

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

Current Report  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 22, 2008

VSE CORPORATION  
(Exact Name of Registrant as Specified in its Charter)

DELAWARE  
(State or Other Jurisdiction of Incorporation or Organization)

0-3676                      54-0649263  
(Commission File Number)      (I.R.S. Identification Number)

2550 Huntington Avenue  
Alexandria, Virginia              22303-1499  
(Address of Principal Executive Offices)      (Zip Code)

Registrant's Telephone Number, Including Area Code: (703) 960-4600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02      Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 22, 2008, VSE Corporation ("VSE" or the "Company") announced the appointment, effective as of April 28, 2008, of Maurice A. Gauthier to the positions of Chief Executive Officer, President and Chief Operating Officer of VSE. Also effective as of April 28, 2008, Donald M. Ervine was appointed Executive Chairman of VSE's Board of Directors (the "Board"), and he resigned his positions as Chief Executive Officer, President and Chief Operating Officer of VSE.

Mr. Gauthier completed a military career of over 28 years of service, retiring in 1997 as a Navy Captain and board certified Department of Defense Major Program Manager for the Naval Sea Systems Command Foreign Military Sales program and the San Antonio Landing Platform Dock Class Shipbuilding Program. Mr. Gauthier worked for VSE from October 1997 through February 1999 as Vice President and Chief Technology Officer and as Director of Strategic Planning and Business Development, before joining the Nichols Research Corporation Navy Group as its President. With the acquisition of Nichols Research Corporation by Computer Sciences Corporation (CSC) in 1999, Mr. Gauthier served as Vice President of CSC's Advanced Marine Center. His most recent assignment with CSC has been Vice President and General Manager of CSC's Navy and Marine Corps Business Unit where he was responsible for the overall leadership and financial performance of a 2,500-person organization providing systems engineering,

technical, information technology and telecommunications support to U.S. Navy and Marine Corps customers.

In connection with the foregoing referenced appointments, VSE entered into an employment agreement with Mr. Gauthier and a transition agreement with Mr. Ervine. The following descriptions of the employment agreement and the transition agreement are summary in nature and do not purport to be complete, and are qualified in their entirety by reference to the respective agreements, copies of which are attached to this Form 8-K as Exhibits 10.1 and 10.2. Before being submitted to and approved by the Board, the employment agreement and the transition agreement were negotiated and approved for submission to the Board by a special committee of four independent members of VSE's board of directors.

#### Employment Agreement

Pursuant to an agreement dated as of April 22, 2008 between VSE and Mr. Gauthier (the "Employment Agreement"), Mr. Gauthier serves as VSE's Chief Executive Officer, President and Chief Operating Officer at a base salary of \$415,000 per annum. Mr. Gauthier is employed for a term ending on April 28, 2010, subject to automatic extensions for successive one-year periods unless notice not to renew is given by VSE or Mr. Gauthier at least 60 days prior to the expiration of the term or any such one-year extension of the term. Mr. Gauthier's base salary is subject to review each January, provided that the base salary shall not be less than \$415,000 per annum. Mr. Gauthier is also eligible to receive an annual performance bonus each year as determined by the Board under VSE's Performance Bonus Plan. As an inducement to become VSE's Chief Executive Officer, President and Chief Operating Officer, Mr. Gauthier will receive a cash bonus of \$25,000 and a grant of 5,831 shares of VSE Common Stock, par value \$.05 per share, with subsequent vesting and issue dates, subject to Mr. Gauthier's employment not having been terminated, as follows:

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25% of the shares will be vested and issued to Mr. Gauthier on April 28, 2008 and 2009, and the remaining 50% of the shares will be vested and issued to Mr. Gauthier on April 28, 2010.

Mr. Gauthier's employment may be terminated by the Board for willful and gross misconduct, and his employment may also be terminated in the case of death or disability which prevents Mr. Gauthier from substantially fulfilling his duties for a period in excess of 90 work days during any period of 365 consecutive days. If Mr. Gauthier's employment is terminated because of death or illness or disability, he or his beneficiary, as the case may be, will be paid his annual base salary then in effect for one full year from the date of death or disability.

Mr. Gauthier's employment may also be terminated without cause with five days' prior notice and on payment of the lesser of \$830,000 if before the first anniversary of the April 28, 2008 effective date of the Employment Agreement (the "Effective Date") or such amount as would not trigger the application of Section 280G of the Internal Revenue Code of 1986, as amended (the "280G Limitation"). If Mr. Gauthier's employment is terminated between the first and second anniversary of the Effective Date, Mr. Gauthier will be entitled to a lump sum severance compensation payment equal to the lesser of two times his annual base salary then in effect or the 280G Limitation. If a Change of Control, as defined, occurs, Mr. Gauthier may terminate the Employment Agreement for Good Reason, as defined, on 30 days' notice. If Mr. Gauthier or VSE terminate the Employment Agreement for Good Reason within 365 days after a Change of Control occurs, Mr. Gauthier shall be entitled to a payment of the lesser of \$830,000 or the 280G Limitation if termination occurs before the first anniversary of the Effective Date or three times his annual base salary then in effect or the 280G Limitation if termination occurs after the first anniversary of the Effective Date.

The Employment Agreement includes undertakings by Mr. Gauthier regarding exclusive services and business opportunities during the term of his employment, covenants regarding the safeguarding and return of confidential data and the non-solicitation of employees for a two-year period following termination, and a covenant not to be involved, directly or indirectly, in a business enterprise that competes with VSE during the term of his employment and for two-year period thereafter. Mr. Gauthier also agrees that VSE is entitled to appropriate equitable remedies, including specific performance and

injunctive relief if he breaches any of the two-year post-termination covenants.

#### Transition Agreement

Pursuant to an agreement dated as of April 22, 2008 between VSE and Mr. Ervine (the "Transition Agreement"), Mr. Ervine, effective as of April 28, 2008, resigned as VSE's Chief Executive Officer, President and Chief Operating Officer and agreed to serve as VSE's Executive Chairman of the Board until December 31, 2008, followed by service as VSE's Non-executive Chairman of the Board for a period of two years from January 1, 2009 through December 31, 2010. On the occasion his resignation as VSE's Chief Executive Officer, President and Chief Operating Officer and in recognition of his 25 years of loyal and dedicated service to VSE and its stockholders, the Board awarded Mr. Ervine a grant of 4,374 shares of VSE Common Stock, par value \$.05 per share, pursuant to VSE's Restricted Stock Plan.

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In addition Mr. Ervine will make himself available during normal business hours to provide such mentoring, consulting and advisory services as are reasonably requested by the Board or VSE's Chief Executive Officer, with special emphasis on services as stockholders' advocate; corporate governance and oversight; quality management system/information technology system; sustainment of the corporate culture for honesty, integrity, and quality work in all business dealings; strategic planning; business and corporate financial planning; mergers and acquisitions; succession planning (all levels); banking relationships; customer relations; investor relations; facilities and infrastructure and relocation planning; and advocate for continued growth and profitability. Mr. Ervine will also continue to perform the following currently assigned duties: Chairman of the boards of directors of VSE's wholly owned subsidiaries, and Chairman of the Board's Planning and Finance Committee. During his term of service ending on December 31, 2008, as Executive Chairman of the Board, or, as the case may be, a VSE director, Mr. Ervine will continue as an officer and employee of VSE and will be paid his current base salary of \$360,000 per annum and will continue to participate in all VSE fringe and compensation benefit programs, including the Performance Bonus Plan, Deferred Compensation Plan and Restricted Stock Plan. During his two-year term of service as Non-executive Chairman of the Board, or, as the case may be, a VSE director, Mr. Ervine will be paid a consulting fee at the base rate of \$216,000 per annum, and he will be eligible for a performance incentive bonus not to exceed \$216,000 per year if VSE achieves certain annual return on equity target percentages.

During the term of the Transition Agreement, the Board will, subject to applicable laws and regulations and the Board's fiduciary duties to the Company and its stockholders: (a) nominate Mr. Ervine to be elected as a VSE director by VSE's stockholders at each annual and other meeting of VSE's stockholders at which they will elect VSE directors and (b) if Mr. Ervine is then a VSE director, appoint and maintain Mr. Ervine as Chairman until at least the date of the first annual or other meeting of VSE's stockholders in 2010 at which they will elect VSE directors.

The Transition Agreement also includes undertakings by Mr. Ervine regarding the provision of his services in a professional and diligent manner during the term of the Transition Agreement, covenants regarding the safeguarding and return of confidential data for period of one-year following termination of the Transition Agreement, and, in the event of a termination of the Transition Agreement prior to December 31, 2010, for the payment of a lump sum equal to the compensation and fees Mr. Ervine would have earned under the Transition Agreement if Mr. Ervine had continued to serve until December 31, 2010.

