



Growing Towards Our Future



VSE Corporation was featured for the first time in the *Forbes* magazine annual “200 Best Small Companies in America” list with the phenomenal ranking of #4.

Forbes considered small businesses with revenue of \$5 million to \$750 million who had sustained sales and net profit growth over 12-month and five-year periods. *Forbes*’ judging criteria also included earnings data, management turnover, and acquisition activity.

“Making the Forbes list means I made the right choice to work for VSE when I retired from the Navy. Onward and upward!”

—Jon E. Rench, ELD QC / FHSC, Long Beach, MS

“When I started at VSE in 1961, there were approximately 20-some employees and I wasn’t sure if the company would last. It’s pretty amazing to have over 1,000 employees and reach this milestone.”

—Elliot Goodman, ITSD, Energetics Incorporated, Columbia, MD

“Effective communication, training, and resourcefulness have welded our financial team into a cohesive working machine. My manager’s leadership ability to maintain us all in one accord is extraordinary. That is what makes our financial team so unique. I feel this is truly an honor for our company.”

—Marilyn Gonzalez, NAD Financial Analyst, Lexington Park, MD

“Based upon the character and work ethic of my co-workers, if VSE as a whole is a reflection of the model here at this site, I am somewhat surprised that we are only ranked fourth! Most likely, Forbes wouldn’t give us a top three position in our first year of recognition, as it would have embarrassed them that we hadn’t been noticed earlier. So in all actuality, we’re probably deserving of 1st. However you view it, the camaraderie we share here is unique as we drive toward our goals to create, sustain, and improve, and I wouldn’t care to have my career anywhere else.”

—Marty Schuetz, ELD Data Coordinator, Weldon Spring, MO

“Making the rank of #4 out of 200 means that when I’m asked where I work, I’m proud to say ‘VSE.’ Congratulations to all!”

—Joey Cadiere, ELD QC/Safety, Ladysmith, VA

“Congratulations to VSE Corp. I belong to BAV and am proud to have the opportunity to work for VSE Corp. I am currently working in Veracruz, Mexico, and have been here for three years on this project. Keep up the good work, VSE.”

—James M. Hiskey, BAV, Mexico

“This is a clear indicator and recognition of the hard work and commitment of the VSE professionals, at every level of the organization, over the past 5 years!”

—James Fallon, GSD VP, director

“Sometimes being a field office can often leave you feeling disconnected; however, an achievement of this magnitude betrays that notion and hits home that the efforts of every VSE location, no matter their size or geography, is more connected than we realize. We may be a small company, but we are large as life people with big ideas—a true team in every sense, and I am immensely proud to be part of it!”

—Elena Graupera, SELD office manager, Blount Island, FL

“Congratulations to VSE for obtaining this phenomenal ranking by Forbes. As a member of one of VSE’s subsidiary companies, it is truly heartening to know that the ‘mother ship’ is such a great company to be a part of. I appreciate all that VSE does for us at Energetics.

Congrats again!”

—Peggy Welsh, senior consultant, Energetics Incorporated, Washington, DC

“Recognition for a job well done. VSE Weldon Spring has worked very hard to get to where we are. I am proud of each of our team members and supporting staff and look forward to where we are going in the future. This accomplishment and recognition is a tribute to the hard work and dedication of our employees.”

—Justin Brown, ELD site manager, Weldon Spring, MO

“Growing Towards Our Future”

The year 2007 was one of the most successful VSE Corporation has experienced in its 49-year history. The Company reported revenues of \$653 million, up 80 percent from 2006. For the first time the Company’s growing accomplishments were heralded in *Forbes* magazine’s annual ranking of the “200 Best Small Companies in America.” VSE was ranked in a prominent fourth place. The *Washington Business Journal* also recognized VSE as one of the fastest growing businesses during the past several years.

VSE growth was supported in 2007 with the acquisition of Integrated Concepts and Research Corporation (ICRC). The purchase price was approximately \$11.6 million in cash, with the potential for additional payments of up to about \$5.8 million if certain financial targets are met during the next several years. Through the period of June 4 to December 31, 2007, ICRC recorded revenues of about \$50 million.

