

October 29, 2008



## VSE Reports Third Quarter 2008 Results

**Company Earns \$1.04 Per Share Diluted in Quarter (up 58%) and \$2.68 Per Share Diluted for Nine Months (up 38%)**

ALEXANDRIA, Va.--

VSE Corporation (Nasdaq:VSEC) reported the following consolidated financial results for the periods ended September 30, 2008 and 2007:

VSE Corporation and Subsidiaries  
Consolidated Statements of Income (unaudited)  
(in thousands, except share and per share amounts)

	Three Months Ended September 30, 2008		Nine Months Ended September 30, 2008	
Revenues	\$ 306,811	\$ 174,692	\$ 747,222	\$ 455,025
Costs and expenses of contracts	297,330	168,747	723,097	438,899
Gross profit	9,481	5,945	24,125	16,126
Selling, general and administrative expenses	758	576	1,829	970
Interest expense (income), net	(5)	(161)	(118)	(532)
Income before income taxes	8,728	5,530	22,414	15,688
Provision for income taxes	3,419	2,171	8,738	6,053
Net income	\$ 5,309	\$ 3,359	\$ 13,676	\$ 9,635
Basic earnings per share	\$ 1.05	\$ 0.67	\$ 2.70	\$ 1.96
Basic weighted average shares outstanding	5,075,830	5,024,416	5,066,837	4,922,056
Diluted earnings per share	\$ 1.04	\$ 0.66	\$ 2.68	\$ 1.94

Diluted weighted shares outstanding	5,099,794	5,063,279	5,093,715	4,977,371
Dividends declared per share	\$ 0.045	\$ 0.04	\$ 0.13	\$ 0.115

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## Financial Results

VSE revenues increased approximately \$132 million (up 76%) and \$292 million (up 64%) for the three- and nine-month periods of 2008 compared to the same periods of 2007. These increases occurred principally in several U.S. Army programs, including the Army's Equipment Support Program and the Assured Mobility Systems program, as well as increases in the revenues of several VSE business units. Additionally, revenues from new VSE subsidiaries Integrated Concepts and Research Corporation (ICRC) and G&B Solutions, Inc. (G&B) added to the increase in revenues in 2008.

Selling, general and administrative expenses increased for the three- and nine-month periods of 2008 compared to the same periods of 2007 primarily due to the amortization of intangible assets attributable to the ICRC and G&B acquisitions and the inclusion of the acquired companies' selling, general and administrative expenses in our results in 2008.

VSE net income increased approximately \$1.9 million (up 58%) and \$4.0 million (up 42%) for the three- and nine-month periods of 2008 compared to the same periods of 2007. The increases in net income were primarily due to the profits associated with the increases in revenues reported above and to the profits earned by ICRC and G&B.

VSE's funded backlog was approximately \$706 million at September 30, 2008 compared to approximately \$408 million at December 31, 2007.

## CEO Comments

VSE CEO Mo Gauthier commented, "VSE continues to perform as a growth company. Our revenues have increased significantly by meeting urgent requirements from existing and new customers. Profits have increased as our volume increases, and improving our margins remains a top VSE goal. Our key indicators are positive, including significant new contract awards, a growing funded backlog, increases in employees, and identified opportunities to bid and win new work. We expect to complete a record year in 2008, and the current prospects for continued growth in 2009 appear to be favorable; however, 2009 is a federal government transition year and government spending priorities may change in ways that we cannot predict. We look forward to reporting on our progress."

## VSE Services

VSE provides engineering and consulting services, systems integration, infrastructure support, and information technology management and solutions, principally to agencies of the United States Government and other government prime contractors at locations across the United States and around the world. For additional information on VSE services and products, please see our web site at [www.vsecorp.com](http://www.vsecorp.com) or contact Randy Hollstein, Director of Business Development, at (703) 329-3206.

The company encourages investors and others to review the detailed reporting and

disclosures contained in VSE public filings for further information and analysis of VSE's financial condition and results of operations. The public filings include additional discussion about the status of specific customer programs and contract awards, risks, revenue sources and funding, dependence on material customers, and management's discussion of short and long term business challenges and opportunities.

#### Safe Harbor

This news release contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements" under federal securities laws. All such statements are intended to be subject to the safe harbor protection provided by applicable securities laws. For discussions identifying some important factors that could cause actual VSE results to differ materially from those anticipated in the forward looking statements in this news release, see VSE's public filings with the Securities and Exchange Commission.

Source: VSE Corporation