#### Item 5.03 Amendments to Articles of Incorporation or By-Laws; Change in Fiscal Year.

On April 22, 2008, the Board amended VSE's by-laws("By-Laws") (a) to separate the two positions of Chairman and Chief Executive Officer and President and Chief Operating Officer into four positions: Chairman of the Board, Chief Executive Officer, President, and Chief Operating Officer, and (b) to provide that the Board may designate the Chairman of the Board as the Executive Chairman of the Board, in which case the Executive Chairman of the Board shall be an officer of VSE.

A copy of VSE's By-Laws (amended as of April 22, 2008) reflecting the foregoing amendments is filed as Exhibit 3.1 to this Form 8-K.

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After the above-discussed amendment to the By-Laws, Article V, Sections 1 through 14 of the By-Laws read as follows:

#### ARTICLE V

#### OFFICERS

Section 1. The offices of the corporation shall be a chief executive officer, a president, a chief operating officer, a chief financial officer, one or more vice-presidents, a secretary, a treasurer, and a comptroller, and such other offices as shall seem advisable to the board. Two or more offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide. The board of directors may designate the chairman of the board as an executive chairman, in which case such executive chairman shall be an officer of the corporation.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chairman from among the directors, and shall choose a chief executive officer, a president, a chief operating officer, a chief financial officer, a one or more vice-presidents, secretary, a treasurer, and a comptroller, none of whom need be a member of the board. The board may also choose such additional vice-presidents and assistant secretaries, treasurers, and comptrollers as shall seem advisable to the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salary of the chief executive officer and of the executive chairman, if one is designated, shall be reviewed annually, with changes recommended by the Compensation Committee. The salaries of all officers of the corporation (other than the chief executive officer and the executive chairman, if one is designated) shall be reviewed by the Compensation Committee, with changes recommended by the chief executive officer. The chairman of the Compensation Committee will present the recommendations of the Compensation Committee to the board of directors for ratification and approval.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

#### THE CHAIRMAN OF THE BOARD

Section 6. The chairman of the board shall preside at all meetings of the stockholders and of the board of directors. He shall perform all such other duties as are properly required of him by the board of directors.

Section 7. The board of directors may designate the chairman of the board as an executive chairman, in which case such person shall be an officer of the corporation. He shall advise and counsel with the chief executive officer and, in his absence, with other officers of the corporation, and he shall perform such other duties as may from time to time be assigned to him by the

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board of directors. A chairman of the board designated as an executive chairman need not be an employee of the corporation.

#### THE CHIEF EXECUTIVE OFFICER

Section 8. The chief executive officer of the corporation shall have general and active management of the business of the corporation, shall see that all orders and resolutions of the board of directors are carried into effect, and, unless otherwise provided by the board of directors, shall in the

absence of the chairman of the board preside at all meetings of the stockholders.

Section 9. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

Section 10. He shall, as chief executive officer, be vested with authority to perform, singly or together with other officers of the corporation, all of the duties given or imposed by these by-laws or the board of directors on the other officers or employees of the corporation.

Section 11. In the absence or disability of the president, chief operating officer, or chief financial officer, the chief executive officer shall select and recommend to the board of directors for approval a candidate to fill the office of president, chief operating officer, or chief financial officer. Candidates may be selected from the board of directors, officers or employees of the corporation, or from sources outside of the corporation. The chief executive officer will perform the duties of the president, chief operating officer, or chief financial officer until a candidate is chosen and approved by the board of directors and has qualified to perform the duties of the office of president, chief operating officer, or chief financial officer.

#### THE PRESIDENT

Section 12. The president shall be the chief administrative officer of the corporation and shall have such other powers as may be prescribed by the board of directors or chief executive officer, under whose supervision he shall be.

Section 13. In the absence or disability of the chief executive officer, or in the event of his inability or refusal to act, the president shall perform the duties and exercise the powers of the chief executive officer, and when so doing, shall have all the powers of and be subject to all the restrictions on the chief executive officer.

#### THE CHIEF OPERATING OFFICER

Section 14. The chief operating officer of the corporation shall have the operating management of the business and shall perform such other duties as may be prescribed by the board of directors or chief executive officer, under whose supervision he shall be.

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Prior to the above-discussed amendments to the By-Laws, Article V, Sections 1 and 10 of the By-Laws read as follows:

#### ARTICLE V

#### OFFICERS

Section 1. The offices of the corporation shall be a chairman and chief executive officer, a president and chief operating officer, one or more vice-presidents, a chief financial officer, a secretary, a treasurer, and a comptroller, and such other offices as shall seem advisable to the board. Two or more offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chairman and chief executive officer from among the directors, and shall choose a president and chief operating officer, one or more vice-presidents, a chief financial officer, a secretary, a treasurer, and a comptroller, none of whom need be a member of the board. The board may also choose such additional vice-presidents and assistant secretaries, treasurers, and comptrollers as shall seem advisable to the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salary of the Chairman and Chief Executive Officer shall be reviewed annually, with changes recommended by the Compensation Committee. The salaries of all officers of the corporation (other than the Chairman and Chief Executive Officer) shall be reviewed by the Compensation Committee, with changes recommended by the Chairman and Chief Executive Officer. The Chairman of the Compensation Committee will present the recommendations of the Compensation Committee on the salary of the Chairman and Chief Executive Officer and all other officers of the corporation to the board of directors for ratification and approval.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

#### THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Section 6. The chairman and chief executive officer of the corporation shall have general and active management of the business of the corporation, shall see that all orders and resolutions of the board of directors are carried into effect, and, unless otherwise provided by the board of directors, shall preside at all meetings of the stockholders and the board of directors.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

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Section 8. He shall, as chairman and chief executive officer, be vested with authority to perform, singly or together with other officers of the corporation, all of the duties given or imposed by these by-laws or the board of directors of the other officers or employees of the corporation.

#### THE PRESIDENT AND CHIEF OPERATING OFFICER

Section 9. The president shall be the chief operating and administrative officer of the corporation and shall have such other powers as may be prescribed by the board of directors or chairman and chief executive officer, under whose supervision he shall be.

Section 10. In the absence or disability of the chairman and chief executive officer, or in the event of his inability or refusal to act, the president and chief operating officer shall perform the duties of the chairman and chief executive officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman and chief executive officer.

In the absence or disability of the president and chief operating officer, the chairman and chief executive officer shall select and recommend to the board of directors for ratification a candidate to fill the office of president and chief operating officer. Candidates may be selected from the board of directors, officers or employees of the corporation or from sources outside of the corporation. The chairman and chief executive officer will perform the duties of the president and chief operating officer until a candidate is chosen and ratified by the board of directors and has qualified to perform the duties of the office of president and chief operating officer.

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(c) Exhibits

Exhibit  
Number

- 
- 3.1 By-Laws of VSE Corporation (amended as of April 22, 2008)
  - 10.1 Employment Agreement dated April 22, 2008, by and between VSE and Maurice A. Gauthier
  - 10.2 Transition Agreement dated April 22, 2008, by and between VSE and Donald M. Ervine
  - 99.1 Press release issued by VSE Corporation on April 22, 2008

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VSE CORPORATION  
(Registrant)

Date: April 28, 2008                      /s/ C. S. Weber  
-----  
C. S. Weber  
Executive Vice President  
And Secretary

Exhibit 3.1  
BY-LAWS OF VSE CORPORATION  
(as amended by the Board of Directors  
of VSE Corporation on April 22, 2008)

ARTICLE I

OFFICES

Section 1. The registered office of the corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETING OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in the Washington, D.C., metropolitan area, at such place as may be fixed from time to time by the board of directors, or at such other place as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders, commencing with the year 1986, shall be held in the month of May each year at a date and at a time to be fixed by the board of directors and stated in the notice of meeting, at which time they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote thereat at least ten days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city, town or village where the meeting is to be held and which place shall be specified in the notice of the meeting, or, if not specified, at the place where said meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chairman and shall be called by the chairman or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning twenty-five percent (25%) in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting of stockholders, stating the place, date and hour of the meeting and the purpose or



purposes for which the meeting is called, shall be given to each stockholder entitled to vote thereat, at least five days before the date fixed for the meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

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### ARTICLE III

#### DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be a minimum of six directors and a maximum of ten directors. Within the limits above specified, the number of directors shall be determined by resolution of the board of directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a

quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having a right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the corporation shall be managed by or shall be under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 4. Stockholders of the corporation may recommend persons to be nominated for election as directors of the corporation at the annual meeting of stockholders. To be considered for nomination, such recommendation must be received in writing by the secretary of the corporation no later than ninety (90) days before the date which corresponds to the date on which the annual meeting of stockholders was held during the immediate prior year. Such recommendation shall be accompanied by the name of the stockholder proposing the candidate, evidence that stockholder is a beneficial owner of the outstanding stock of the corporation as of the record date established for the determination of stockholders entitled to notice of and to vote at the annual meeting of stockholders, the name of candidate being proposed for nomination, and the candidate's biographical data and qualifications.

#### MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the

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time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held on two days' written notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the chairman on two days' notice to each director; special meetings shall be called by the chairman or secretary in like manner and on like notice on the written request of two directors unless the board consists of only one director; in which case special meetings shall be called by the chairman or secretary in like manner and on like notice on the written request of the sole director.