VSE substantially expanded its military equipment refurbishment services to the West Coast with the addition of multiple new facilities in California. New offices are now located in Los Alamedas, Barstow, Fort Hunter Liggett, Sacramento, Mare Island, Fresno, and Moffitt Field. A new office in College Park, GA, is also now in place to support the U.S. Army Readiness Command (USARC). VSE personnel have been managing USARC’s equipment modification work orders as well as coordinating the transportation of equipment in need of repair.

During 2007, VSE was named a prime contractor for the U.S. Army’s Field and Installation Readiness Support Team (FIRST) contract vehicle. In December, VSE was also selected as a prime contractor for the Omnibus III contract from the Program Executive Office for Combat Support & Combat Service Support.

VSE added two new divisions during 2007. The new Government Services Division supports the disposition of property seized by U.S. government agencies during the course of their duties, and the Field Support Services Division repairs damages to mine resistance and ambush protected vehicles in austere environments.

VSE is proud of its continued growing support to the U.S. military around the world while also supporting the navies of friendly foreign nations. The year 2007 also saw VSE and subsidiaries developing and managing user-friendly computer programs for the U.S. Social Security Administration’s visually impaired employees, as well as managing conferences within the nation’s capital for various energy or emergency response programs.



Corporate Profile

VSE is a diversified professional services company established in 1959. The Company provides engineering, systems integration, scientific, and management IT solutions to customers in the defense, homeland security, law enforcement, energy, and environmental sectors. Headquartered in Alexandria, VA, VSE employs 1,223 personnel supporting clients across the United States and around the world.

Further information about VSE is available at the company’s website at www.vsecorp.com.

Stockholder Inquiries

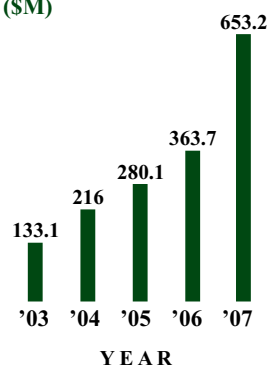
VSE shares are traded on the NASDAQ Global Market under the symbol VSEC. Inquiries about stock ownership, dividends, and stockholder changes of address may be directed to our transfer agent at: Registrar and Transfer Company, 10 Commerce Drive, Cranford, NJ 07016-1340; or to VSE at: 2550 Huntington Avenue, Alexandria, VA 22303-1499, Attention: Corporate Secretary. VSE Investor Relations can be reached by phone at (703) 329-4770.

Quality Systems Management

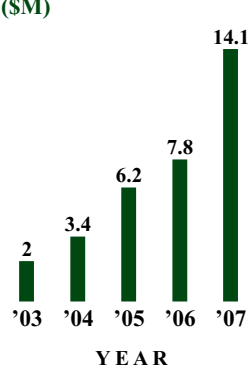
VSE’s policy is to provide products and services of the highest quality to meet the expectations and requirements of our customers, on time and at a fair price. VSE’s quality management system is registered to the ISO 9001:2000 standard.

Financial Highlights

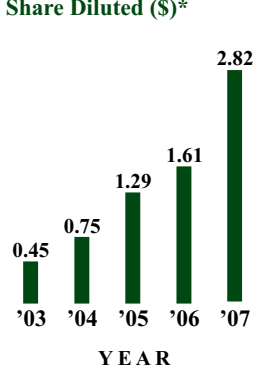
Revenues (\$M)



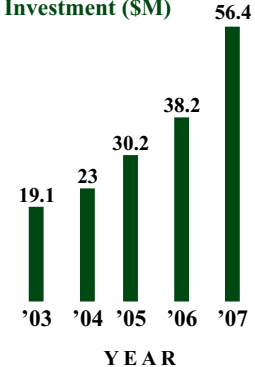
Net Income (\$M)



