass Services Corporation, National Accounts Division. From 1995 to 1998, he served as the Founder and President of Commercial Air, Power & Cable, Inc. From 1980 to 1995, he served in various capacities at Com-Site Enterprises, most recently as Chief Financial Officer and Chief Operating Officer. Mr. Rosato started his career in 1973 as a certified public accountant at Coopers & Lybrand. Mr. Rosato received a Bachelor of Science in Accounting from Temple University.

Gerard J. Gallagher, age 51, became a Director and our President and Chief Operating Officer upon our acquisition of TSS/Vortech on January 19, 2007. Mr. Gallagher has more than 25 years of experience in mission-critical fields. In 2002, he Co-Founded TSS and Vortech and served as President of each of the companies. From 1998 to 2001, Mr. Gallagher served as the President of the Total Site Solutions division of Encompass Services Corp. From 1997 to 1998, he served as the President of the Total Site Solutions division of Commercial Air, Power & Cable, Inc and from 1991 to 1997; he served as the Chief Facilities Operations and Security Officer of the International Monetary Fund. From 1980 to 1991, Mr. Gallagher served in various capacities at Com Site International, most recently as Senior Vice President of Engineering and Sales. Mr. Gallagher received a Bachelor of Science in Fire Science from the University of Maryland and a Bachelor of Science in Organizational Management, *Summa Cum Laude*, from Columbia Union College.

Timothy C. Dec, age 49, was appointed as Chief Financial Officer of the Company, effective August 20, 2007. From June 2006 to August 2007, Mr. Dec was the Chief Financial Officer of Presidio Networked Solutions Inc., the nation's largest independent value-added solutions provider that offers a wide range of Cisco-centric network infrastructure and collaborative solutions. From 1999 until May 2006, Mr. Dec was Senior Vice President, Chief Accounting Officer and Treasurer of Broadwing Corporation, a NASDAQ listed telecommunications company. Broadwing Corp was acquired by Level 3 Inc in 2007. From 1997 to 1999, Mr. Dec was Director of Accounting and Administration for Thermo Trilogy Corporations, a subsidiary of Thermo Electron Company, an American Stock Exchange company. Earlier in his career, Mr. Dec held finance and accounting related positions at North American Vaccine, Inc. an AMEX listed company engaged in the research, development and manufacturing of vaccines, general contractor of Clark Construction and Intertek Services International, LTD, a division of Inchcape Group, and a multinational public company based in London, England. Mr. Dec holds a Bachelor of Science in Accounting from Mount Saint Mary's University in Emmitsburg, Maryland, and a Masters of Business Administration from American University in Washington DC. Mr. Dec is a Certified Public Accountant.

David J. Mitchell, age 46, has served as a member of our Board since its inception and has over 20 years of investment, finance and mergers and acquisition experience. Mr. Mitchell is President of Mitchell Holdings LLC, a New York-based merchant banking company he founded in January of 1991, and since June 2004, Managing Partner of Las Vegas Land Partners LLC, a real estate development firm. From 1996 until the business was sold to American Express in August 1998, Mr. Mitchell was the Founder and Co-Chief Executive Officer of Americash LLC. Mr. Mitchell served as a Director of Kellstrom Industries from its inception until January 2002. Mr. Mitchell served as a director of Centerpoint Corporation (including its predecessor companies) from October 1996 until January 2003. Prior to 1991, Mr. Mitchell held various senior positions at New York Stock Exchange member firms. From 1988 to 1990, he was a Managing Director and Principal of Rodman & Renshaw, Inc., and from 1985 to 1988, he was a Managing Director of Laidlaw Adams & Peck, Inc. Previous to 1985, Mr. Mitchell was with Bear Stearns and Openheimer & Co.

Donald L. Nickles, age 59, has served as a Director since February 2005. Mr. Nickles currently serves as a member of the board of directors of Chesapeake Energy Corporation, Valero Energy Corporation and Washington Mutual Investors Fund. In 2005, after his retirement from the United States Senate, Senator Nickles founded and is currently Chairman and Chief Executive Officer of The Nickles Group, LLC, a consulting and business venture firm headquartered in Washington, D.C. Senator Nickles was elected to the United States Senate in 1980 where he represented the state of Oklahoma and held numerous leadership positions, including Assistant Republican Leader from 1996 to 2002 and Chairman of the Senate Budget Committee from 2003 to 2004. Senator Nickles also served on the Energy and Natural Resources Committee and the Finance Committee. While serving in the United States Senate, Senator Nickles was instrumental in several key areas of legislation including securing Senate passage of the Homeland Security Act of 2002, the legislation creating the Department of Homeland Security and the 2003 Tax Relief Act. Prior to his service in the United States Senate, Senator Nickles served in the Oklahoma State Senate from 1979 to 1980 and worked at Nickles Machine Corporation in Ponca City, Oklahoma, becoming Vice President and General Manager. Senator Nickles served in the National Guard from 1970 to 1976 and graduated from Oklahoma State University in 1971.