Section 8. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business

and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if a written consent thereto is signed by all members of the board or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee.

Section 10. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

#### COMMITTEES OF DIRECTORS

Section 11. (a) The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation; however, except as required by applicable law or regulation, or as provided by the committee charter or a resolution of the board approved by a majority of the independent directors, no committee shall be empowered by the board to initiate or take any action without prior ratification of such proposed action by the majority of the board of directors then in office.

(b) No such committee or committees of the board of directors shall have the power or authority:

(i) to amend the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a), fix any of the preferences or rights of such shares relating to dividends, redemption, distribution of assets of the corporation

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or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation),

(ii) to adopt an agreement of merger or consolidation,

(iii) to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets,

(iv) to recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution, or

(v) to amend the by-laws of the corporation;

and, unless the resolution or certificate of incorporation expressly so provide, no such committee shall have the power or authority

(vi) to declare a dividend or to authorize the issuance of stock or to adopt a certificate of ownership and merger.

(c) Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 12. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

#### COMPENSATION OF DIRECTORS

Section 13. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the

authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and shall receive such compensation for their services as directors as shall be determined by the board of directors. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

#### REMOVAL OF DIRECTORS

Section 14. Unless otherwise restricted by the certificate of incorporation or by law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

#### DIRECTORS EMERITUS

Section 15. Unless otherwise restricted by the corporation's certificate of incorporation or by law, the corporation may have and appoint such directors emeritus as shall seem advisable to the board of directors. To qualify for appointment as a director emeritus, the nominee shall be a retired director of the corporation. The term "director emeritus" is an honorary title entitling the holder thereof to all of the rights and privileges thereunto pertaining. No compensation shall be paid by the corporation to a director emeritus for service as such; however, the board of directors shall have the authority to award honoraria or to reimburse expenses, if any, under specified conditions set forth in a resolution of the board. The holder of the title "director emeritus" shall not act as and shall not be considered a director, officer or otherwise as an employee or agent of the corporation.

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#### ARTICLE IV

##### NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram or telecopy.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

#### ARTICLE V

##### OFFICERS

Section 1. The offices of the corporation shall be a chief executive officer, a president, a chief operating officer, a chief financial officer, one or more vice-presidents, a secretary, a treasurer, and a comptroller, and such other offices as shall seem advisable to the board. Two or more offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide. The board of directors may designate the chairman of the board as an executive chairman, in which case such executive chairman shall be an officer of the corporation.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chairman from among the directors, and shall choose a chief executive officer, a president, a

chief operating officer, a chief financial officer, a one or more vice-presidents, secretary, a treasurer, and a comptroller, none of whom need be a member of the board. The board may also choose such additional vice-presidents and assistant secretaries, treasurers, and comptrollers as shall seem advisable to the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salary of the chief executive officer and of the executive chairman, if one is designated, shall be reviewed annually, with changes recommended by the Compensation Committee. The salaries of all officers of the corporation (other than the chief executive officer and the executive chairman, if one is designated) shall be reviewed by the Compensation Committee, with changes recommended by the chief executive officer. The chairman of the Compensation Committee will present the recommendations of the Compensation Committee to the board of directors for ratification and approval.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the

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affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

#### THE CHAIRMAN OF THE BOARD

Section 6. The chairman of the board shall preside at all meetings of the stockholders and of the board of directors. He shall perform all such other duties as are properly required of him by the board of directors.

Section 7. The board of directors may designate the chairman of the board as an executive chairman, in which case such person shall be an officer of the corporation. He shall advise and counsel with the chief executive officer and, in his absence, with other officers of the corporation, and he shall perform such other duties as may from time to time be assigned to him by the board of directors. A chairman of the board designated as an executive chairman need not be an employee of the corporation.

#### THE CHIEF EXECUTIVE OFFICER

Section 8. The chief executive officer of the corporation shall have general and active management of the business of the corporation, shall see that all orders and resolutions of the board of directors are carried into effect, and, unless otherwise provided by the board of directors, shall in the absence of the chairman of the board preside at all meetings of the stockholders.

Section 9. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

Section 10. He shall, as chief executive officer, be vested with authority to perform, singly or together with other officers of the corporation, all of the duties given or imposed by these by-laws or the board of directors on the other officers or employees of the corporation.

Section 11. In the absence or disability of the president, chief operating officer, or chief financial officer, the chief executive officer shall select and recommend to the board of directors for approval a candidate to fill the office of president, chief operating

officer, or chief financial officer. Candidates may be selected from the board of directors, officers or employees of the corporation, or from sources outside of the corporation. The chief executive officer will perform the duties of the president, chief operating officer, or chief financial officer until a candidate is chosen and approved by the board of directors and has qualified to perform the duties of the office of president, chief operating officer, or chief financial officer.

#### THE PRESIDENT

Section 12. The president shall be the chief administrative officer of the corporation and shall have such other powers as may be prescribed by the board of directors or chief executive officer, under whose supervision he shall be.

Section 13. In the absence or disability of the chief executive officer, or in the event of his inability or refusal to act, the president shall perform the duties and exercise the powers of the

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chief executive officer, and when so doing, shall have all the powers of and be subject to all the restrictions on the chief executive officer.

#### THE CHIEF OPERATING OFFICER

Section 14. The chief operating officer of the corporation shall have the operating management of the business and shall perform such other duties as may be prescribed by the board of directors or chief executive officer, under whose supervision he shall be.

#### THE CHIEF FINANCIAL OFFICER

Section 15. The chief financial officer of the corporation shall have the financial management of the business and shall perform such other duties as may be prescribed by the board of directors or chief executive officer, under whose supervision he shall be.

#### THE VICE-PRESIDENTS

Section 16. The vice-president, or if there shall be more than one, the vice presidents in the order determined by the board of directors (such as executive vice president, senior vice president, vice president, and assistant vice president, or in the absence of any determination, then in the order of their election), shall perform such duties and have such powers as prescribed by the chief executive officer under whose supervision they will be.

#### THE SECRETARY AND ASSISTANT SECRETARIES

Section 17. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or chief executive officer, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and, when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 18. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and

exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

#### THE TREASURER AND ASSISTANT TREASURERS

Section 19. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

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Section 20. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chief financial officer, chief executive officer and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 21. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

#### THE COMPTROLLER AND ASSISTANT COMPTROLLERS

Section 22. The comptroller of the corporation shall be the chief accounting officer of the corporation and shall perform such other duties as may be prescribed by the board of directors, chief financial officer or chief executive officer, under whose supervision he shall be.

Section 23. The assistant comptroller, or if there be more than one, the assistant comptrollers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the comptroller or in the event of his inability or refusal to act, perform the duties and exercise the powers of the comptroller and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

### ARTICLE VI

#### CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman, the chief executive officer, the president, or a vice-president, and by the treasurer or an assistant treasurer or the secretary or an assistant secretary of the corporation, bearing the corporate seal or a facsimile thereof certifying the number of shares owned by him in the corporation.

Section 2. Where a certificate is signed (1) by a transfer agent or an assistant transfer agent or (2) by a transfer clerk acting on behalf of the corporation and a registrar, the signature of any such chairman, chief executive officer, president, vice-president, treasurer, assistant treasurer, secretary, or assistant secretary may be facsimile. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be

adopted by the corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation.

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#### LOST CERTIFICATES

Section 3. The Secretary or Treasurer who has charge of the transfer and issuance of stock of the corporation shall issue a new certificate or certificates in place of any certificate or certificates theretofore issued by the corporation allegedly lost, upon the submission by the owner of such lost or destroyed certificate, or his legal representative, to the corporation of a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

#### TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction upon its books.

#### FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or and adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action; except that the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting of stockholders shall be forty-five days prior to the date of said annual meeting of stockholders, or if the forty-fifth day shall not be a business day, then on the first business day next following the forty-fifth day prior to the date of said annual meeting of stockholders. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

#### REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

#### UNCERTIFICATED SHARES

Section 7. The board of directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation.

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## ARTICLE VII

### GENERAL PROVISIONS

#### DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

#### ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

Section 4. Deleted.

#### FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

#### SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

#### INDEMNIFICATION

Section 7. The corporation shall indemnify its officers, directors, employees and agents to the extent permitted by the General Corporation Law of Delaware.

## ARTICLE VIII

### AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by

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the certificate of incorporation at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption be contained in the notice of such special meeting. If the power to adopt, amend or repeal by-laws is conferred upon the board of directors by the certificate of incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal by-laws.



EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and entered into as of April 22, 2008, by and between VSE Corporation, a Delaware corporation ("Employer" or "VSE"), and Maurice A. Gauthier ("Employee").

