

As filed with the Securities and Exchange Commission on May 4, 2004
Registration No. 333-
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VSE CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

54-069263
(I.R.S. Employer Identification No.)

2550 Huntington Avenue
Alexandria, Virginia 22303
(Address of Principal Executive Offices, Including Zip Code)

VSE CORPORATION 2004 STOCK OPTION PLAN
VSE CORPORATION 2004 NON-EMPLOYEE DIRECTORS STOCK PLAN
(Full Title of the Plan)

Craig S. Weber
Executive Vice President
VSE Corporation
2550 Huntington Avenue
Alexandria, Virginia 22303
(703) 329-4770
(Name, Address, and Telephone Number, including Area Code, of Agent For Service)

Copy to:
Carter Strong, Esq.
Arent Fox PLLC
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5339

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed		Amount of Registration Fee	
	Maximum Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)		
Common Stock, \$.05 par value per share, to be issued under the VSE Corporation 2004 Stock Option Plan	350,000 Shares	\$17.01	\$5,953,500	\$754.31
Common Stock, \$.05 par value per share to be issued under the VSE Corporation 2004 Non-Employee Directors Stock Plan	50,000 Shares	\$17.01	\$ 850,500	\$107.76
TOTAL	400,000 Shares		\$6,804,000	\$862.07

(1) This Registration Statement also covers any additional Common Stock which become issuable under the VSE Corporation 2004 Stock Option Plan and 2004 Non-Employee Directors Stock Plan by reason of any stock dividend, stock split, recapitalization or other similar transaction which is effected without the Registrant's receipt of consideration and results in an increase in the number of outstanding shares of the Registrant's Common Stock.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(h) and Rule 457(c) under the Securities Act of 1933, as amended, on the basis of \$17.01, the average of the high and low prices of the Common Stock on April 30, 2004, as reported in the NASDAQ National Market.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The information required by Part I is included in documents sent or given to participants in the 2004 Stock Option Plan and the 2004 Non-Employee Directors Stock Plan of VSE Corporation, a Delaware corporation (the "Registrant"), pursuant to Rule 428(b) (1) under the Securities Act of 1933, as amended (the "Securities Act").

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

VSE Corporation, a Delaware corporation (the "Registrant"), is subject to the informational and reporting requirements of Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). The following documents previously filed by the Registrant with the Commission are incorporated by reference in this Registration Statement:

(a) The Registrant's annual report on Form 10-K for the fiscal year ended December 31, 2003.

(b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the document referred to in Section (a) of Item 3 above.

(c) The Registrant's Form 8-A Registration Statement filed pursuant to Section 12 of the Exchange Act, containing a description of the Registrant's common stock ("Common Stock"), including any amendment or report filed for the purpose of updating such description.

In addition, all documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Registration Statement to the extent a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law, as amended, provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at its request in such capacity in another corporation or business association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. A corporation shall not indemnify any person adjudged to be liable to the corporation in any action or suit by or in the right of the corporation unless and only to the extent that the court in which such action or suit was brought shall determine that such person is fairly and reasonably entitled to indemnity for such expenses as it may deem proper.

Section 102(b)(7) of the Delaware General Corporation Law, as amended, permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

Article Eleven of the Registrant's Restated Certificate of Incorporation provides for the elimination of personal liability of a director for breach of fiduciary duty as permitted by Section 102(b)(7) of the Delaware General Corporation Law, and Article VII, Section 7 of the Registrant's Bylaws provides that the Registrant shall indemnify its directors, officers, employees and agents to the extent permitted by Section 145 of the Delaware General Corporation Law.

The Registrant has in effect a directors and officers liability insurance policy under which the directors and officers of the Registrant are insured against loss arising from claims made against them due to wrongful acts while acting in their individual and collective capacities as directors and officers, subject to certain exclusions.

Item 7. Exemption from Registration Claimed.

Not applicable.

<TABLE>

Item 8. Exhibits.

<CAPTION>

Exhibit ----- Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	File No.	Exhibit	
<S>	<C>			<C>	
4.1	VSE Corporation 2004 Stock Option Plan			x	
4.2	VSE Corporation 2004 Non-Employee Directors Stock Plan			x	
5	Opinion of Arent Fox PLLC				x
23	Consents of experts and counsel:				
	(a) Consent of Ernst & Young LLP			x	
	(b) Consent of Arent Fox PLLC: included in				

24	Power of Attorney (included on signature page to this Registration Statement)	x
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</TABLE>

Item 9. Undertakings.