John Morton III, age 64, has served as a Director since January 2007. Prior to his election as a Director, Mr. Morton had served as a director of Broadwing Corp. from April 2006 until January 2007, when Broadwing Corp. was acquired by Level 3 Communications, Inc. Prior to that, Mr. Morton had served as President of Premier Bank, Bank of America until his retirement in September 2005 and was a member of Bank of America's Management Operating Committee. From 1997 to 2001, Mr. Morton served as President of Mid-Atlantic Region, Bank of America. Prior to assuming the Regional President position, Mr. Morton was President of the Private Client Group from 1996 to 1997. From 1994 to 1996, he was Chairman, Chief Executive Officer and President of The Boatmen's National Bank of St. Louis. From 1993 to 1994, he was Chief Executive Officer and President of Farm and House Financial Corporation. From 1990 to 1991, Mr. Morton served as Perpetual Financial Corporation's Chairman, Chief Executive Officer and President. Mr. Morton was a member of the Executive Committee of the Federal City Council in Washington D.C. and a former Chairman of the Greater Baltimore Committee in Baltimore. Mr. Morton holds a Bachelor of Science from the U.S. Naval Academy and a Master in Business Administration from Harvard University. He served in the U.S. Navy as a lieutenant aboard the nuclear submarine U.S.S. George Washington Carver.

Asa Hutchinson, age 57, has served as a Director since January 2007. Prior to his election as a Director, Mr. Hutchinson had acted as our special advisor. Mr. Hutchinson was one of the original leaders of the Department of Homeland Security serving as Undersecretary for Border and Transportation Security for the first two years of the Department's history. Mr. Hutchinson served three terms in the United States House of Representatives from the 3rd Congressional District of Arkansas (1997-2001) and as Administrator of the Drug Enforcement Administration (2001-2003). Since 2001, Mr. Hutchinson has been engaged in the homeland security law practice in Little Rock, Arkansas, and he is also a law partner in the firm of Venable LLP in Washington, D.C. Mr. Hutchinson is also the principal of Hutchinson Group, a consulting firm that provides homeland security counsel for companies. Mr. Hutchinson serves on the board of directors of Identiphi Inc., a company that offers software solutions to protect intellectual property, secure assets and eliminate passwords. Also, Mr. Hutchinson is a director of Secure America Acquisition Corporation, a blank check company formed for the purpose of acquiring one or more domestic and international operating businesses in the homeland security industry, but not businesses that design, build or maintain mission-critical facilities. Mr. Hutchinson received a Bachelor of Science from Bob Jones University and a Juris Doctor from the University of Arkansas School of Law.

William L. Jews, age 56, has served as a Director since April 24, 2007. Mr. Jews served as President and Chief Executive Officer of CareFirst, Inc., a health care insurer and the seventh largest Blue Cross Blue Shield Plan, from 1993 to December 2006. During this period, Mr. Jews was also President and Chief Executive Officer of Blue Cross Blue Shield of Maryland and the Blue Cross and Blue Shield Plan of the National Capital area and Chief Executive Officer of the Delaware Blue Cross and Blue Shield Plan. From 1990 to 1993, Mr. Jews was President and Chief Executive Officer of Dimensions Health Corporation, a multi-faceted healthcare corporation based in Landover,

Maryland. From 1979 to 1990, Mr. Jews was President and Chief Executive Officer of Liberty Medical Center, Inc., of Baltimore MD. Mr. Jews currently serves on the boards of The Ryland Group Inc., Camden Learning Corporation and Choice Hotels International. Mr. Jews received a Bachelor of Arts Degree from The Johns Hopkins University and a Master from Morgan State University.

Board of Directors

Our Second Amended and Restated Certificate of Incorporation and amended and Restated By-laws provide that our business is to be managed by or under the direction of our Board. Our Board is divided into three classes for purposes of election. One class is elected at each annual meeting of stockholders to serve for a three-year term. Our Board currently consists of nine members, classified into three classes as follows:

·The Class I directors are Messrs. David J. Mitchell, Gerard J. Gallagher and Asa Hutchinson, and their term will end at the 2009 annual meeting of stockholders.