Recital

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Employer desires to employ Employee, and Employee desires to work for VSE, upon the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, Employer and Employee, each intending to be legally bound, agree as follows:

1. Term. The term of Employee's employment hereunder shall commence on April 28, 2008 (the "Effective Date") and shall continue until April 28, 2010, except as otherwise provided in Section 7 (the "Term"). If the Term shall have continued until April 28, 2010, thereafter such Term shall be deemed to be renewed automatically, on the same terms and conditions contained herein, for successive periods of one year each, unless and until Employee or Employer, at least 60 days prior to the expiration of the original Term or any such extended one-year Term, shall give notice to the other party of such party's intent not to renew the Term. All references herein to the "Term" refer to the original Term and any extensions thereof hereunder.

2. Duties.

(a) Offices. During the Term, Employee shall serve as VSE's chief executive officer, president and chief operating officer. Employee will be assigned only duties of the type, nature and dignity normally assigned to someone in comparable positions at a corporation of the size, stature and nature of Employer. During the Term, Employee shall report to VSE's board of directors (the "Board") in respect of all operational and administrative matters regarding VSE or any of its subsidiaries (collectively with VSE, "any Covered Company").

(b) Full-Time Basis. During the Term, Employee shall devote, on a full-time basis, his services, skills and abilities to his employment hereunder, excepting periods of vacation, illness or Disability (as defined below), and excepting any pursuits which do not materially interfere with his duties hereunder or present a conflict of interest with the interests of any Covered Company.

3. Compensation.

(a) Salary. During the Term, as compensation for services rendered by Employee hereunder, Employer shall pay to Employee a minimum base salary at the rate of \$415,000 per annum, payable in installments in accordance with Employer's policy governing salary payments to senior officers, as such policy may be amended time to time by VSE ("Base Salary"). Each January commencing with January 2009, or on such other annual date as shall be determined by Employer, Employee's compensation hereunder, including Base Salary, will be subject to review.

(b) Performance Bonus. Except as otherwise provided in Section 7, in addition to the Base Salary, Employee shall be eligible for an annual performance bonus as determined by the Board under VSE's Performance Bonus Plan ("Performance Bonus"). Any Performance Bonus payable to Employee pursuant to this Section 3(b) shall be paid within 90 days after the later (i) of the date on which the Board has determined to grant Employee a Performance Bonus in a specified amount or (ii) the end of VSE's fiscal year to which such Performance Bonus

relates.

(c) Inducement Bonus and VSE Stock Award. To induce Employee to become VSE's chief executive officer and president hereunder, Employer is, concurrently with the execution hereof, (i) paying \$25,000 to Employee as a bonus and (ii) granting Employee 5,831 shares of VSE's common stock, par value \$0.05 per share, with subsequent vesting and issuance dates, subject to the Term not having terminated before such respective dates, as follows: 25% of shares being vested and issued to Employee on April 28 of 2009 and 2010, and 50% of shares being vested and issued to Employee on April 28, 2011.

(d) Other Compensation Plans or Arrangements. During the Term, Employee shall also be eligible to participate in all other currently existing or subsequently implemented compensation or benefit plans or arrangements available generally to Employer's senior officers, including VSE's Deferred Supplemental Compensation Plan and VSE's 2006 Restricted Stock Plan.

(e) Consultation with Board. It is understood that the Board will consult, at least annually in December of each year, with the Board's compensation committee and the Chairman in respect to review of Employee's performance and related Base Salary, Performance Bonus and other benefits hereunder.

(f) Tax Withholdings. Employer shall withhold from Employee's compensation hereunder and pay over to the appropriate governmental agencies all payroll taxes, including income, social security, and unemployment compensation taxes, required by the federal, state and local governments with jurisdiction over Employer.

4. Benefits. During the Term, Employee shall be entitled to such vacation benefits and comparable fringe benefits and perquisites as may be provided generally to Employer's senior officers pursuant to policies established from time to time by Employer. These fringe benefits and perquisites may include holidays, group health insurance,

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short-term and long-term disability insurance, life insurance and retirement plan contributions. Employee shall be entitled to paid vacation for 30 days during each year of the Term.

5. Expenses and Other Perquisites. Employer shall reimburse Employee for all reasonable and proper business expenses that Employee incurs during the Term in the performance of Employee's duties hereunder, in accordance with Employer's customary practices for senior officers, and provided such business expenses are reasonably documented in accordance with Employer's related policies. Also, during the Term, Employer shall provide Employee with an office and suitable office fixtures, telephone and computer services, and secretarial assistance of a nature appropriate to Employee's position and status hereunder.

6. Exclusive Services, Confidential Information, Business Opportunities and Non-Solicitation.

(a) Exclusive Services.

(i) During the Term, Employee shall at all times devote his full-time attention, energies, efforts and skills to Employer's business and shall not, directly or indirectly, engage in any other business activity, whether or not for profit, gain or other pecuniary advantages, without the Board's prior consent, provided that such prior consent shall not be required with respect to (1) business interests that neither compete with any one or more Covered Companies nor interfere with Employee's duties and obligations hereunder, and (2) Employee's part-time charitable, eleemosynary, philanthropic or professional association activities that do not interfere with Employee's duties and obligation hereunder.

(ii) During the Term, Employee shall not, without the Board's prior consent, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on Employee's own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business which is, or to Employee's knowledge is about to become, engaged in the business of providing engineering, port engineering, logistic, management, technical, information technology, law enforcement, energy or environmental related services or products to the United States Government or any department, agency, or instrumentality thereof or any state or local governmental agency or to any person, corporation, partnership, limited liability company, trust, joint venture or other entity (collectively a "Person") with which any Covered Company is currently doing or has previously done business or any subsequent line of business developed by Employee or

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any Covered Company during the Term. Notwithstanding the foregoing, Employee shall be permitted to own passive investments in publicly held companies provided that such investments do not exceed one percent of any such company's outstanding equity.

(b) Confidential Information. During the Term and the period commencing on the date of termination thereof and ending on the second anniversary of such termination date ("Two-Year Post-Term Period"), Employee shall not disclose or use, directly or indirectly, any Confidential Information (as defined below). For the purposes of this Agreement, "Confidential Information" shall mean all information disclosed to Employee, or known by him as a consequence of or through his employment with Employer, where such information is not generally known in the trade or industry or was regarded or treated as confidential by any Covered Company, and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of any Covered Company. Confidential Information shall include business and development plans (whether contemplated, initiated or completed), information with respect to the development of technical and management services, business contacts, methods of operation, results of analysis, business forecasts, financial data, costs, revenues, and similar information. Upon termination of the Term, Employee shall immediately return to Employer all property of any Covered Company and all Confidential Information which is in tangible form, and all copies thereof.

(c) Business Opportunities.

(i) During the Term, Employee shall promptly disclose to Employer each business opportunity of a type which, based upon its prospects and relationship to the existing businesses of any Covered Company, Employer or any other Covered Company might reasonably consider pursuing. Upon termination of the Term, regardless of the circumstances thereof, Employer or such other Covered Company shall have the exclusive right to participate in or undertake any such opportunity on its own behalf without any direct or indirect involvement of Employee.

(ii) During the Term, Employee shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of any Covered Company, and he shall avoid any acts or omissions to act which are or would reasonably be expected to be disloyal to, or competitive with, any Covered Company.

(d) Non-Solicitation of Employees. During the Term and the

Two-Year Post Term Period, Employee shall not, except in the course of his duties hereunder, directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or encourage any individual to leave the employ of any Covered Company, or solicit or offer employment to any individual who was employed by any Covered Company at any time during the 365-day period preceding the solicitation or offer.

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(e) Covenant Not To Compete.

(i) If Employee voluntarily terminates the Term, or if Employer terminates the Term for Cause (as defined below), Employee shall not, during the Two-Year Post Term Period, engage, directly or indirectly, in competition with any Covered Company, or solicit, directly or indirectly, from any Person who purchased any then existing product or service from any Covered Company during the Term, the purchase of any then existing product or service in competition with then existing products or services of any Covered Company.

(ii) For purposes of this Agreement, Employee shall be deemed to engage in competition with a Covered Company if Employee shall, directly or indirectly, either individually or as an equity holder, director, officer, partner, consultant, owner, employee, agent, or in any other capacity, consult with or otherwise assist any Person engaged in providing engineering, port engineering, logistic, management, technical, information technology, law enforcement, energy or environmental related services or products to any Person to whom any Covered Company, during the Term, has provided or was seeking to provide any such services or products.

(f) Employee Acknowledgment. Employee hereby agrees and acknowledges that the restrictions imposed upon Employee by this Section 6 are fair and reasonable considering the nature of the business of each Covered Company, and are reasonably required for each Covered Company's protection.

(g) Invalidity. If a court of competent jurisdiction or an arbitrator shall declare any provision or restriction contained in this Section 6 as unenforceable or void, the provisions of this Section 6 shall remain in full force and effect to the extent not so declared to be unenforceable or void, and the court or arbitrator may modify the invalid provision to make it enforceable to the maximum extent permitted by law.