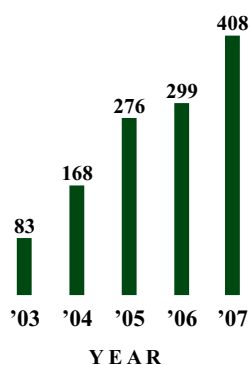
Earnings Per Share Diluted (\$)*



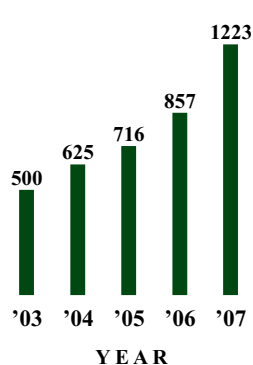
Stockholders' Investment (\$M)



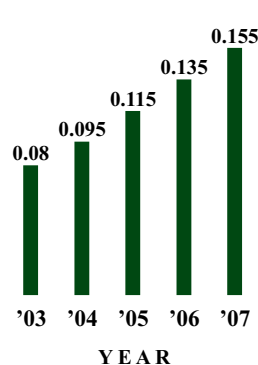
Funded Backlog (\$M)



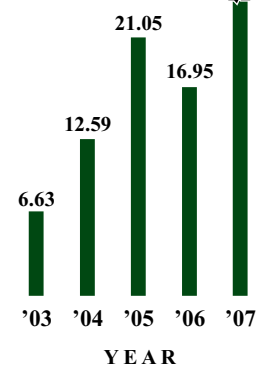
Number of Employees



Dividends Per Share (\$)*



Stock Price, End of Year (\$)*



Income Statement Data (in thousands, except share data)

Year ended December 31

Revenues

Net income

Earnings per share (diluted)

Weighted average shares (diluted)

	2007	% Change	2006
Revenues	\$ 653,164	79.6%	\$ 363,734
Net income	14,102	81.1%	7,789
Earnings per share (diluted)	2.82	75.2%	1.61
Weighted average shares (diluted)	5,003,675	3.2%	4,848,884

Balance sheet data (in thousands, except percentages)

December 31

Total assets

Working capital

Stockholders' equity

Return on equity

	2007	% Change	2006
Total assets	\$ 171,771	74.3%	\$ 98,535
Working capital	24,756	3.5%	25,646
Stockholders' equity	56,376	47.4%	38,236
Return on equity	36.9%	43.0%	25.8%

* Adjusted for June 2007 stock split

Letter to Shareholders

2007: Financial Results

After experiencing significant growth in revenues, earnings, and backlog in 2005 and 2006, VSE continued to perform at a record pace in 2007 and generated an even better financial performance. Our annual revenues almost doubled in 2007—exceeding \$653 million—while net earnings exceeded \$14 million (\$2.82 per diluted share)—up from \$7.7 million in 2006. With the increase in revenues and earnings, our return on equity for 2007 increased to almost 37 percent. We also saw increases in funded backlog, employees, and the number of customers we serve. We increased our cash dividend by 15 percent, and our stock price reflected these gains.

VSE purchased Integrated Concepts and Research Corporation (ICRC) in June 2007 for an initial price of \$11.8 million, with the potential for additional payments if the company meets certain financial targets during the next six years.

The financial results reported for 2007 are consistent with the positive trend in VSE operations and results reported in recent years. VSE revenues have grown significantly as we have improved our ability to meet customer needs. With the increase in revenues, we have been able to allocate our corporate costs over a larger base and improve our margins on certain time and materials and fixed-price contracts.

As previously reported, during the fourth quarter of 2007 we received new contracts and delivery orders supporting both our Tanker Ballistic Protection System Program and the operations of our subsidiary, Energetics Incorporated. At the end of 2007, our funded backlog was approximately \$408 million, compared to \$299 million at the end of 2006, and our personnel count increased to 1,223 employees, up from 857 at the beginning of the year. Based on these and other factors, and our sense of VSE's favorable position in several of the markets we serve, we anticipate continued growth in 2008. We also continue to examine acquisition opportunities that have potential to support our growth in the years ahead.

2007: Operating Achievements

VSE operations grew in 2007 as we established new facilities, acquired a subsidiary, added employees and developed new customer relationships.

- Our new Infrastructure and Information Technology Group was established in June when VSE acquired ICRC. ICRC is engaged primarily in providing the government with diversified technical and management services, including information technology, advanced vehicle technology, aerospace services and engineering, and transportation infrastructure services.