·The Class II directors are Messrs. Harvey L. Weiss, Donald L. Nickles and William L. Jews, and their term will end at the 2010 annual meeting of stockholders;

·The Class III directors are Messrs. C. Thomas McMillen, Thomas P. Rosato and John Morton, III, and their term will end at the 2008 annual meeting of stockholders; and

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Board Committees

Our board of directors has established an Audit Committee, a Compensation Committee, and, during 2007, had a Special Committee. The Board has adopted a charter for the Audit and Compensation Committees.

Audit Committee

Our Audit Committee currently has four members, John Morton, III (Chairman), David J. Mitchell, Asa Hutchinson and William L. Jews. Our Audit Committee's role and responsibilities are set forth in a written charter and include the authority to retain and terminate the services of our independent accountants, review annual financial statements, consider matters relating to accounting policy and internal controls and review the scope of annual audits.

All members of the Audit Committee satisfy the current independence standards promulgated by the Securities and Exchange Commission and the Nasdaq Stock Market, as such standards apply specifically to members of audit committees. The Board has determined that Mr. Morton is an "audit committee financial expert," as the Securities and Exchange Commission has defined that term in Item 407 of Regulation S-K.

A copy of the Audit Committee's written charter is publicly available on our website at www.thefigi.com.

Compensation Committee

Our Compensation Committee currently has three members, Donald L. Nickles (Chairman), Asa Hutchinson and John Morton, III. Our Compensation Committee reviews, approves and makes recommendations regarding our compensation policies, practices and procedures to ensure that legal and fiduciary responsibilities of the Board are carried out and that such policies, practices and procedures contribute to our success. The Compensation Committee is responsible for the determination of the compensation of our Chief Executive Officer, and conducts its decision-making process with respect to that issue without the Chief Executive Officer present. All members of the Compensation Committee qualify as independent directors under the definition promulgated by the Securities and Exchange Commission and the Nasdaq Stock Market.

A copy of the Compensation Committee's written charter is publicly available on our website at www.thefigi.com.

Special Committee

Our Special Committee currently has four members, John Morton, III (Chairman), David J. Mitchell, Asa Hutchinson and William L. Jews. Our Special Committee's role and responsibility have been to review a potential transaction with a related party. All members of the Special Committee qualify as independent directors under the definition promulgated by the Securities and Exchange Commission and the Nasdaq Stock Market.

Board and Committee Meetings

During the fiscal year ended December 31, 2007, our Board and the various committees of the Board held the following meetings:

	Number of Meetings
Board	7
Audit Committee	4
Compensation Committee	4
Special Committee	5

Although we do not have any formal policy regarding director attendance at our annual meetings, we will attempt to schedule our annual meetings so that all of our directors can attend. All of our directors attended the 2007 annual meeting either in person or telephonically. During the fiscal year ended December 31, 2007, all of our directors attended at least 75% of the meetings of the Board and committees of the Board on which they served.

Nominations for Directors

We do not currently have a standing Nominating Committee since our Board determined that the independent members of the Board adequately fulfill the obligations of a nominating committee without the need of incurring additional costs of committee meetings.

The Board considers recommendations of potential candidates from current directors, management and stockholders. Stockholders' nominations for directors must be made in writing and include the nominee's written consent to the nomination and sufficient background information on the candidate to enable the Board to assess his or her qualifications. Nominations must be addressed to the Chairman of the Board at our headquarters address listed below, and generally must be received no later than 60 days nor earlier than 90 days prior to the first anniversary of the preceding year's annual meeting, in order to be considered for the next annual election of directors.

Chairman of the Board of Directors
9841 Broken Land Parkway
Columbia, Maryland 21046

Stockholder Communications to the Board

Generally, stockholders who have questions or concerns should contact our Investor Relations department at 212-554-5485. However, any stockholders who wish to address questions regarding our business directly with the Board, or any individual director, should direct his or her questions in writing to the Chairman of the Board at 9841 Broken Land Parkway, Columbia, Maryland 21046. Communications will be distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communications. Items that are unrelated to the duties and responsibilities of the Board may be excluded, such as:

- junk mail and mass mailings
- resumes and other forms of job inquiries

- surveys
- solicitations or advertisements.

In addition, any material that is unduly hostile, threatening, or illegal in nature may be excluded, provided that any communication that is filtered out will be made available to any outside director upon request.