(h) Specific Performance. Employee agrees that if Employee breaches any of the provisions of this Section 6, the remedies available at law to Employer would be inadequate and in lieu thereof, or in addition thereto, Employer shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. Employee agrees not to enter into any agreement, either written or oral, which may conflict with this Agreement, and Employee authorizes Employer to make known the terms of Sections 6 and 7 to any Person, including future or prospective employers of Employee.

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## 7. Termination

(a) By Employer.

(i) Termination for Cause.

Employer may terminate the Term for Cause (as defined below) at any time by notice to Employee. For purposes of this Agreement, the term "Cause" shall mean any one or more of the following: (1) conduct by Employee which is materially illegal or fraudulent or

contrary to Employer's policy; (2) the breach or violation by Employee of this Agreement, provided that Employee must first be given notice by the Chairman or Board of the alleged breach or violation, and if such breach or violation can reasonably be expected to be cured within 30 days, 30 days to cure said alleged breach or violation; (3) Employee's use of illegal drugs or abuse of alcohol or authorized drugs which impairs Employee's ability to perform his duties hereunder, provided that Employee must be given notice by the Board of such impairment and 60 days to cure the impairment; (4) Employee's knowing and willful neglect of duties or negligence in the performance of duties hereunder which materially affects the business of any Covered Company, provided that Employee must first be given notice by the Chairman or Board of such alleged neglect or negligence and 30 days to cure said alleged neglect or negligence. If a termination occurs pursuant to clause (1) above, the date on which the Term is terminated (the "Termination Date") shall be the date Employee receives notice of termination and, if a termination occurs pursuant to clauses (2), (3) or (4) above, the Termination Date shall be the date on which, if applicable, the specified cure period expires. In any event, as of the Termination Date (in the absence of satisfying the alleged breach or violation within the applicable cure period), Employee shall be relieved of all duties hereunder and Employee shall not be entitled to the accrual or provision of any compensation or benefit hereunder after the Termination Date, but Employee shall be entitled to the provision of all compensation and other benefits that shall have accrued as of the Termination Date, including Base Salary, Performance Bonus, paid leave benefits and reimbursement of incurred business expenses.

(ii) Termination Without Cause

Employer may, in its sole discretion, without Cause, terminate the Term at any time by providing Employee with five days' prior notice thereof. If Employer terminates the Term without Cause pursuant to this Section 7(a)(ii) and the Termination Date is before the first anniversary of the Effective Date, Employer shall pay Employee on or prior to the Termination

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Date, a lump sum severance compensation payment equal to the lesser of (1) \$830,000 or (2) such amount as would not trigger the application of Section 280G of the Internal Revenue Code of 1986 ("the Code"), as amended (the "280G Limitation"). For purposes of this Agreement, the 280G Limitation shall be applied after first giving due effect to, inter alia, the rights and benefits provided to Employee pursuant to the penultimate sentence of this Section 7(a)(ii) or to clauses (2) and (3) of the last sentence of Section 7(c)(ii) of this Agreement, as the case may be. If Employer terminates the Term without Cause pursuant to this Section 7(a)(ii) and the Termination Date is on or after the first anniversary of the Effective Date but before the second anniversary of the Effective Date, Employer shall pay Employee on or prior to the Termination Date a lump sum equal to the lesser of (1) two times Employee's Base Salary in effect as of the Termination Date or (2) the 280G Limitation. In the event of any such termination without Cause pursuant to this Section 7(a)(ii), Employee shall not be entitled to the accrual or provision of any other compensation or benefit hereunder after the

Termination Date other than (1) the medical and hospitalization benefits for the first 18 months after the Termination Date; (2) the provision of all compensation and other benefits that shall have accrued as of the Termination Date, including Base Salary, Performance Bonus, paid leave benefits, and reimbursements of incurred expenses; (3) all restricted stock, restricted stock units or similar rights to acquire capital stock granted by VSE to Employee shall automatically become vested; and (iv) all unvested rights of Employee under the Company's Deferred Supplemental Compensation Plan shall automatically become vested. Notwithstanding anything herein to the contrary, the expiration or non-renewal of the Term by Employer or Employee pursuant to Section 1 shall not be considered a termination without Cause for the purposes of this Agreement, including this Section 7(a)(ii).

(b) Death or Disability. The Term shall be terminated immediately and automatically upon Employee's death or "Disability." The term "Disability" shall mean Employee's inability to perform all of the essential functions of his position hereunder for an aggregate of 90 work days during any period of 365 consecutive days by reason of illness, accident or any other physical or mental incapacity, as may be permitted by applicable law. Employee's capability to continue performance of Employee's duties hereunder shall be determined by a panel composed of two independent medical doctors appointed by VSE and one appointed by the Employee or designated representative. If the panel is unable to reach a decision, the matter will be referred to arbitration in accordance with Section 8. In the event of Employee's death or Disability, Employee (or his surviving spouse or estate) will be paid his Base Salary then in effect for 365 days following the date of death or Disability.

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(c) By Employee.

(i) Employee may, in his sole discretion, without Cause, terminate the Term at any time upon 60 days' notice to the Chairman. If Employee exercises such termination right, Employer may, at its option, at any time after receiving such notice from Employee, relieve Employee of all duties and terminate the Term at any time prior to the expiration of said notice period, and such termination shall not constitute a termination without Cause pursuant to this Agreement, including Section 7(a)(ii). If the Term is terminated by Employee or Employer pursuant to this Section 7(c)(i), Employee shall not be entitled to any further Base Salary or the accrual or provision of any compensation or benefits hereunder after the Termination Date, except standard medical and hospitalization benefits in accordance with Employer's policy.

(ii) If, during the Term, a Change of Control (as defined below) occurs, Employee may terminate the Term for Good Reason (as defined below) upon 30 days' notice to Employer. If Employee exercises such termination right, Employer may, at its option, at any time after receiving such notice from Employee, relieve Employee of all duties hereunder and terminate the Term at any time prior to the expiration of said notice period, and such termination shall not constitute a termination without Cause pursuant to this Agreement, including Section 7(a)(ii). If, however, the Term is terminated by Employee or Employer pursuant to this Section 7(c)(ii) within 365 days after the Change of Control occurs, Employee shall be entitled to (1) payment on or prior to the Termination Date of a lump sum severance compensation payment equal to (A) the



lesser of (x) \$830,000 or (y) the 280G Limitation, if such Termination Date occurred before the first anniversary of the Effective Date, (B) the lesser of (x) three times Employee's Base Salary in effect as of the Termination Date, or (y) the 280G Limitation, if such Termination Date occurred on or after the first anniversary of the Effective Date; (2) continue the medical and hospitalization benefits in accordance with Employer's policy and to payment of all compensation and other benefits that shall have accrued as of the Termination Date, as described in Section 7(a)(ii); (3) to the automatic vesting of all restricted stock, restricted stock units or similar rights to acquire capital stock of VSE granted by VSE to Employee; and (4) to the automatic vesting of all unvested rights of Employee under the Company's Deferred Supplemental Compensation Plan; provided that Employee shall not be entitled, after the Termination Date, to the accrual or provision of any other compensation payable hereunder, including the Performance Bonus.

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(d) Change in Control and Good Reason.

(i) For purposes of this Section 7, a "Change in Control" shall be deemed to have occurred upon the happening of any of the following events:

(1) any "person," including a "group," as such terms are defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder (collectively the "Exchange Act"), other than a trustee or other fiduciary holding voting securities of VSE ("Voting Securities") under any VSE-sponsored benefit plan, becomes the beneficial owner, as defined under the Exchange Act, directly or indirectly, whether by purchase or acquisition or agreement to act in concert or otherwise, of 45% or more of the outstanding Voting Securities;

(2) a cash tender or exchange offer is completed for such amount of Voting Securities which, together with the Voting Securities then beneficially owned, directly or indirectly, by the offeror (and affiliates thereof) constitutes 45% or more of the outstanding Voting Securities;

(3) except in the case of a merger or consolidation in which (a) VSE is the surviving corporation and (b) the holders of Voting Securities immediately prior to such merger or consolidation beneficially own, directly or indirectly, more than 50% of the outstanding Voting Securities immediately after such merger or consolidation (there being excluded from the number of Voting Securities held by such holders, but not from the outstanding Voting Securities, any Voting Securities received by affiliates of the other constituent corporation(s) in the merger or consolidation in exchange for stock of such other corporation), VSE's shareholders approve an agreement to merge, consolidate, liquidate or sell all or substantially all of VSE's assets;  
or

(4) a majority of VSE's directors are elected to the Board without having previously been

nominated and approved by the members of the Board incumbent on the day immediately preceding such election.

(ii) For purposes of this Section 7, "affiliate" of a Person shall mean a Person that directly or indirectly controls, is controlled by, or is under common control with the Person or other entity specified.