- The acquisition of ICRC
 - provides VSE with an opportunity to expand VSE and ICRC services into complementary markets;
 - opens or expands markets in SMART vehicles, alternative fuels, large-scale port engineering development and security, and information technology services;
 - adds approximately 200 technical and professional employees to VSE's staff;
 - and adds several long-term contracts to VSE's business base.



- ICRC's revenues were about \$50 million for the period of June 4 to December 31, 2007. A material part of the group's revenue comes from a 10-year U.S. Department of Transportation contract awarded in 2003 for infrastructure services to the Port of Anchorage.
- ICRC's Advanced Vehicle Technologies Division developed and tested three LASSO® (Land And Sea Special Operations) vehicles, which are high-capacity, six-wheel drive, all-terrain utility vehicles designed to specifically meet military challenges without requiring special training to operate.
- In our Energy and Environmental Group, our subsidiary Energetics Incorporated continued its high-level consulting services in the field of energy and environmental management. Energetics expertise lies in state-of-the-art and advanced technology assessment, technical and economic feasibility analysis, technology transfer, R&D program planning, engineering studies, market assessment, strategic resource management, regulatory analysis, environmental compliance, and risk management. Energetics' primary client is the Department of Energy, but it has been expanding its services during the past year to the Department of Homeland Security.

- Our International and Federal groups experienced successful years in 2007, and their milestones are highlighted beginning on pages 9 and 16, respectively.

2007: Other Notable Accomplishments

- VSE was featured for the first time on Forbes' annual list of the "200 Best Small Companies in America."
- \$6.1 million was invested in a new 40,625-square-foot expansion for Engineering and Logistics Division's (ELD) Paint and Blast facility in Ladysmith, VA. The cost also includes new equipment and updates to existing facilities to accommodate our growing needs.
- Production began on a new bi-monthly corporate magazine, the VSE Connection, to better keep our employees, stakeholders, and shareholders informed. It also serves to better connect our personnel at more than 50 locations.
- ELD maintenance shops in Ashland, VA, received their ISO certification; Long Beach, MS, received its first one year accident-free safety award; and Alexandria, VA, counted two accident-free years.
- Audited implementation of Section 404 of the Sarbanes-Oxley Act (internal control of financial reporting) was initiated in 2007 with no material weaknesses or significant deficiencies.



VSE Management Strategies for Continued Growth and Profitability

Successful organizations use a variety of management strategies to support continued growth and profitability. Out of those strategies, I believe there are four basic elements that are paramount in their importance to continued success. First and foremost is a strong, long-term commitment from top management to honesty and business integrity in all of our dealings with both internal and external customers.

The second element is customer satisfaction. The government evaluates VSE's performance on existing contracts regularly. Therefore, we must meet or exceed our customers' requirements. Today's performance is tomorrow's past performance; we cannot afford to fail to meet our customers' expectations. Third, VSE must have a robust pipeline of bidding opportunities to sustain and grow our operations. We have a number of contracts, and we know approximately when they are going to end. Finally, we must take care of our management team and our employees on whom we depend for continued long-term success.

Our new seized property contract for the Treasury Department and other agencies is a good example of how we use a total teamwork approach in achieving success. Our team has consolidated seized property facilities into a more manageable operation and has provided a more efficient manner of handling all seized property. The result was a \$12.2 million pass back to our customers during inaugural 2007 efforts. This was all accomplished while working on an accelerated, mission-oriented schedule. The experience has enabled us to showcase our talents, make the contract easier to manage, and realize the best results for our customer.

Our Engineering and Logistics Division expansion is also attributable to a sound vision from our management team, precise and accurate operations, and outstanding quality control. This is a prime example of how honesty and integrity work in concert. We are respected because we say what we do and do what we say.

"Growing Towards Our Future"

With growth comes the challenge of keeping our infrastructure current. As we grow, we will continue to aggressively bid and win contracts to stay competitive and maintain our awareness of trends in various disciplines. To ensure a smooth transition while we experience "growing pains," we keep our fingers on the pulse of VSE operations, accounting, and administration.