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Section 16(a) Beneficial Ownership Reporting Compliance

Our executive officers, directors and 10% stockholders are required under Section 16(a) of the Securities Exchange Act of 1934, as amended, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Copies of these reports must also be furnished to us.

Based solely on our review of copies of reports furnished to us, or written representations that no reports were required, we believe that during 2007 our executive officers, directors and 10% stockholders complied with all filing requirements of Section 16(a) in a timely manner, except for Timothy C. Dec, Chief Financial Officer and Paul D. Sonkin and Hummingbird, as defined below.

Mr. Dec was hired on August 20, 2007 and on September 7, 2007 received restricted common stock grants of (i) 40,000 shares, one half vesting 18 months from the grant date and one half vesting 36 months from the grant date and (ii) 40,000 shares vesting based on certain performance criteria. Accordingly, Form 3 and Form 4 were required to be filed by August 30, 2007 and September 11, 2007, respectively, but were not filed until March 20, 2008.

Paul D. Sonkin, The Hummingbird Value Fund L.P., The Hummingbird Microcap Value Fund L.P., The Hummingbird Concentrated Fund, L.P., Hummingbird Capital, LLC, and Hummingbird Management, LLC (collectively, "Hummingbird") filed late Form 3 and Form 4. The date of the reporting event associated with the Form 3 was September 25, 2006, requiring filing by no later than October 5, 2006. The date of the reporting event associated with the Form 4 was October 12, 2006, requiring filing by no later than October 16, 2006. The Form 3 and Form 4 were filed by Hummingbird on January 8, 2007.

Code of Conduct and Ethics

Our Code of Ethics, which is our code of ethics applicable to all our employees, officers and directors, embodies our principles and practices relating to the ethical conduct of our business and commitment to honesty, fair dealing and full compliance with all laws affecting our business. The text of our Code of Ethics is being filed as an exhibit 14 to this Amendment. The Code of Ethics is also available without charge, to any stockholder upon written request to our Chief Executive Officer at 9841 Broken Land Parkway Columbia, Maryland 21046. Disclosure regarding any amendments to, or waivers from, provisions of the code of conduct and ethics that apply to our directors, principal executive and financial officers will be included in a Current Report on Form 8-K within four business days following the date of the amendment or waiver.

Item 11.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

On January 19, 2007, we consummated the acquisition of TSS/Vortech. Our Compensation Committee has developed a comprehensive executive compensation program and philosophy with respect to our executive officers. The Compensation Committee has not selected or hired a compensation consulting firm to assist in the development of a comprehensive executive compensation program and philosophy, but may consider doing so in the future.

The Compensation Committee of our Board makes all decisions regarding the compensation of our executive officers, which decisions are subject to ratification by our Board. On March 7, 2007, we established a Compensation Committee consisting of Donald Nickles and Asa Hutchinson, and on April 24, 2007, John Morton, III was appointed to the Committee. Our Board has determined that each of these directors is an "independent director" within the meaning of the rules of the Nasdaq Stock Market and Rule 10A-3 promulgated under the Securities and Exchange Act

of 1934, as amended. The Compensation Committee has the responsibility to:

- review, modify and approve our overall compensation strategy;
- recommend to the Board the compensation and terms of employment of our executive officers, including Thomas P. Rosato, our Chief Executive Officer, Gerard J. Gallagher, our President and Chief Operating Officer, and Timothy C. Dec, our Chief Financial Officer, and to evaluate their respective performance in light of relevant goals and objectives;
- review and recommend to our board the type and amount of compensation to be paid or awarded to the members of our Board;
- recommend to our Board the adoption, amendment and termination of any bonus, equity and other deferred compensation plans, including the 2006 Omnibus Incentive Compensation Plan (“2006 Stock Plan”);
- determine appropriate insurance coverage for our executive officers and directors; and
- review, discuss and assess its own performance at least annually.

General Compensation Philosophy

We recognize the importance of maintaining sound principles for the development and administration of our compensation and benefits programs. The overall compensation philosophy of our company is primarily driven by our business environment and our desire to align the interest of the employees with the interests of our company. It is also based on the principles of competitive and fair compensation, as well as our goal to attract, retain and motivate qualified employees.

The compensation and benefit plans are designed to enable us to meet our corporate goals and performance. The objectives of our compensation structure are to:

- enable the company to attract, engage and retain key executives and employees critical to future success;
- motivate and inspire employee behavior which fosters a high performance culture; and
- support the overall business objectives and ensure that a significant component of the compensation opportunity will be related to factors that both directly and indirectly influence shareholder value.