(a) The Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of the securities registered hereby, a post-effective amendment to this Registrant Statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement; provided, however, that the undertakings set forth in paragraphs (1)(i) and (1)(ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The Registrant hereby further undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing on an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant, unless in the opinion of its counsel the matter has been settled by controlling precedent, will submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

INFORMATION REGARDING CONSENT OF ARTHUR ANDERSEN LLP

VSE Corporation dismissed Arthur Andersen LLP ("Andersen") as its independent

auditors, effective May 15, 2002. For additional information, see VSE Corporation's current report on Form 8-K dated May 17, 2002 (as amended by the Form 8-K/A filed on May 21, 2002). After reasonable efforts, VSE Corporation has been unable to obtain Andersen's written consent to the incorporation by reference into this Registration Statement on Form S-8 (the "Registration Statement") of Andersen's audit report with respect to VSE Corporation's consolidated financial statements as of December 31, 2001, and for the year then ended. Under these circumstances, Rule 437a under the Securities Act permits VSE Corporation to file this Registration Statement without consents from Andersen. As a result, with respect to transactions in VSE Corporation securities pursuant to this Registration Statement, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the financial statement audited by Andersen or any omissions of a material fact required to be stated therein. Accordingly, you would be unable to assert a claim against Andersen under Section 11(a) of the Securities Act.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of Fairfax, State of Virginia, on this 3rd day of May, 2004.

VSE CORPORATION

By: /s/ D. M. Ervine

 Donald M. Ervine
 Chairman of the Board and Chief
 Executive Officer, President and
 Chief Operating Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint Donald M. Ervine and Craig S. Weber, and each of them, with full power of substitution and full power to act without the other, his true and lawful attorney-in-fact and agent to act for him in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file this registration statement, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in order to effectuate the same as fully, to all intents and purposes, as they or he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

Signatures	Title	Date
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/s/ D. M. Ervine ----- Donald M. Ervine	Chairman of the Board and Chief Executive Officer, President and Chief Operating Officer, and Director	May 3, 2004
/s/ T. R. Loftus ----- Thomas R. Loftus	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	May 3, 2004
/s/ R. J. Kelly ----- Robert J. Kelly	Director	May 3, 2004

/s/ C. M. Kendall Director May 3, 2004

Clifford M. Kendall

/s/ C. S. Koonce Director May 3, 2004

Calvin S. Koonce

/s/ J. F. Lafond Director May 3, 2004

James F. Lafond

/s/ D. M. Osnos Director May 3, 2004

David M. Osnos

/s/ J. D. Ross Director May 3, 2004

Jimmy D. Ross

/s/ B. K. Wachtel Director May 3, 2004

Bonnie K. Wachtel

<TABLE>

EXHIBIT INDEX

<CAPTION>

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4.1	VSE Corporation 2004 Stock Option Plan			x	
4.2	VSE Corporation 2004 Non- Employee Directors Stock Plan			x	
5	Opinion of Arent Fox PLLC				x
23	Consents of experts and counsel:				
	(a) Consent of Ernst & Young LLP			x	
	(b) Consent of Arent Fox PLLC: included in Exhibit 5			x	
24	Power of Attorney (included on signature page to this Registration Statement)				x

</TABLE>

Exhibit 4.1

VSE CORPORATION 2004 STOCK OPTION PLAN

Section 1 Purpose. The purpose of the VSE Corporation 2004 Stock Option Plan (the "Plan") is to promote the interests of VSE Corporation, a Delaware corporation ("VSE"), its Subsidiaries (VSE and its Subsidiaries, collectively, the "Company"), and its stockholders by (a) providing incentives for executives and other key employees of the Company, and non-employee Directors of VSE, (b) encouraging stock ownership by such individuals by providing them with a means to acquire a proprietary interest in the Company, and (c) aiding in attracting and retaining individuals of the caliber necessary for the Company's continued growth and profitability.