We are excited about expanding our horizons. The acquisition of ICRC has equipped us with a synergistic IT partnership, allowing us to confidently provide our customers with state-of-the-art applications. We now have the robust capabilities to meet our clients' growing information technology needs. ICRC's Port of Anchorage contract continues to exceed expectations, and we are now exploring other ports around the world that can benefit from our newly acquired area of expertise.

Energetics continues to move forward by expanding proven areas of its expertise into new arenas such as Homeland Security and Nuclear Infrastructure Power Support.

There are always many challenges when a company is experiencing growth, and we work as a team to meet them and to serve our customers, employees, and shareholders.

I want to thank each of you, including family members, for your continued dedication, cooperation, and conscientious efforts that make VSE what it is today. It shows what a can-do attitude, a focused vision, and outstanding teamwork can accomplish. I am very proud of our workforce and its loyalty, honesty, and integrity. Your ability to do tough jobs in remote and sometimes hostile parts of the world is to be commended. I see great things in 2008 for the synergistic partnership of our entire workforce and management team.

In August 2007, the Board of Directors welcomed General Ed Eberhart, USAF (Ret.) to the Board. We look forward to his help and guidance as we continue to develop and grow the company in the years to come.

As always, your comments and suggestions are welcome.



Donald M. Ervine
Chairman of the Board
President and CEO/COO
April 1, 2008



International Group 2007 Milestones

James M. Knowlton, President

The International Group, which consists of five divisions, earned \$228 million in revenue in 2007, a 44 percent annual increase.

- The **BAV Division** completed the transfer of four ex-USS Osprey (MHC 51) class mine hunters, two each to Egypt and Greece. BAV personnel conducted significant maintenance availabilities in Bahrain for each of the Egyptian ships—this was the first time a transfer was conducted outside of the United States under the BAV Foreign Military Sales (FMS) Supportability contract. As part of the follow-on technical support given to countries that have received U.S. Navy ships and systems, BAV built a new, state-of-the-art shipboard damage control and firefighting training facility in Egypt. BAV also transferred the ex-USS Trenton (LPD 14) to India, the first time India has received an ex-U.S. Navy ship under the BAV contract. BAV managed a six-month industrial and training availability to repair and upgrade for the 9,100-ton amphibious transport ship and provided training assistance to the Indian crew. The ship then made the 10,000-nautical-mile journey to India to begin its new service.
- The **Coast Guard Division** (CGD) continued to provide Foreign Military Sales and lifecycle support for vessels transferred to foreign governments.
- The **Fleet Maintenance Division** (FMD) was realigned in 2007 to support mission requirements with the new Ships Engineering and Logistics Division; Government Services Division, Air Force Logistics Division, and Naval Air Division now also fall under FMD direction.
 - During 2007, the **Ship Engineering and Logistics Division** (SELD) was awarded additional task orders under the Rapid Response (R2) contract vehicle to support U.S. Navy Regional Maintenance Centers (RMCs) and the Navy's Space and Naval Warfare Systems Command (SPAWAR). These contracts will potentially bring in about \$63 million during the next 24 months. FMD-SELD will provide technical support services for the RMCs' fleet sustainment operations, including program management, integrated logistics support, financial management, ship material assessments, and information technology applications. FMD-SELD will provide program management and technical/logistics services for SPAWAR to support the maintenance, refurbishment, modernization, and installation of shipboard and land-based communication, information technology, and navigational aid systems.
 - The **Government Services Division** (GSD) supports the U.S. Treasury Department's seized and forfeited general property program through a \$113 million contract. Operations are controlled from the VSE headquarters in Alexandria, VA; Regional Property Management Centers, which also serve as auction points, are located in South Brunswick, NJ; Miami, FL; and Riverside, CA. In 2007, the division successfully: optimized vehicle sales at facilities nationwide; provided field agents to support seizures; utilized the services of recognized sales and marketing organizations to increase all sales; and provided the government with visibility, accountability, and control. This program has the potential to be a significant contributor to VSE's financial results through 2014.
 - The **Air Force Logistics Division** (AFLD) continued to provide maintenance and supply support for Basic Expeditionary Airfield Resources (BEAR) equipment for Pacific Air Forces (PACAF) headquarters. The division also provides logistics management support for BEAR and War Reserve Material resources for Air Combat Command and PACAF at Langley Air Force Base, VA; Hickam Air Force Base, HI; and Osan Air Base, South Korea. AFLD continued to expand its support of Air Force and Navy aviation maintenance and logistics support requirements.
 - **Naval Air Division** (NAD) was recently awarded a four-year, \$4.6 million subcontract to develop a maintenance-tracking system for the U.S. Army's Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System (JLENS), a key component of the Army's Missile Defense Program. NAD provides both status monitoring and prognostics capability, while using its proprietary Prognostics Framework and Diagnostics Profiler capabilities to create system and equipment models, which emulate both the normal and anomalous operating behavior of the system.