We measure the success of our compensation plans on overall business performance and our ability to attract and retain key talent which, in turn, will minimize risk and optimize return for our shareholders.

To this end, the Compensation Committee affirms that the total compensation plan should consist of:

- *Annual salary.* Designed to reward the core competence in the executive role relative to the skills, experience and contribution to our company.
- *Annual cash incentive/bonus awards.* Designed to reward the executive for specific contributions to our company aligned to both corporate and individual objectives.
- *Long-term equity compensation.* Designed to align the executives' interests with those of the shareholders.
- Certain other benefits, including retirement and welfare plans.

The use of the above components of our overall compensation plan enables us to reinforce our pay for performance philosophy and strengthen our ability to attract and retain high caliber and experienced executives. We believe that our combination of programs provides an appropriate mix of fixed and variable pay, balances short-term operational performance with longer-term shareholder value and facilitates effective executive recruitment and retention.

We will seek to target both short and long-term compensation levels competitively among a peer group of similar companies based on available survey data. The companies that will comprise our peer group to benchmark executive compensation levels against companies that have executive positions with responsibilities similar in breadth and scope to ours and have businesses which compete with us for executive talent.

Compensation Components

Base Salary

The salaries of our executive officers are the only non-variable element of our compensation and are reviewed on an annual basis. The salaries reflect each executive's responsibilities, the importance and impact of the executive's role, and the contribution each executive delivers to us. Salary revisions are based on an evaluation of the individual's performance, as part of our Annual Performance Review process and related salary revision matrix, in addition to level of pay compared to homeland security industry peer group company levels. Within this comparison group, we

seek to make comparisons to executives who are comparable in terms of (a) level of responsibility and (b) expected level of contribution to our performance. Performance-related increases generally take effect as of January 1 of each year.

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Bonuses

Our Compensation Committee will be responsible for establishing and implementing pre-established quantitative and qualitative performance standards for executive bonuses as well as guidelines and requirements for the distribution of such bonuses. To the extent that our employment agreements contain qualitative standards for discretionary bonuses, our Board intends to take the following steps to ensure direct correlation between executive compensation and performance:

- initiate a practice of periodically reviewing the performance of all senior executives at Board meetings; and
- establish annual reviews of compensation reports for the named executive officers.

Long-Term Equity Compensation

We believe that long-term incentive compensation, primarily in the form of restricted stock awards, ensures that our executive officers have an ongoing stake in the long-term success of the company, as well as giving our employees the opportunity to share in any appreciation in the value of our common stock. Under the 2006 Stock Plan, stock options and stock appreciation rights may be granted; however, we currently have no plans or intentions of using these as a form of compensation.

The Compensation Committee supports the belief that equity participation aligns employees' interests with those of the shareholders. However, we have not yet instituted stock ownership or retention guidelines for our executive officers.

Other Benefits

We provide a number of benefits as part of our overall remuneration package to all eligible employees including the named executive officers.

We operate a defined contribution retirement plan — a qualified 401(k) Plan which allows each of our employees to contribute up to the limits imposed by the Internal Revenue Code (US), on a pre-tax basis. We provide for matching payments up to 50% of the first six percent of employee contributions.

We also provide other benefits such as medical, dental, life insurance and short and long-term disability coverage to each named executive officer, as well as to all of our full-time employees. In addition, we provide paid time off and other paid holidays to all employees, including our named executive officers, which we believe are in line with our peers in the industry.

Tax Considerations

The Compensation Committee's compensation strategy is to be cost and tax effective. Therefore, the Compensation Committee's policy is to preserve corporate tax deductions, while maintaining the flexibility to approve compensation arrangements that it deems to be in the best interests of our company and our stockholders, even if such arrangements do not always qualify for full tax deductibility.

Employment Agreements

Descriptions of the employment agreements with Messrs. Rosato, Gallagher, Dec and Weiss are set forth below. The terms and conditions of Messrs. Rosato's and Gallagher's employment agreements were negotiated with the sellers of TSS/Vortech as well as with such executives as part of the negotiation of the overall terms and conditions of the acquisition. We expect that the Compensation Committee will, in connection with the development of a

comprehensive executive compensation program and philosophy, recommend to our Board the compensation and terms of employment for our other executive officers whereupon we may enter into appropriate employment agreements with them.

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Change in Control and Severance

As described below, the employment agreements of Messrs. Rosato, Gallagher, Dec and Weiss provide for severance benefits. We have not yet developed any comprehensive severance policies for our executive officers but expect to do so in connection with the development of our comprehensive executive compensation program and philosophy.