Section 2 Definitions. For purposes of the Plan, the following terms shall have the meanings set forth below:

- (a) "Award" or "Awards" means an award or grant of Nonqualified Stock Options made to a Participant under Section 4 of the Plan.
- (b) "Board" means VSE's Board of Directors.
- (c) A "Change-of-Control" shall be deemed to have occurred if (i) VSE shall be merged or consolidated with another corporation and, as a result of such merger or consolidation, less than 75% of the outstanding voting securities of the surviving or resulting corporation shall be owned directly or indirectly in the aggregate by the former VSE stockholders as the same shall have existed immediately prior to such merger or consolidation, (ii) VSE shall sell all or substantially all of its assets to another corporation or other entity which is not a wholly owned Subsidiary or an affiliate of VSE, or (iii) a person, within the meaning in Section 3(a)(9) or of Section 13(d)(3) of the Exchange Act (as in effect on the date hereof), shall acquire 50% or more of VSE's outstanding voting securities (whether directly, indirectly, beneficially or on record). For purposes hereof, ownership of voting securities shall take into account and shall include ownership as determined by applying the provision of Exchange Act Rule 13d-3(d)(1)(i) (as in effect on the date hereof).
- (d) "Code" means the Internal Revenue Code of 1986, as in effect from time to time or any successor thereto, together with rules, regulations and interpretations promulgated thereunder.
- (e) "Committee" means the compensation committee of the Board.
- (f) "Common Stock" means the common stock of VSE, par value \$.05 per share, or any equity security of VSE issued in substitution, exchange, or in lieu thereof.
- (g) "Disability" means disability as determined by the Board in accordance with standards and procedures similar to those under the Company's long-term disability plan.
- (h) "Discretionary Option" means a Nonqualified Stock Option to purchase Common Stock that is granted hereunder to a Participant who is not an Outside Director.
- (i) "Exchange Act" means the Securities Exchange Act of 1934, as amended and in effect from time to time, or any successor statute.
- (j) "Fair Market Value" means on any given date, the closing price of the Common Stock as reported on the Nasdaq National Market System ("Nasdaq") for the date in question. If no sales of Common Stock were made on Nasdaq on that date, the closing price of a share of Common Stock as reported on Nasdaq for the preceding day on which sales of Common Stock were made on Nasdaq shall be substituted.
- (k) "Insider" means a Participant who is subject to the reporting requirements of Exchange Section 16 with respect to VSE.
- (l) "Nondiscretionary Option" means a Nonqualified Stock Option to purchase Common Stock that is granted to Outside Directors pursuant

to Section 7 hereof.

- (m) "Nonqualified Stock Option" means an option to purchase Common Stock during such specified time as the Committee may determine, not to exceed five years, that is granted pursuant to Section 4 hereof, that does not meet the requirements of Code Section 422, or if meeting those requirements, is not intended to be an incentive stock option under Code Section 422.
- (n) "Outside Directors" means any Board member who, on the date of the granting of an option to such member hereunder, is not an officer or employee of the Company. Outside Directors shall not be eligible to receive Discretionary Options.
- (o) "Participant" means any person who is employed by the Company or is an Outside Director and who is granted an Award under the Plan.
- (p) "Retirement" means retirement from active employment with the Company or as a Board member on or after the normal retirement date specified in the Company's retirement plan or such earlier retirement date as approved by the Committee for purposes of this Plan.
- (q) "Subsidiary" shall mean a subsidiary of VSE, whether now or hereafter existing, and whether direct or indirect, as defined in Code Section 424(f).
- (r) "Termination-for-Cause" means termination of the Participant's employment by the Company by written notice to the Participant, specifying the event relied upon for such termination, due to (i) the Participant's willful misconduct in respect of his or her duties for the Company, (ii) conviction for a felony or perpetration of a common law fraud, (iii) failure to comply with applicable laws or corporate policies with respect to the execution of the Company's business operations, (iv) theft, fraud, embezzlement, dishonesty or other conduct which has resulted or is likely to result in economic damage to the Company, or (v) the failure by the Participant to substantially perform the Participant's duties and obligations as determined by his or her supervisor, other than any such failure resulting from the Participant's incapacity due to physical or mental illness.
- (s) "Vesting" or "vest" means the ability to exercise the stock option at one time or in such installments over the balance of the vesting period as may be provided in the stock option agreement.
- (t) "Voluntary Termination" means the voluntary termination of a Participant who chooses to cease employment with the Company.

