VSE had several notable accomplishments in 2010. For the third year in a row, Government Executive Magazine named VSE the “Number #1 Government Contractor (small)”; Forbes magazine recognized VSE as the “Number #27 Best Small Business in America;” and the Association for Capital Growth named us the Top Corporate Growth Company (over $500 million) in the Washington, DC metro area. Deltek, Inc., named VSE the winner of the Business Impact Award, based on being one of the “fastest-growing and most innovative government contractors in the nation.” Finally, VSE was chosen as Letterkenny Army Depot’s Supplier of the Year.

Akimeka LLC, a native Hawaiian health service information technology consulting company, was acquired by VSE on August, 19th. Akimeka recorded revenues during 2009 of approximately $38 million and operating income of about $6.5 million. Akimeka is headquartered in Kihei, Hawaii and has been serving the U.S. Government market for more than a decade with additional offices in Alexandria, VA; Orlando, FL and San Antonio, TX. Akimeka complements VSE’s prior acquisition in 2008, G&B Solutions, an established full-service IT provider to many federal agencies, including the Departments of Health and Human Services, Homeland Security, Labor, Social Security Administration, the Pension Benefits Guarantee Corporation, and the National Institutes of Health.

The Federal Group CED business unit was awarded a prime contract to continue work under U.S. Army CECOM’s Rapid Response (“R2”) replacement program known as “Rapid Response- Third Generation (R2-3G)” VSE will compete for task orders under the Indefinite Delivery/Indefinite Quantity contract over a five-year period.

Other contract award highlights include:
- January 2011 award on our LOGWORLD omnibus contract to provide equipment refurbishment support services to the Army Reserve for a base year and four one-year options with a potential value of $410 million;
- 10-year, $80 million IDIQ contract with the Department of Justice, Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to provide services similar to the VSE Treasury Seized Asset Program;
- $190 million/ five year IDIQ contract to provide Integration Kits (“VIKs”), spare VIK components, and engineering and installation support on tactical wheeled vehicles and combat vehicles for the U.S. Army and the U.S. Marine Corps.

2010 Highlights

Corporate Profile

We conduct our business operations in more than 100 locations world-wide under four reportable operating segments: Federal; International; IT, Energy and Management Consulting; and Infrastructure. VSE’s offerings include:
- Logistic Services–Multi-dimensional functions that converge to support one service task/equipment system such as true field support, supply chain management and warehouse management.
- Engineering and Equipment Refurbishment–Conceptual design, engineering of equipment, vehicle reset, parts supply, and advanced technologies.
- IT Services–Complete enterprise architecture, data mining, public protection/security, and technical/software engineering for systems, assessments and reviews.
- Construction Management–Planning, preparation, permitting, feasibility studies, procurement, and construction management for major complexes as well as all civil works projects.
- Technical and Management Consulting–Professional competencies in technology roadmaps and solutions, policy impacts, analysis, cyber-security and infrastructure protection and mitigation measurements.

Stockholder Inquiries

VSE is a publicly owned company and its shares are traded on the NASDAQ Global Select Market under the symbol VSEC. Inquiries about stock ownership, dividends, and stockholder changes of address may be directed to our Transfer Agent: Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016-1340, or to VSE at 2550 Huntington Avenue, Alexandria, Virginia 22303-1499, Attention: Corporate Secretary, Telephone (703) 329-4770.