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(iii) For purposes of this Section 7, "Good Reason" shall mean that, after the occurrence of a Change in Control, any one or more of the following events has occurred:

(1) a material diminishment in the nature of Employee's authorities, duties, responsibilities or status (including offices and titles) from those in effect immediately prior to the Change in Control;

(2) the relocation of Employee's place of employment to a location in excess of 75 miles from the place of Employee's employment immediately prior to the Change in Control, except for required travel on Employer's business to an extent substantially equivalent to Employee's business travel obligations immediately prior to the Change in Control; or

(3) Employer's material breach of any obligation hereunder, which breach is not cured within 30 days after Employer's receipt of notice thereof from Employee.

(e) No Duty to Mitigate. If Employee is entitled to the compensation and other benefits provided under Sections 7(a)(ii) or (c)(ii), Employee shall have no obligation to seek employment to mitigate damages hereunder.

(f) No Reduction in Employee's Benefits Upon Change in Control. Employer shall not reduce Employee's Base Salary or materially reduce Employee's incentive benefits from those in effect immediately prior to a Change in Control.

8. Arbitration. Whenever a dispute arises between the parties concerning this Agreement or any of the obligations hereunder, or Employee's employment generally, Employer and Employee shall use their best efforts to resolve the dispute by mutual agreement. If any dispute cannot be resolved by Employer and Employee, such dispute shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Employment Dispute Resolution then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the parties, and judgment may be entered on the arbitrator's award in any court having jurisdiction thereof. The arbitrator's authority in granting relief to Employee shall be limited to an award of compensation, severance, benefits and unreimbursed expenses as described in Sections 3, 4, and 5, and to the release of Employee from the provisions of Section 6, and the arbitrator shall have no authority to award other types of damages or relief to Employee, including consequential or punitive damages. The arbitrator shall also have no authority to award consequential or punitive damages to Employer for violations of this Agreement by Employee. The expenses of the arbitration shall be borne by the losing party to the arbitration and the prevailing party shall be entitled to recover from the losing party all of its own costs and attorneys' fees with respect to the arbitration. Nothing in this Section 8 shall be construed to

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derogate from Employer's rights to seek legal and equitable relief in a court of competent jurisdiction as contemplated by Section 6(h).

9. Non-Waiver. A party's failure at any time to require the performance by the other party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first party's right thereafter to enforce the same, nor shall the waiver by either party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

10. Severability. If any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provision thereof.

11. Survivability. Unless otherwise provided herein, upon termination of the Term, the provisions of Sections 6(b), (d), (e), (f), (g) and (h) shall nevertheless remain in full force and effect.

12. Governing Law. This Agreement shall be interpreted, construed, and governed according to the laws of the Commonwealth of Virginia, without regard to the conflict of law provisions thereof.

13. Construction of this Agreement and Certain Terms and Phrases.

(a) The section headings contained in this Agreement are inserted for purposes of convenience of reference only and shall not affect the meaning or interpretation hereof.

(b) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereunder," "hereby" and derivative or similar words refer to this entire Agreement; and (iv) the term "Section" refers to the specified Section of this Agreement.

(c) The word "including" is not exclusive; if exclusion is intended, the word "comprising" is used instead.

(d) The word "or" shall be construed to mean "and/or" unless the context clearly prohibits that construction.

(e) Employer and Employee have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by Employer and Employee and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

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14. Entire Agreement. This Agreement contains and represents the entire agreement of Employer and Employee and supersedes all prior agreements, representations or understandings, oral or written, express or implied, with respect to the subject matter hereof. This Agreement may not be modified or amended in any way unless in writing signed by each of Employer and Employee. No representation, promise or inducement has been made by either Employer or Employee that is not embodied in this Agreement, and neither Employer nor Employee shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.

15. Assignability. Neither this Agreement nor any rights or obligations of Employer or Employee hereunder may be assigned by Employer or Employee without the other party's prior consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Employer and Employee and their heirs, successors and assigns.

16. Notices. All notices, approvals, consents and other

communications required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopy or similar form of telecommunication, and shall be deemed to have been given when received. Any such notice or communication shall be addressed: (a) if to Employer, to Chairman, VSE Corporation, 2550 Huntington Avenue, Alexandria, Virginia 22303-1499; or (b) if to Employee, to the last known home address on file with Employer, or to such other address as Employer or Employee shall have furnished to the other in writing.

17. Code Section 409A. Notwithstanding anything contrary in this Agreement, if the Term is terminated for any reason other than Employee's death and as a result, Employee becomes entitled to a distribution under this Agreement, then, to the extent required by Code Section 409A(a)(2)(B), no distribution otherwise payable to Employee during the first six months after the date of the termination of the Term shall be paid to Employee until the date which is one day after the date which is six months after the date of termination of the Term (or, if earlier, the date of Employee's death) at which time any amounts which had to be delayed due to the rules under Code Section 409A shall be paid in a lump sum.

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IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement, to be effective as of the day and year first above written.

VSE CORPORATION, a Delaware corporation

By: /s/ Donald M. Ervine

-----  
Donald M. Ervine,  
Chairman and Chief Executive Officer,  
President and Chief Operating Officer

/s/ Maurice A. Gauthier

-----  
Maurice A. Gauthier



Exhibit 10.2  
TRANSITION AGREEMENT

THIS TRANSITION AGREEMENT (this "Agreement") is entered into as of April 22, 2008, by and between VSE Corporation, a Delaware corporation (the "Company" or "VSE"), and Donald M. Ervine ("Mr. Ervine"), an individual currently residing in Fairfax, Virginia.

RECITALS:

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R. 1. Mr. Ervine is currently employed as the Chairman of VSE's board of directors (the "Board"), and VSE's Chief Executive Officer, President and Chief Operating officer, pursuant to an Employment Agreement dated as of October 21, 1998 between VSE and Mr. Ervine (the "Ervine Employment Agreement").

R. 2. As of the date hereof, the Company entered into an Employment Agreement with Maurice A. Gauthier pursuant to which the Company has agreed to employ Maurice A. Gauthier commencing as of April 28, 2008 as VSE's Chief Executive Officer ("VSE's CEO"), President and Chief Operating Officer.

R. 3. As of April 28, 2008, Mr. Ervine will be deemed for all purposes to have resigned as VSE's CEO, President and Chief Operating Officer.

R. 4. The Company desires to benefit from the experience and ability of Mr. Ervine arising from his prior senior positions with VSE by engaging Mr. Ervine, subject to his election as a director of VSE, to serve as a Chairman of the Board ("Chairman") and he is willing to serve as Chairman upon the terms and conditions contained herein.

R. 5. In recognition of Mr. Ervine's 25 years of loyal and dedicated service to VSE and VSE's shareholders, the Board is awarding Mr. Ervine, pursuant to VSE's 2006 Restricted Stock Plan, 4,374 shares of VSE common stock, par value \$0.05 per share, on the occasion of Mr. Ervine's resignation as VSE's CEO, President and Chief Operating Officer. During the period from 2001 to 2007 VSE's management team, led by Mr. Ervine, achieved on VSE's behalf exceptional growth in revenues, net income and market capitalization. For 2001, VSE had revenues of \$111.6 million and net income of \$855,000 and as of December 31, 2001, VSE had a market capitalization of approximately \$29.5 million. For 2007 VSE had annual revenues of at least \$653 million, net income of approximately \$14 million, and as of December 31, 2007, VSE had a market capitalization of approximately \$238.3 million (more than eight times VSE's market capitalization as of December 31, 2001).

NOW, THEREFORE, in consideration of the mutual promises, covenants, and undertakings contained in this Agreement, the Company and Mr. Ervine hereby agree as follows:

1. Resignation. Effective as of April 28, 2008, Mr. Ervine is hereby resigning as VSE's CEO, President and Chief Operating Officer. Subject to Section 8, Mr. Ervine will continue to serve hereunder as

Chairman in an executive capacity as contemplated by Article V, Section 1 of VSE's bylaws ("Executive Chairman") from April 28, 2008 to December 31, 2008. Subject to Section 8, from January 1, 2009 to December 31, 2010, Mr. Ervine will serve hereunder as Chairman, without being either an executive or employee of VSE ("Non-Executive Chairman").

2. Term. As used herein, "Term" means the two periods referenced in Section 1 during which Mr. Ervine will serve first as Executive Chairman and then as Non-Executive Chairman hereunder, subject to earlier termination as provided in Section 8.

3. Services.

(a) General. During the Term, Mr. Ervine shall, during the Company's normal business hours and upon reasonable notice, make himself available to perform such mentoring, consulting and advisory services as are reasonably requested by the Board or VSE's CEO and are reasonably consistent with Mr. Ervine's experience, background and current and former positions with the Company. Mr. Ervine acknowledges and agrees that with reasonable notice he shall make himself available for such mentoring, consulting and advisory services. In providing such services, Mr. Ervine shall endeavor to do so in a professional and diligent manner, providing the Company, its subsidiaries, and management of the Company and its subsidiaries with the benefits of his informed and professional judgment. Mr. Ervine agrees to attend such meetings as the Company may reasonably request for proper communication of his advice and consultation. Mr. Ervine shall coordinate the furnishing of his services pursuant to this Agreement with Company representatives so that such services can be provided in a manner as to generally conform to the Company's business schedules, but the method of performance, time of performance, place of performance, hours utilized in such performance, and other details of the manner of performance of Mr. Ervine's services hereunder shall be within Mr. Ervine's sole control and discretion. While retained as Non-Executive Chairman hereunder, Mr. Ervine shall have the right to devote his business day and working efforts to other business, professional, public service, or community pursuits as do not materially interfere or conflict (as determined by mutual agreement of the Company and Mr. Ervine) with the rendering of consulting services to the Company hereunder.