Section 3 Administration. The portion of the Plan which relates to the grant of Discretionary Options shall be administered by the Board, provided that a majority of the Board members and a majority of the Board members acting on the matter are Outside Directors. Alternatively, if the Board shall not satisfy the foregoing provisions or if the Board shall otherwise so specify, the portion of the Plan which relates to the grant of Discretionary Options shall be administered by a committee of at least three directors, all of whom must be Outside Directors. In any event, the portion of the Plan which relates to the grant of Nondiscretionary Options shall be administered by the Board. To administer the Plan, the Board may consider, but is not required to consider, the recommendations of the Committee.

- (a) The Board is authorized, subject to the provisions of the Plan, to construe and interpret the Plan, to promulgate, amend and rescind rules and regulations relating to the implementation of the Plan, and to make all other determinations necessary or advisable for all the administration of the Plan. The Board may designate persons other than Board members to carry out its responsibilities under such conditions and limitations as it may prescribe, except that the Board may not delegate its authority with regard to selection for participation of and the granting of Discretionary Options to persons subject to Exchange Act Section 16(a) and 16(b), except as specified herein. Any determination, decision or action of the

Board in connection with the construction, interpretation, administration, or application of the Plan shall be final, conclusive and binding upon all Participants. The Company shall effect the granting of Awards under the Plan in accordance with the determinations made by the Board, by execution of instruments in writing in such form as approved by the Board ("stock option agreement").

- (b) The granting of Nondiscretionary Options under the Plan and the amount, price, vesting and timing of Nondiscretionary Options shall be automatic, as described in Section 7 hereof. All questions of interpretation of the Plan with respect to Nondiscretionary Options will be determined by the Board.

Section 4 Grants. Grants under the Plan are in the form of Nonqualified Stock Options to purchase Common Stock. Nonqualified Stock Options are herein called "stock options."

- (a) Stock options may be granted from time to time under the Plan for up to 350,000 shares in the aggregate of Common Stock. Shares which are forfeited back to the Company under the Plan may be reissued under the Plan. Of these aggregate shares, 30,000 shares are reserved for Nondiscretionary Options and 320,000 shares are reserved for Discretionary Options. Either authorized but unissued shares or reacquired shares may be used for grants. The Company may purchase shares required for this purpose. In no event will the determination of the number of shares available be calculated in a manner inconsistent with applicable laws and regulations as in effect from time to time.
- (b) In no event shall a Discretionary Grant be made under the Plan if the total number of shares of Common Stock underlying unexercised outstanding options granted under the Plan and under the Company's 1998 Stock Option Plan (the "Prior Plan") exceeds fifteen percent (15%) of the total outstanding Common Stock or would exceed fifteen percent (15%) of the total outstanding Common Stock if such grant was made.

Section 5 Participation. Employees eligible for Discretionary Options shall be selected by the Board from time to time from among those executives and other key employees of the Company who, in the Board's judgment, are in a position to contribute materially to the Company's success. Participants who are Outside Directors shall only be eligible to receive Nondiscretionary Options under the Plan.

- (a) No Participant shall have any rights as a stockholder with respect to any Common Stock subject to his or her stock options prior to the date as of which he or she is actually recorded as the holder of the Common Stock covered by such stock options upon VSE's stock records.
- (b) Nothing in the Plan or any stock option granted hereunder shall confer upon any employee any right to continue in the employ of the Company or interfere in any way with the right of the Company to terminate his or her employment at any time.

Section 6 Conditions of Discretionary Options.

- (a) Discretionary Options shall be evidenced by stock option agreements, which shall be subject to the applicable provisions of the Plan and contain such other provisions as the Board shall determine from time to time, such as a defined vesting period with respect to the initial exercisability of the Discretionary Option. A Discretionary Option may be exercised at one time or in installments over the balance of the vesting period as may be provided in the stock option agreement.
- (b) The Discretionary Option price per share shall be not less than the Fair Market Value of the Common Stock as of the date each Discretionary Option is granted.
- (c) The Board may permit the voluntary surrender of all or a portion of any Discretionary Option to be conditioned upon the granting of

a new stock option.