Financial Highlights

### Income Statement Data (in thousands, except share data)

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2010</th>
<th>% CHANGE</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$866,036</td>
<td>-14.65%</td>
<td>$1,014,639</td>
</tr>
<tr>
<td>Net income</td>
<td>23,687</td>
<td>-1.40%</td>
<td>24,024</td>
</tr>
<tr>
<td>Earnings per share (diluted)</td>
<td>4.56</td>
<td>-2.36%</td>
<td>4.67</td>
</tr>
<tr>
<td>Weighted average shares (diluted)</td>
<td>5,189,263</td>
<td></td>
<td>5,146,347</td>
</tr>
</tbody>
</table>

### Balance sheet data (in thousands, except percentages)

<table>
<thead>
<tr>
<th>December 31</th>
<th>2010</th>
<th>% CHANGE</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$288,426</td>
<td>13.56%</td>
<td>$253,990</td>
</tr>
<tr>
<td>Working capital</td>
<td>54,569</td>
<td>18.88%</td>
<td>45,902</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>123,776</td>
<td>22.18%</td>
<td>101,310</td>
</tr>
<tr>
<td>Return on equity</td>
<td>23.4%</td>
<td></td>
<td>31.6%</td>
</tr>
</tbody>
</table>
Overview

Our operating results for 2010 reflect continuing efforts toward improved profitability. Operating margins increased from 3.8% to 4.4%. Accordingly, net operating income for 2010 remained strong despite the challenges to our revenues resulting from a decline in low margin “pass-through” work. Revenues generated by our direct labor remained strong and continued to provide a valuable contribution to our bottom line. Our improved profit margins in 2010 have enabled us to continue to provide our shareholders with an above average return on equity.

Our efforts to further grow our bottom line results will continue to be focused on increases in our direct labor workforce and the pursuit of more profitable business markets. The acquisition of Akimeka represents a key initiative on both of these fronts, as this acquisition brought us over 200 highly skilled, professional employees performing services in one of our targeted strategic markets. Company-wide, we added 363 employees in 2010, ending the year with 2,897 employees.

Strategic Planning 2011-2013

Our Strategic Planning process continues to be a successful tool for ensuring our continued success. Throughout 2010, we reviewed the 2010-2012 Strategic Plan on a quarterly basis. We updated the plan in mid-2010 and at the end of the year we launched our 2011-2013 plan. Key focus areas include:

- Agility and flexibility are key strengths of VSE Corporation. We continue to operate our business through discreet operating groups dedicated to their unique business lines and customer bases. They have the autonomy to respond quickly to our customers’ needs.
- Refinement of our key business metrics. We have established specific goals for each of our operating groups with the express intent to further increase shareholder value.

Operational Challenges

As a federal technical services contractor, we depend upon the priorities and pace of funding of our primary client, the Federal Government. Retaining and expanding our workforce, while clients work through contract award delays and funding issues continues to be an especially challenging effort. We believe there will be a strong demand for expertise in our core areas, and that the composition of our workforce and services we offer are well aligned with near and long term government spending priorities.

Declining budgets faced by our federal customers are challenging our efforts to sustain our business levels. Reductions in our customers’ budgets mean more competition for less work. Additionally, budget pressures have led to delayed awards and program launches and to an increasing number of protests. Our efforts to mitigate the delays in new contract awards include a revitalized focus on directing work toward our existing large omnibus contracts. We will continue to aggressively bid and win contracts while monitoring trends and opportunities as we move forward through 2011.

Note of Appreciation

We would like to take a moment to acknowledge Don Ervine for his exceptional leadership and dedication to the success of VSE Corporation. Throughout his tenure, Don has served VSE Corporation with great distinction, and we are grateful for his contributions to VSE as Chairman of the Board, CEO, COO and President. Don has been an integral part of VSE’s growth and success over the past 25 years, guiding the company from a small business to $1 billion in revenue in 2008. His commitment to our customers, shareholders and our employees has been stellar. We thank Don for his dedication and extraordinary service, and wish him all the best in the years to come as he has decided to retire from the Board in May of this year.
Looking Ahead

While 2010 has been a challenging year for VSE, we have implemented strategies to strengthen our business operations that enhance our ability to secure and execute federal contracts. We have the talent, dedication, experience and leadership in place who remain focused on serving our clients with the same dedication and commitment VSE has always maintained throughout its 52 years of business. Our core values: Integrity – Agility – Value will continue to guide us through all aspects in our conduct of business.