(b) Related Services. In addition, during the Term Mr. Ervine will provide mentoring, consulting and advisory services to VSE's CEO in the following areas:

- Shareholders' Advocate
- Corporate Governance, Oversight (including internal/external audits) and Legal Compliance
- Quality Management System/Information Technology System
- Sustainment of the corporate culture for honesty, integrity and quality work in all business dealings

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- Strategic Planning
- Business Plan (marketing and business development)
- Corporate Financial Planning
- Mergers and Acquisitions
- Succession Planning (all levels)
- Banking Relationships
- Customer Relations (work performance)
- Investor Relations(public trading market)
- Facilities/Infrastructure and Relocation Planning
- Advocate for Continued Growth and Profitability

(c) Additional Services. During the Term when Mr. Ervine is serving as Chairman, he shall also continue to perform the following currently assigned duties:

- Chairman of the Board of Directors of VSE's subsidiary Energetics Incorporated
- Chairman of the Board of Directors of VSE's subsidiary Integrated Concepts and Research Corporation

- Chairman of VSE Planning and Finance Committee

4. Support Facilities. During the Term, the Company shall provide Mr. Ervine with appropriate office space, secretarial support, telephone (including cell phone) and computer support.

5. Compensation, Benefits and Reimbursement.

(a) Executive Chairman.

(i) During the Term from April 28, 2008 to December 31, 2008, Mr. Ervine's current base salary at the rate of \$360,000 per annum will remain payable to Mr. Ervine as Executive Chairman or, as the case may be, as a director of VSE ("VSE director"). In the event of Mr. Ervine's death or disability before January 1, 2009, any unpaid balance of Mr. Ervine's salary for the balance of the Term as if it had expired on December 31, 2008 will be immediately payable in a lump sum to Mr. Ervine's surviving spouse or his estate.

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(ii) In respect of VSE's fiscal year ending December 31, 2008, Mr. Ervine will remain a participant in VSE's 2006 Restricted Stock Plan, Performance Bonus Plan and Deferred Supplemental Compensation Plan at his current salary base of \$360,000 per annum and will be eligible for restricted stock awards and performance bonus for VSE's fiscal year 2008 that will be awarded during the three-month period ending on March 31, 2009. Mr. Ervine's participation, eligibility and related rights and benefits set forth above in this Section 5(a)(ii) shall not be adversely affected by Mr. Ervine not being a VSE employee, whether hereunder or otherwise, after December 31, 2008.

(iii) VSE shall withhold from Mr. Ervine's compensation hereunder and pay over to the appropriate governmental agencies all payroll taxes, including income, social security, and unemployment compensation taxes, required by the federal, state and local governments with jurisdiction over VSE.

(iv) While serving hereunder during the Term from April 28, 2008 to December 31, 2008, Mr. Ervine shall be entitled to such vacation benefits and comparable fringe benefits and perquisites as may be provided generally to VSE's senior officers pursuant to policies established from time to time by VSE. These fringe benefits and perquisites may include holidays, group health insurance, short-term and long-term disability insurance, life insurance, and retirement plan contributions.

(b) Non-Executive Chairman. During the Term from January 1, 2009 to December 31, 2010:

(i) Mr. Ervine's compensation as Non-Executive Chairman or, as the case may be, as a VSE director and for his other duties and responsibilities hereunder will be at the rate of \$216,000 per annum, payable on the last day of each calendar month;

(ii) Mr. Ervine shall pay all social security, federal income taxes, unemployment insurance, worker's compensation insurance, pensions, or other liabilities or taxes incurred by or on behalf or for the benefit of him arising out of the performance of his obligations hereunder;

(iii) Mr. Ervine shall not be entitled to participate in the Company's or its subsidiaries' benefit plans and programs for their employees except for VSE's dental program for which he will be required to pay the Company the required fee for this service; and

(iv) Mr. Ervine will be considered to have retired as an officer and employee of VSE as of the close of business on December 31, 2008, and thereafter Mr. Ervine will not be considered to be an employee, agent or servant of the Company or of any of its subsidiaries; and except as may be otherwise approved by the Board, Mr.



Ervine, when acting hereunder, shall have no authority to bind the Company or any of its subsidiaries in any capacity for any purpose.

(c) No Other Compensation. Except as set forth herein, no other compensation or fees, including compensation for services as a non-employee director, shall be payable to Mr. Ervine for services

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performed hereunder in his capacity as Executive Chairman or, as the case may be, a VSE director from April 28, 2008 to December 31, 2008 and as Non-Executive Chairman or, as the case may be, a VSE director from January 1, 2009 to December 31, 2010. By example, during the Term, Mr. Ervine shall not be entitled (i) to participate in VSE's 2004 Director Stock Plan, (ii) to receive restricted stock awards as a non-employee director, (iii) to receive fees as a non-employee director nor as a non-employee Chairman, or (iv) to receive fees for attending meetings of the Board or standing or special committees of the Board.

(d) Reimbursement. The Company shall reimburse Mr. Ervine for all reasonable out-of-pocket expenses that are actually incurred by him in performance of his duties hereunder during the Term, including transportation, hotel accommodations and such other expenses as might be incurred by a senior executive of the Company in furtherance of Company business. Before the last day of the month following each month of the Term when reimbursable expenses are incurred, Mr. Ervine shall submit to the Company a monthly statement setting forth the reimbursable expenses incurred for the prior month. With such statements, Mr. Ervine shall furnish all records, receipts and other evidence in support of his reimbursable expense statement as may be requested by the Company according to its policy in effect for employee expense reports. Upon receipt of the expense statements, the Company shall promptly reimburse Mr. Ervine for his expenses.

(e) Retirement. Upon Mr. Ervine's retirement as an officer and employee of VSE, as contemplated hereby, as of the close of business on December 31, 2008, Mr. Ervine shall be entitled to receive from VSE all retirement benefits to which a retiring officer and employee of VSE would be entitled from VSE, including as a participant under VSE's Deferred Supplemental Compensation Plan.

6. Performance Incentive. During the Term, Mr. Ervine will assist VSE's CEO in promoting VSE's continued growth and profitability. If VSE achieves a 29% ROE (return on equity) for 2009 or a 31% ROE for 2010, as determined by VSE's chief financial officer and approved by the Board, the Company will pay Mr. Ervine an incentive bonus not to exceed \$216,000 for 2009 or 2010, after public announcement of VSE's audited financial results for such year. Any determination of the specific amount of Mr. Ervine's incentive bonus, if any, shall be made by the Board's compensation committee and the Board.

7. Confidential Information. Mr. Ervine hereby agrees that notwithstanding any other provision hereof, he will not at any time make any unauthorized disclosure of any confidential business information or trade secrets of the Company (which he acknowledges are valuable and unique assets of the Company used in its business to obtain a competitive advantage over the Company's competitors who do not know or use this information), or make any unauthorized use thereof; provided, however, this restriction shall not apply to any information that has entered the public domain (other than by his own acts or omissions). The obligations of Mr. Ervine set forth in this Section 7 shall apply during the Term and shall survive termination of the Term or the termination of Mr. Ervine's services under this Agreement regardless of the reason for such termination for a period of

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365 consecutive days following such termination. For purposes of this Section 7, the Company shall be construed to include any subsidiary or other affiliate of the Company.

8. Nomination as a Director, Appointment as Chairman and Termination of the Term.

(a) Nomination as a Director and Appointment as Chairman. During the Term, the Board will, subject to applicable laws and regulations and the Board's fiduciary duties to the Company and its stockholders: (i) nominate Mr. Ervine to be elected as a VSE director by VSE's stockholders at each annual and other meeting of VSE's stockholders at which they will elect VSE directors and (ii) if Mr. Ervine is then a VSE director, appoint and maintain Mr. Ervine as Chairman during the period commencing on April 28, 2008 and continuing until at least the date of the first annual or other meeting of VSE's stockholders in 2010 at which they will elect VSE directors.

(b) Ceases being Chairman. Notwithstanding anything herein to the contrary, if during the Term Mr. Ervine ceases being Chairman but is a VSE director, (i) Mr. Ervine's obligations set forth in Sections 3, 6 and 7 shall continue for the balance of the Term, (ii) VSE's obligations set forth in Sections 4, 5 and 6 shall continue as otherwise provided therein; and (iii) clauses (b) and (c) of this Section 8 and Sections 9 through and including 17 shall continue in full force and effect.