- (d) In the event of a Change-of-Control, then notwithstanding any provision of this section or of any provisions of any option agreements to the contrary, all Awards which have not terminated and which are then held by any Participant shall, as of such Change-of-Control, become immediately vested and exercisable without regard to the exercise period specified in any relevant stock option agreement.
- (e) VSE's obligation to issue, transfer or deliver Common Stock under the Plan shall be subject to (i) the effectiveness of a registration statement under the Securities Act of 1933, as amended, with respect to such issue, transfer or delivery, if deemed necessary or appropriate, (ii) the condition that the Common Stock reserved for issuance, if any, shall have been listed (or authorized for listing upon official notice of issuance) upon each stock exchange on which outstanding shares of the same class may then be listed, and (iii) all other applicable laws, regulations, rules and orders which shall then be in effect.
- (f) If the Board determines that a Participant is incapacitated and unable to exercise the Discretionary Options granted under the Plan and has not designated a legal representative, the Board, in its discretion, may authorize the assignment of the power to exercise such stock options to a fiduciary, legal guardian or other individual whom the Board deems appropriate based on the applicable facts and circumstances. Due consideration shall be given to any such assignment provided by the Participant prior to the incapacity.
- (g) The Company will withhold applicable taxes related to the exercise of Options hereunder. A Participant may satisfy the withholding obligation by (i) paying the amount of any taxes in cash, (ii) with the approval of the Board at the time applicable taxes are due or as provided in the stock option agreement, shares of Common Stock may be deducted from the payment to satisfy the obligation in full or in part, or (iii) with the Board's approval at the time applicable withholding taxes are due, deliver already owned Common Stock to satisfy the obligation in full or in part. The amount of the withholding and the number of shares to be deducted shall be determined by the with reference to the Fair Market Value of the Common Stock as of the date when the withholding is required to be made. Any use of Common Stock by an Insider for payment of applicable withholding taxes shall be subject to the provisions of Exchange Act Rule 16b-3 as to the manner and timing of the election.
- (h) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provisions hereof.

Section 7 Conditions of Nondiscretionary Options.

- (a) Grant of Options. Each then serving Outside Director shall receive a Nondiscretionary Option on January 1 of each year to purchase up to 1,000 shares of Common Stock, which total shall include the options granted pursuant to Section 7(a) of this Plan and the Prior Plan, and each newly appointed or elected director shall receive on the first calendar day of the month next following his or her appointment or election as a director a Nondiscretionary Option to purchase up to 1,000 shares of Common Stock. Notwithstanding the foregoing, if a sufficient number of shares is unavailable in any year to provide for the total Nondiscretionary Option awards, the number of shares in such year shall be prorated accordingly. The foregoing number of shares shall be adjusted in accordance with the principles of Section 10 hereof in the event of the occurrence of an event described therein.
- (b) Nondiscretionary Options shall be evidenced by stock option agreements, which shall be subject to the applicable provisions of the Plan. Each Nondiscretionary Option shall be vested as follows: 25% immediately upon date of grant, and 25% on each of the first

three successive anniversary dates after the date of grant (100% vested after three years). The Nondiscretionary Option shall be exercised only to purchase whole shares, and in no case may a fraction of a share be purchased. The right of the Participant to purchase shares with respect to which this option has become exercisable as herein provided may be exercised in whole or in part at any time, prior to the fifth anniversary of the date of grant.

- (c) The Nondiscretionary Option price per share shall be not less than the Fair Market Value of the Common Stock as of the date each Nondiscretionary Option is granted.
- (d) The Board may permit the voluntary surrender of all or a portion of any Nondiscretionary Option to be conditioned upon the granting of a new stock option.
- (e) In the event of a Change-of-Control, then notwithstanding any provision of this section or of any provisions of any stock option agreements to the contrary, all Awards which have not terminated and which are then held by any Participant shall, as of such Change-of-Control, become immediately vested and exercisable without regard to the exercise period specified in any relevant stock option agreement.
- (f) VSE's obligation to issue, transfer or deliver Common Stock under the Plan shall be subject to (i) the effectiveness of a registration statement under the Securities Act of 1933, as amended, with respect to such issue, transfer or delivery, if deemed necessary or appropriate, (ii) the condition that the Common Stock reserved for issuance, if any, shall have been listed (or authorized for listing upon official notice of issuance) upon each stock exchange on which outstanding shares of the same class may then be listed, and (iii) all other applicable laws, regulations, rules and orders which shall then be in effect.
- (g) If the Board determines that a Participant is incapacitated and unable to exercise the Nondiscretionary Options granted under the Plan and has not designated a legal representative, the Board, in its discretion, may authorize the assignment of the power to exercise such stock options to a fiduciary, legal guardian or other individual whom the Board deems appropriate based on the applicable facts and circumstances. Due consideration shall be given to any such assignment provided by the Participant prior to the incapacity.
- (h) The Company will withhold applicable taxes related to the exercise of Options hereunder. A Participant may satisfy the withholding obligation by (i) paying the amount of any taxes in cash, (ii) with the approval of the Board at the time applicable taxes are due or as provided in the stock option agreement, shares of Common Stock may be deducted from the payment to satisfy the obligation in full or in part, or (iii) with the approval of the Board at the time applicable withholding taxes are due, deliver already owned Common Stock to satisfy the obligation in full or in part. The amount of the withholding and the number of shares to be deducted shall be determined by the Board with reference to the Fair Market Value of the Common Stock on that date when the withholding is required to be made. Any use of Common Stock by an Insider for payment of applicable withholding taxes shall be subject to the provisions of Exchange Act Rule 16b-3 as to the manner and timing of the election.
- (i) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provisions hereof.