Maurice A Gauthier  
CEO/President/COO  
March 2011

Clifford M. Kendall  
Chairman of the Board  
March 2011
Board of Directors

James F. Lafond, CPA  
Retired Executive; formerly  
Washington Area Managing Partner,  
PricewaterhouseCoopers LLP

Jimmy D. Ross  
General, USA (Ret.)  
Senior Logistics Consultant,  
Cypress International, Inc.

David M. Osnos, Esq.  
Of Counsel  
Arent Fox LLP  
Attorneys-at-Law

Donald M. Ervine  
Retired President/CEO/COO  
Former VSE Chairman of the Board  
VSE Corporation

Maurice A. Gauthier  
CEO/President/COO  
VSE Corporation

Bonnie K. Wachtel  
Vice President and General Counsel,  
Wachtel & Co., Inc.

Ralph E. Eberhart  
General, USAF (Ret.)  
President, Armed Forces Benefit Association  
Chairman and Director of  
5Star Bank/Life/Funds/Investments

Clifford M. Kendall  
Chairman of the Board  
2011 Tech Council of Maryland Lifetime  
Achievement Award  
2010 Government Contractor Hall of  
Fame Inductee

Calvin S. Koonce, Ph.D.  
Chairman, Koonce Securities, Inc.  
Securities Broker/Dealer
VSE Corporation is the federal services company of choice for solving problems of global significance with agility, integrity and value. VSE is dedicated to making our clients successful through the effective use of highly experienced people, systems, and technology in logistics and equipment refurbishment, supply chain management, engineering, IT services, construction program management and consulting. In helping others succeed, we increase shareholder value by capturing new work, exceeding our customers’ expectations, increasing our technical competence, affording more employment opportunities and building great industry teammates.

VSE specializes in improving the reliability of systems and equipment and reducing associated costs. Our reputation for success and our quality management system are based on self-governance, openness and honesty. The foundation of VSE’s success also is based on highly experienced leadership, state-of-the-art IT communications, creative thinking, teamwork and motivation.

VSE’s policy is to provide services of the highest quality to meet or exceed the expectations and requirements of our customers on time and at a fair price. VSE’s quality management system is registered to the ISO 9001:2008 standard.

VSE is proud of our continued growing support to the U.S. military, navies of allied nations and federal and civil agencies. VSE strives to provide our customers with competitive, cost effective solutions to specific problems while remaining true to our roots as a value engineering firm.

VSE has adopted the primary community responsibility of assisting wounded warriors, military veterans and their families.

NASDAQ: VSEC

ISO 9001:2008
Facilities

VSE Corporation Headquarters
2550 Huntington Avenue
Alexandria, Virginia 22303
(703) 960-4600 or
Toll-free: (800) 455-4873

United States Locations
Huntsville, Alabama
Anchorage, Alaska
Fort Smith, Arkansas
North Little Rock, Arkansas
Texarkana, Arkansas
Barstow, California
Camp Parks, California
China Lake, California
Chula Vista, California
Concord, California
Dublin, California
Fort Hunter Liggett, California
Fort Irwin, California
Fresno, California
Jolon, California
Los Alamitos, California
Los Angeles, California
Point Mugu, California
Riverside, California
Sacramento, California
San Diego, California
San Jose, California
Santa Clara, California
Vallejo, California
Yermo, California
Denver, Colorado
Fort Carson, Colorado
Lakewood, Colorado
Bradley Airport, Connecticut
Jacksonville, Florida
Maitland, Florida
Miami, Florida
Tampa, Florida
Orlando, Florida
Valrico, Florida
College Park, Georgia
East Point, Georgia
Forest Park, Georgia
Fort McPherson, Georgia
Fort Stewart, Georgia
Warner Robbins, Georgia
Anderson AFB, Guam
Tamuning, Guam
Hickam AFB, Hawaii
Honolulu, Hawaii