"Our customers come to BAV because we offer the personal courtesy of an expert staff which truly enjoys what it does."

BAV Division

When *Forbes* magazine recently announced that VSE Corporation was ranked fourth among the top 200 small businesses in America, it specifically heralded VSE for its ability to support the transfer of ships from the U.S. Navy to other navies worldwide.

One of the primary purposes of the Foreign Military Sales (FMS) Program is the U.S. Navy's long-range vision and ongoing efforts toward a global maritime partnership.

BAV Division's FMS work contributed significantly to our unprecedented recognition. It all started 12 years ago when VSE was awarded a prime contract by the U.S. Navy's Naval Sea Systems Command (NAVSEA). The contract outsourced all FMS ship transfer and follow-on technical support projects under a single contract vehicle.

"VSE has been the first and only firm NAVSEA has entrusted with supporting naval ships that are sold, leased, or granted to other countries under the FMS supportability program," said Harry Flammang, program manager for BAV Division.

BAV has recently provided ship or shore support for Egypt, Taiwan, Thailand, Germany, India, Turkey, Italy, Romania, Mexico, Bahrain, Portugal, Poland, and Japan. Efforts include training, ship maintenance, engineering, system upgrades, shipyard operations, and technical support.

"With the experience we've gained over the years, we have refined and streamlined our process. Our efficiency nicely complements our mission to provide our customers with the best capabilities for the price," said Flammang, a retired U.S. Navy captain. "Our customers come to BAV because we offer the personal courtesy of an expert staff which truly enjoys what it does."



BAV saves the new ship owner additional costs by applying lessons learned from previous projects. BAV allows them to do more with less. "We provide hand-picked, lean, highly experienced teams, whose members possess multiple skills to act as trainers, managers, and technical experts," Flammang added.

When BAV supports a ship transfer, it provides a team that does everything a host nation needs. This includes planning, assessing, industrial availability management, material acquisition, warehousing, logistics, customs, procurement, contracts, overhaul repair work execution, and hands-on, formal training support.

BAV recently diversified its services by providing a short and long-range coastal radar system for the Romanian Navy on the Black Sea.

Retired Navy Captain Ed Webster serves as follow-on technical support (FOTS) division manager, senior program manager for the Coast Guard FMS program, and program manager for the Defense Threat Reduction Agency. His current major assignment is providing vessel maintenance support to the Azerbaijan Coast Guard. "I came aboard during the initial FOTS efforts concurrent with reactivation and transfer of two LSTs to Taiwan," said Webster.

One of the major FOTS programs supports the Egyptian Navy in Alexandria, Egypt. There are approximately 100 BAV personnel in Egypt, providing expertise in ship repair planning and maintenance assistance, logistics support, ship and industrial maintenance training, damage control training, and facilities management. For all of the FOTS in-country programs, the objective of BAV is to help the foreign Navy become self sustaining.

“In a short period of time we, in essence, take a cold piece of metal to a war fighting platform.”

Shawn Zipprich is a BAV field engineer and program analyst. “In 2004, I was hired as a ship transfer assistance team instructor to work with the Taiwan sailors in Charleston, South Carolina,” Zipprich said. “Our STAT teams provided training to the crews on shipboard equipment maintenance and operation as well as assistance to the crews in reactivation of equipment. The most memorable challenges and experiences I can recall, while assisting Taiwan in the eventual transfer of the four ex-Kidd class ships, are conducting four missile shots, live fire gunnery, and close-in weapon system exercises.