Section 8 Exercise of Awards.

- (a) Subject to Sections 6 and 7, each stock option will be exercisable in whole or in part from time to time, prior to its cancellation or termination, by written notice to VSE specifying the number of shares, with respect to which it is being exercised. If any stock option is being exercised, such notice shall be accompanied by

payment in full of the purchase price by cash or check or in other form acceptable to the Board, including shares of Common Stock or partly in cash or check and partly in such shares, except that the Board may, from time to time, impose limits and conditions on the use of such shares for payment. The Board may alternatively permit, under such terms and conditions as it may establish from time to time, payment methods for option exercises which will enable a Participant (other than a Participant who, at the time of exercise, is subject to Exchange Act Section 16(b)) to pay the exercise price of a stock option, and any applicable withholding taxes, from the proceeds of the sale of shares received as a result of the exercise of such stock option, through the delivery of a properly executed exercise notice together with such other documentation as the Board and the broker, if applicable, shall require to effect an exercise of the stock option and delivery to the Company of the amount of sale or loan proceeds required to pay the exercise price. Certificates for shares to be received upon the exercise of stock options will be delivered in regular course. All fractional shares are payable in cash.

- (b) Except as provided in Section 9, a stock option may be exercised during the lifetime of the Participant only by the Participant, and after his or her death by the persons to whom the stock option has been transferred by will or by laws of descent and distribution. Stock options are not otherwise transferable.

Section 9 Termination of Stock Options. Each stock option will terminate upon the earliest of the following:

- (a) The date fixed by the Board when the stock option is granted as set forth in the relevant stock option agreement, not to exceed five years from date of grant.
- (b) Three months after voluntary termination of employment (not to exceed the stock option termination date), after which the Participant shall forfeit all rights and Awards for unexercised and nonvested shares under the Plan, except as follows:
 - (i) If the Participant dies while an employee, vested shares may be exercised by Participant's legal representative within one year from death of Participant, not to exceed the stock option termination date.
 - (ii) Upon the Participant's Retirement vested shares may be exercised within three years after the date of such Retirement, not to exceed the stock option termination date.
 - (iii) If the Participant's employment is terminated for Disability or due to a lay-off by the Company, vested shares may be exercised within one year after termination of employment not to exceed the stock option termination date.
 - (iv) If the Board determines that the stock option may be exercised (whether or not it was fully exercisable) for a longer period of time.
 - (v) If a Change-of-Control occurs, all stock option shares shall vest immediately, and may be exercised within one year after termination of employment, not to exceed the stock option termination date.
- (c) Notwithstanding anything hereinabove to the contrary, if a Participant's employment is terminated by reason of Termination-for-Cause, his or her ability to exercise any stock option shall terminate on the date of such termination of employment. For this purpose, the determination of the Board as to whether a Participant's employment was terminated for reason of Termination-for-Cause is final, conclusive and binding on the Participant and all other respective parties.

Section 10 Adjustments. In the event of any change in the Common Stock, through the declaration of stock dividends, through recapitalization resulting in stock split-ups or combinations of shares, or as the result

of similar events, pro rata adjustment shall be automatically made in the number of shares available for issuance pursuant to the exercise of Options under the Plan, in the number of shares and price per share of all shares subject to outstanding stock options.