(c) Termination of the Term. Notwithstanding anything herein to the contrary, the Term shall terminate upon the earlier of: (i) Mr. Ervine ceasing to be a VSE director for any reason, including the expiration of his term as a VSE director or the failure of VSE's stockholders to elect Mr. Ervine as a VSE director, or Mr. Ervine's death or disability, (ii) notice provided to Mr. Ervine by VSE on or after December 31, 2008 of VSE's termination of the Term or (iii) expiration of the Term as of December 31, 2010. Upon any termination of the Term before December 31, 2010, except as may be specifically otherwise provided herein, no compensation, fees or benefits shall continue thereafter to accrue for the benefit of, or otherwise be provided to, Mr. Ervine, or his surviving spouse or estate. If, however, the Company elects, pursuant to clause (ii) of the immediately preceding sentence, to terminate the Term before December 31, 2010, VSE shall within 30 days thereafter pay to Mr. Ervine (or, in the event of his death after such termination, to his surviving spouse or estate), a lump sum equal to the compensation and fees Mr. Ervine would have earned under Section 5(b)(i), if Mr. Ervine had continued to serve hereunder until December 31, 2010.

9. Notices. For purposes of this Agreement, notices, demands, consents, waivers, approvals and all other communications provided for in or otherwise contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand at, or by sending the same by prepaid first class mail (airmail if to an address outside the country of posting) to, the following addresses:

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Donald M. Ervine  
9802 Dansk Court  
Fairfax, VA 22032

If to the Company:

VSE Corporation  
2550 Huntington Avenue  
Alexandria, VA 22203-1499  
Attention: Chief Executive Officer

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Dispute Resolution. The Company and Mr. Ervine agree to submit to final and binding arbitration any and all disputes or disagreements concerning the interpretation or application of this Agreement. Any such dispute or disagreement will be resolved by arbitration before a single arbitrator in accordance with the Arbitration Rules of the American Arbitration Association (the "AAA Rules"). Arbitration will take place in Washington, DC, unless the parties mutually agree to a different location. The arbitrator shall be chosen in accordance with

the AAA Rules. The arbitrator shall be bound to apply the provisions of applicable substantive law and the Federal Rules of Evidence to any dispute under this Agreement; provided, however, that punitive, liquidated or indirect damages shall not be awarded by the arbitrator. The arbitrator shall have the power to decide the claim upon motion of the parties, without necessity of an oral arbitration evidentiary hearing, if the parties agree in writing to waive such hearing or if either party submits a motion requesting a hearing on documents only. The arbitrator shall render a written reasoned opinion. Mr. Ervine and the Company agree that the decision of the arbitrator will be final and binding on both parties. Any court having jurisdiction may enter a judgment upon the award rendered by the arbitrator. If the arbitration is decided in whole or in part in favor of Mr. Ervine, the Company will reimburse Mr. Ervine for his reasonable costs and expenses of the arbitration (including reasonable attorneys' fees). Regardless of the outcome of any arbitration, the Company will pay all fees and expenses of the arbitrator and all of Company's costs of such arbitration.

11. Successor Obligations and Assignment. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the Company's successors and assigns.

12. Amendment. This Agreement may not be modified except by an agreement in writing executed by both the Company and Mr. Ervine.

13. Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without giving effect to principles of conflicts of laws.

14. Validity. If any portion or provision of this Agreement is found to be invalid or unenforceable, the other portions or provisions hereof shall not be affected thereby.

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15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

16. Construction of this Agreement and Certain Terms and Phrases.

(a) The section headings contained in this Agreement are inserted for purposes of convenience of reference only and shall not affect the meaning or interpretation hereof.

(b) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereunder," "hereby" and derivative or similar words refer to this entire Agreement; and (iv) the term "Section" refers to the specified Section of this Agreement.

(c) The word "including" is not exclusive; if exclusion is intended, the word "comprising" is used instead.

(d) The word "or" shall be construed to mean "and/or" unless the context clearly prohibits that construction.

(e) The Company and Mr. Ervine have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Company and Mr. Ervine and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

17. Effect of Agreement. The terms and conditions of this Agreement shall supersede any obligations and rights of the Company and its subsidiaries, on the one hand, and Mr. Ervine, on the other hand, respecting employment, mentoring, consulting and advisory services, and compensation and benefits in respect of such services on or after April 28, 2008. The execution of this Agreement shall constitute for all purposes the termination, as of April 28, 2008, of the Ervine

Employment Agreement, except for the provisions of Sections 6(b), (c), (d), (e), (f), (g) and (h) thereof, which shall survive the execution of this Agreement and any reference in such surviving provisions to "Term" shall be deemed to be for all purposes thereof the "Term" as defined herein.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

VSE Corporation

By: /s/ C. S. Weber

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C. S. Weber  
Executive Vice President

/s/ Donald M. Ervine

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Donald M. Ervine

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EXHIBIT 99.1  
MAURICE A. GAUTHIER  
APPOINTED CHIEF EXECUTIVE OFFICER,  
PRESIDENT AND CHIEF OPERATING OFFICER  
OF VSE CORPORATION

Donald M. Ervine Appointed Executive Chairman of the Board

Alexandria, Virginia, April 22, 2008 - VSE Corporation (NASDAQ: VSEC) announced today that its Board of Directors has appointed Maurice A. Gauthier Chief Executive Officer, President and Chief Operating Officer of the corporation, effective April 28, 2008.

Don Ervine, who will continue to advise the corporation as its Executive Chairman of the Board, will step down from his positions as Chief Executive Officer, President and Chief Operating Officer in connection with Mr. Gauthier's appointment.

Mr. Ervine said, "Mr. Gauthier completed a distinguished military career of over 28 years of service, retiring in 1997 as a Navy Captain and board certified Department of Defense Major Program Manager for the Naval Sea Systems Command Foreign Military Sales (FMS) program and the San Antonio Landing Platform Dock (LPD 17) Class Shipbuilding Program. Mr. Gauthier worked for VSE from October 1997 through February 1999 as Vice President and Chief Technology Officer, and as our Director of Strategic Planning and Business Development, before joining the Nichols Research Corporation Navy Group as its President. With the acquisition of Nichols Research Corporation by Computer Sciences Corporation (CSC) in 1999, Mr. Gauthier served as Vice President of CSC's Advanced Marine Center. His most recent assignment with CSC has been Vice President and General Manager of CSC's Navy and Marine Corps Business Unit where he was responsible for the overall leadership and financial performance of a 2,500 person organization providing systems engineering, technical, information technology and telecommunications support to U.S. Navy and Marine Corps customers."

Mr. Ervine continued, "I am very pleased with the Board's appointment of Mr. Gauthier as my successor to lead VSE's management team. He is a proven executive possessing extraordinary federal market experience with an accomplished blend of strategic, analytic, business and leadership skills. His knowledge of VSE, its leadership and its clients uniquely qualify him to take the helm at this important time in the company's history. His selection was endorsed unanimously by our Board of Directors, and we are confident he is the ideal person to sustain VSE's strong performance and to lead the company to the next level of growth and performance within our markets. I look forward to working with him in my continuing role as Executive Chairman of the Board."

As Chief Executive Officer, President and Chief Operating Officer, Mr. Gauthier will lead and manage the operations of VSE and its subsidiaries and divisions. He will also have responsibility for all aspects of VSE's customer relations, business development, management, communications, and employee recruitment and development.

Commenting on his appointment, Mr. Gauthier said "I am honored and excited to once again be part of the VSE team and I am delighted at the prospect of working with its highly principled leadership team and Board of Directors. In the course of my career, I have been a VSE client, a VSE vice president, and an industry partner. VSE's unsurpassed commitment to client success has been the unwavering constant in all three settings, and that commitment has drawn me back to the company. The opportunity to lead one of the most rapidly expanding service companies across such a broad array of markets is irresistible."

"VSE's Board sought a CEO with outstanding credentials and experience in leading a company of VSE's complexity, with a track record of strong growth coupled with sustained operational excellence," said David Osnos, VSE's Lead Director and Chairman of the VSE Board's Special Committee on Selection of a New Chief Executive Officer. "Mo is well known to several members of the Board from his prior days at VSE, and he met or exceeded all of our Board's criteria. We are pleased to get him back into the company at this important time."

Mr. Gauthier earned a Bachelor of Science degree at the U.S. Naval Academy in 1969. He received a Master of Science degree in Systems Engineering in 1976 from the U.S. Naval Postgraduate School, Monterey, CA. He is a graduate of the Defense Acquisition University's Defense Systems Management College (1988) and of the Advanced Executive Program (1993) and the International Marketing Program (1994) offered by the Kellogg Graduate School of Management at Northwestern University.

VSE provides diversified services to the engineering, energy and environment, defense, homeland security, and law enforcement markets from locations across the United States and around the world. For the year ended December 31, 2007, VSE reported revenues of \$653 million and net income of \$14 million (\$2.82 per diluted share). For more information on VSE business units, services and products, please see the Company's web site at [www.vsecorp.com](http://www.vsecorp.com) or contact Len Goldstein, Director of Business and New Product Development, at (703) 317-5202.

#### 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.

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