Role of Executive Officers in Executive Compensation

We expect that our Compensation Committee will approve and make recommendations to our Board with respect to the compensation for our executive officers, other than Mr. Rosato, with the advice of Mr. Rosato and/or one or more other executive officers designated by Mr. Rosato. We expect Mr. Rosato and any such other executive officers to play no role in the Compensation Committee's determination of their respective compensation. However, to the extent we enter into employment agreements with our executive officers, such agreements would be subject to negotiation between us and the applicable executive officer.

Compensation Committee Report

The Compensation Committee of our Board has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K, which appears elsewhere in this annual report, with our management. Based on this review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this annual report.

Members of the Fortress International Group, Inc. Compensation Committee
Donald L. Nickles
Asa Hutchinson
John Morton, III

Summary Compensation Table

The following table shows the total compensation paid or accrued by us during the fiscal year ended December 31, 2007 to our (1) Chief Executive Officer, (2) President and Chief Operating Officer, (3) Chief Financial Officer and (4) Chairman, during the fiscal year ended December 31, 2007. Collectively, these are the “named executive officers”. The 2006 reported amounts for Mr. Rosato and Mr. Gallagher below were received from the predecessor, Vortech, LLC and VTC, L.L.C. (TSS/Vortech), which was acquired by us on January 19, 2007.

Name and Principal Position(s)	Year	Salary	Annual Compensation			Total
			Bonus	Stock Awards (1)	Other Compensation (2)	
Thomas P. Rosato (3)						
Chief Executive Officer	2007	\$ 401,665	\$ -	\$ -	\$ 282,881	\$ 684,546
	2006	166,788	-	-	33,563	200,351
Gerard J. Gallagher (3)						
President and Chief Operating Officer	2007	405,865	-	-	277,505	683,370
	2006	350,000	42,580	-	48,710	441,290
Timothy C. Dec (4)						
Chief Financial Officer	2007	76,757	-	33,278	3,200	113,235
Harvey L. Weiss (5)						
Chairman and former Chief Executive Officer	2007	180,769	-	-	34,091	214,860

(1) This column represents the dollar amount recognized as compensation expense for financial statement reporting purposes with respect to the referenced fiscal year for the fair value of restricted stock granted in that fiscal year. These values have been calculated in accordance with SFAS 123R using the closing price of our common stock on the grant date. Pursuant to SEC rules, the amounts shown exclude the effect of estimated forfeitures related to service-based vesting conditions. The amounts in this column reflect our accounting expense for these awards, and may not correspond to the actual value that will be recognized by the named executive officer. In connection with his new hiring, Mr. Timothy C. Dec was the only executive officer to receive a stock grant during the fiscal year ended December 31, 2007, see “Grant of Plan Based Awards” below.

(2) See “All Other Compensation Table” below for additional information regarding the components of the amounts set forth in this column.

(3) Mr. Rosato’s and Mr. Gallagher’s employment commenced January 19, 2007 in connection with the acquisition of TSS/Vortech. Accordingly, compensation reflects the partial period January 19, 2007 through December 31, 2007. Mr. Rosato and Mr. Gallagher received \$11,538 and \$14,423, respectively, from TSS/Vortech during the period from January 1, 2007 to January 18, 2007. In addition to the amounts included above, distributions of \$1,386,473 and \$1,337,972 were made during 2006 by TSS/Vortech to Mr. Rosato and Mr. Gallagher, respectively. Such distributions represented payments for income taxes and profit distributions of the companies.

(4) Mr. Dec’s employment commenced on August 20, 2007. Accordingly, compensation reflects the partial period from August 20, 2007 through December 31, 2007.

(5) Mr. Weiss entered into an employment agreement on January 19, 2007. Accordingly, his compensation reflects the partial period from January 19, 2007 through December 31, 2007.

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All Other Compensation Table

The following table shows the components of all other compensation with respect to our named executive officers.

	401(k) Match \$(1)	Club Membership \$(2)	Rent Expense\$(3)	Automobile Allowance \$(4)	Interest Payments \$(5)	Long-term Disability \$(6)	Total (\$)
2007							
Thomas P. Rosato	7,654	4,645	33,000	19,248	218,334	-	282,881
Gerald J. Gallagher	7,750	16,407	-	16,636	234,247	2,466	277,505
Timothy C. Dec	-	-	-	3,200	-	-	3,200
Harvey L. Weiss	1,091	-	33,000	-	-	-	34,091