Section 11 Amendment and Termination. The Board may alter, suspend or terminate the Plan. Except as provided in Sections 6, 7, and 10, the Board may not, however, increase the maximum number of shares which may be issued under the Plan in the aggregate, materially increase or decrease the benefits accruing to Participants under the Plan or materially modify the requirements regarding eligibility for participation in the Plan or, without the written consent of the holder thereof, alter or impair any stock option previously granted under the Plan. No stock option may be granted after the termination of the Plan, but stock options previously granted may vest and be exercised in accordance with their terms.

Section 12 Term. The Plan shall be adopted by the Board effective as of May 3, 2004, subject to approval by the Company's stockholders. The Plan shall remain in effect until all Awards under the Plan have been exercised or terminated under the Plan or May 3, 2014, whichever occurs first.

Section 13 Governing Law. The Plan and all determinations made and actions taken pursuant thereto shall be governed by the laws of the State of Delaware and construed in accordance therewith.

VSE CORPORATION 2004 NON-EMPLOYEE DIRECTORS STOCK PLAN

1. Purpose. The purpose of the VSE Corporation 2004 Non-Employee Directors Stock Plan (the "Plan") is to provide a means for non-employee directors of VSE Corporation, a Delaware corporation (the "Company"), to increase their proprietary interest in the Company's growth and success as the owners of additional common stock of the Company ("Company Stock").

2. Administration. The Company's board of directors (the "Board") shall administer the Plan. All questions of interpretation and application of the terms and conditions of the Plan are subject to the Board's sole discretion, which shall be binding on all Participants.

3. Eligibility. All non-employee members of the Board are covered by this Plan ("Participants").

Company Stock.

a. Company Stock allocated under the Plan may be either authorized but unissued or issued and held in the treasury.

b. A maximum of 50,000 shares of Company Stock may be allocated and issued under the Plan, subject to adjustment as provided in Section 4(c) below.

c. Appropriate adjustment will be made for any stock dividend, stock split, combination of Company Stock or other change in the capitalization of the Company.

5. Participation. Every non-employee director of the Company shall automatically participate in the Plan until the earlier of his or her retirement, resignation, nonreelection, disability or death.

6. Contributions. Commencing as of January 1, 2004, from and after the date of participation, each Participant may elect in respect of each year that all or a specified portion of his or her annual retainer fee shall be allocated to and paid in Company Stock under the Plan ("Stock Portion"), with the balance of such annual retainer, if any, being payable in cash ("Cash Portion"). Such election shall be made in writing and provided to the Corporate Secretary by November 1 of each year or such other date as the Board may determine, provided such date is at least 30 days prior to the date on which the fair market value of the Company Stock is determined pursuant to Section 7(a) of this Plan. If any Participant fails to provide the above-mentioned written election by the date referenced in the preceding sentence, such Participant's annual retainer fee shall be paid fully in cash for the particular year. If not enough Company Stock is available to satisfy one or more Participant's Stock Portion elections in respect of a year, such elections shall be automatically adjusted, on a pro rata basis, to match the amount of shares of Company Stock available hereunder, in proportion to the number of shares of Company Stock each Participant would have received in respect of his or her election as if sufficient Company Stock was available for all elections.

7. Allocation.

a. Company Stock is allocated to Participants at its fair market value as of the date of allocation. "Fair Market Value" means on any given date, the closing price of the Common Stock as reported on the Nasdaq National Market System ("Nasdaq") for the date in question. If no sales of Common Stock were made on Nasdaq on that date, the closing price of a share of Common Stock as reported on Nasdaq for the preceding day on which sales of Common Stock were made on Nasdaq shall be substituted.

b. No fractional shares shall be allocated.

c. Any residual cash balance may be credited to Participants or distributed along with the Cash Portion in the Board's sole discretion.

8. Taxes. The Cash Portion shall be paid to Participants to cover the estimated taxes associated with the issuance of Company Stock under this Plan. Notwithstanding the foregoing, each Participant is solely responsible for calculation and payment of his or her tax liability in respect of the Plan, irrespective of whether or not such Participant's Cash Portion is sufficient to cover the entire amount of actual taxes associated with the Participant's Stock Portion.