Facilities

Kaneohe Bay, Hawaii
Kihei, Hawaii
Schofield Barracks, Hawaii
Boise, Idaho
Mountain Home AFB, Idaho
Darion, Illinois
Hamel, Illinois
Indianapolis, Indiana
Des Moines, Iowa
Belle Chase NAS, Louisiana
Fort Polk, Louisiana
Adelphi, Maryland
Baltimore, Maryland
Columbia, Maryland
Fort Meade, Maryland
Indian Head, Maryland
Lexington Park, Maryland
Sterling Heights, Michigan
Long Beach, Mississippi
Vicksburg, Mississippi
Weldon Springs, Missouri
Helena, Montana
Bridgeport, New Jersey
Fort Dix, New Jersey
Shrewsbury, New Jersey
South Brunswick, New Jersey
Sparta, New Jersey
Chaparral, New Mexico
McGregor, New Mexico
Cherry Point, North Carolina
Fort Bragg, North Carolina
Marine Corps Air Station New River, North Carolina
Bismarck, North Dakota
Broken Arrow, Oklahoma
Fort Sill, Oklahoma
Tinker AFB, Oklahoma
Midwest City, Oklahoma
Coraopolis, Pennsylvania
Guaynabo, Puerto Rico
Charleston, South Carolina
Fort Jackson, South Carolina
Marine Corps Air Station, Beaufort, South Carolina
Corpus Christi, Texas
Fort Bliss, Texas
Fort Hood, Texas
Fort Sam Houston, Texas
Gatesville, Texas
Harlingen, Texas
San Antonio, Texas
Texarkana, Texas
Ogden, Utah
Salt Lake City, Utah
Alexandria, Virginia
Arlington, Virginia
Ashburn, Virginia
Chesapeake, Virginia
Fort Monroe, Virginia
Hampton, Virginia
Ladysmith, Virginia
Langley AFB, Virginia
Reston, Virginia
Ruther Glen, Virginia
Fort Lewis, Washington
Vancouver, Washington
Morgantown, West Virginia
Washington, D.C.
Fort McCoy, Wisconsin

International Locations
Afghanistan
Armed Forces Africa
Alexandria, Egypt
Kaiserslautern, Germany
Iraq
Rome, Italy
Atsugi, Japan
Kadena AFB/Torri Station, Okinawa, Japan
Tokyo, Japan
Kuwait
Tuxpan, Vera Cruz, Mexico
Osan Air Base, Republic of Korea
Camp Carroll, South Korea
Romania
Raohsiong, Taiwan
Golchuk, Turkey
ACG National Capital

2010 Corporate Growth Awards

DEAL OF THE YEAR
Under $100M in transactional value

Winner: Global Defense Technology & Systems IPO
- DynCorp International Acquisition of Phoenix Consulting Group, Inc.
- GridPoint, Inc., Acquisition of ADMMicro

DEAL OF THE YEAR
Over $100M in transactional value

Winner: Capital One’s Acquisition of Cherry Chase Bank
- ICF International’s Acquisition of Macro International, Inc.
- Lockheed Martin Corporation acquisition of UNITECH

DEALMAKER OF THE YEAR
Corporate

Winner: Eric A. Hamann
- Robert S. Lindeberger
- John B. Spinos

DEALMAKER OF THE YEAR
Investor or Capital Provider

EMERGING GROWTH COMPANY
Under $50M

Winner: Inverix
- Customer Value Partners
- SENTECH, Inc.

CORPORATE GROWTH COMPANY
$50-$100M

Winner: Modern Technology Solutions Inc. (MTSI)
- Buccaneer Computer Services and Services, Inc.
- Capstone Corporation

OUTSTANDING GROWTH COMPANY
Over $500M

Winner: VSE Corporation
- FELD Entertainment
- ManTech International Corporation
- FELD Entertainment
- ManTech International Corporation