9. Distributions.

a. As soon as practicable, a stock certificate will be issued to each Participant for the number of shares of Company Stock allocated to the Participant under the Plan.

b. By executing a copy of this Plan, the Participant represents and warrants to the Company that

i. he or she will acquire and hold all the Company Stock issued to him or her hereunder for his or her own account for investment and not with the view toward resale or distribution except in accordance with Federal and state securities laws; and that

ii. he or she will not directly or indirectly distribute or otherwise transfer any interest in Company Stock acquired under this Plan except pursuant to (a) an effective and current registration statement under the Securities Act of 1933, as amended (the "Act") covering the Company Stock, or (b) a specific exemption from registration under the Act.

c. The Company may require Participant to furnish an opinion of counsel reasonably acceptable to the Company that no registration under the Act is required.

d. By executing a copy of this Plan each Participant also acknowledges that (i) the Company Stock issued under the Plan will be issued pursuant to exemption from the registration under the Act; (ii) such Company Stock must be held indefinitely unless it is registered or an exemption from registration becomes available under the Act and the applicable state laws; (iii) the Company is under no obligation to facilitate resale of the Company Stock whether by registration, Rule 144 under the Act, or otherwise; (iv) if Rule 144 under the Act is available for resale of the Company Stock, such sales will or may be subject to specific holding periods, volume restrictions, and other provisions; and (v) the Participant will bear the economic risk of the investment in the Company Stock for an indefinite period of time.

10. Amendment of the Plan. The Board may from time to time alter, amend, suspend, or discontinue the Plan.

11. Miscellaneous.

a. This Plan does not create any obligation of the Board to nominate any director for re-election by the Company's stockholders.

b. Participants will have no stockholder rights with respect to the Company Stock subject to the Plan until it is allocated and issued to Participants.

c. None of the benefits under the Plan are subject to the claims of creditors of Participants or their beneficiaries, nor are they subject to attachment, garnishment or other legal process. Neither Participant nor beneficiary may assign, sell, borrow on or otherwise encumber a beneficial interest in the Plan nor shall any such benefits be in any manner subject to the deeds, contracts, liabilities, engagements or torts of any Participant or beneficiary.

d. Participant's latest beneficiary designation under the VSE Corporation 1996 or 1998 or subsequent Stock Option Plan adopted by the Board is deemed to be the Participant's beneficiary designation under this Plan unless otherwise directed in writing by the Participant to the Company's Secretary.

12. Effective Date, Stockholder Approval, and Termination. This Plan will be effective if approved by the holders of a majority of the outstanding Company Stock present and entitled to be voted at the stockholders meeting at which the Plan is considered and voted upon. Once so approved by stockholders, the Plan will be effective retroactively to January 1, 2004, and will be effective until December 31, 2013, unless terminated earlier by the Board.

13. Governing Law. Delaware law shall govern this Plan.

Exhibit 5

May 4, 2004

The Board of Directors
VSE Corporation
2550 Huntington Avenue
Alexandria, Virginia 22303

Gentlemen:

We have acted as counsel to VSE Corporation, a Delaware corporation (the "Company"), with respect to the Company's Registration Statement on Form S-8, filed by the Company with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1933, as amended, of an aggregate of 400,000 shares of Common Stock, par value \$.05 per share (the "Shares"), which are subject to the VSE Corporation 2004 Stock Option Plan (the "Option Plan") and the VSE Corporation 2004 Non-Employee Directors Stock Plan (the "Directors Plan" and, together with the Option Plan, the "Plans").

As counsel to the Company, we have examined such records and documents of the Company, as well as relevant statutes, regulations, published rulings and such questions of law, as we considered necessary or appropriate for the purpose of this opinion.

Based on the foregoing, we are of the opinion that the 400,000 Shares subject to the Plans, when issued or delivered and paid for in accordance with the terms of the Plans, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to all references to our firm in the Registration Statement. In giving this consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the General Rules and Regulations thereunder.

Very truly yours,

ARENT FOX PLLC

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the VSE Corporation 2004 Stock Option Plan and the VSE Corporation 2004 Non-Employee Directors Stock Plan of our report dated February 20, 2004, with respect to the consolidated financial statements of VSE Corporation included in its Annual Report (Form 10-K) for the year ended December 31, 2003, filed with the Securities and Exchange Commission.

/s/ ERNST & YOUNG LLP

McLean, Virginia
April 30, 2004