“I was also involved in the recent ship transfer of the ex-Trenton to India. We did a ‘hot transfer,’ which required flying to Rota, Spain, to join up with the U.S. and India Navy crews as they headed back across the Atlantic. This really gave us a head start on the work assessment. We could have anticipated parts, manpower, and work orders ready as soon as the ship was decommissioned.”

A major challenge employees face in foreign nations is the language barrier. “Translators are usually available, but in many cases indigenous naval terminology can be a hurdle to translate,” said Zipprich. “We exercise patience and we do our best in communicating. It’s really rewarding when you are able to establish that bond of trust and respect through cultural barriers.”

The BAV success story is not only the result of VSE technicians and managers; it can also be attributed to solid, long-standing partnerships with top-notch vendors and subcontractors. According to Roy Butt, BAV deputy program manager, who joined the BAV Team in 1995, “There are seven of us from Booz | Allen | Hamilton on staff at the HQ in Alexandria.

“We started a subcontractor/prime relationship with VSE when this effort was first solicited. Prior to that, Booz Allen had the direct commercial contract with the Egyptian Navy. The operation in Egypt has grown 300 percent with combined assets and personnel. The combined BAV staffs are a truly integrated team. We bring different skills to the table from highly technical to classical management consulting expertise.”

Flammang added, “Our ability to incorporate into a project the very best technicians and managers our team members can offer is just one of the ways quality stays so high. We are proud of our contribution to the important concept of cooperation among allied navies, communicating and working together effectively in the collection and dissemination of data in the war on terrorism. Our work also benefits these countries by creating dual capabilities: maritime defense as well as seaborne worldwide humanitarian and disaster relief.”

The majority of BAV work has been in overhauling mechanical and electrical systems and equipment. “We are now getting more in combat systems support,” said Butt. “One of the most challenging projects,” noted Webster, “was the design and installation of a helicopter recovery system for Perry Class Frigates in Turkey. We had three primary subcontractors involved, which really required significant project management and daily communication during all facets of the project from initial design to sea acceptance test.”



Quite a few of the BAV members also work in the logistics, research, contracts, administration, and procurement departments to round out the team.

“This is a very challenging, yet rewarding program because we see the immediate impact of our efforts, not only from the industrial standpoint, but by training a completely capable crew. In a short period of time we, in essence, take a cold piece of metal to a war fighting platform. Because we develop such a close relationship with the crews, we are like proud parents when we watch them take their ship and sail it home,” concluded Webster.



“The division might be new, but VSE has an almost 50-year history of advance planning and execution for the Navy”

Ship Engineering and Logistics Division

Those who are around VSE Vice President Scott Barbour for more than five minutes soon realize that his infectious enthusiasm is drawn from the “can-do” attitude of the hard chargers who make up the Ship Engineering and Logistics Division (SELD).

Barbour manages the division, headquartered in Chesapeake, VA. SELD also has offices in Chula Vista, CA; Bridgeport, NJ; Blount Island, FL; and Indian Head, MD. Barbour joined VSE in 2004 after retiring from the U.S. Navy.

“We provide engineering and logistics for the U.S. Navy and Marine Corps,” said Barbour. “The division may be new, but VSE has an almost 50-year history of advance planning and execution for the Navy. Today, we build on a common ship sustainment’s approach while aligning those tasks to various BAV Foreign Military Sales (FMS), thus making it applicable to multiple customers. We are proven ship maintenance and advance planners and we bring our experience. Because of that, we provide a good product at a good price.”

The division recently participated in a key VSE project—BAV’s ex-Trenton overhaul project. SELD assisted in the integration planning by translating requirements in the contract-specific planning documents. “VSE’s goal is to provide customers efficient single-shop support. As the Navy exports multiple-ship and multi-option (MSMO) contracts, we support the Navy,” added Barbour.

Within SELD, Vince Marroletti manages the overall ship engineering operations for the division. Other operation site managers are: Sam McGovern in Chula Vista, CA; Rick Eckert in Bridgeport, NJ; Bill Thomas in Blount Island, FL; and Vince Hungerford in Indian Head, MD.

As part of the Chesapeake SELD staff headquarters, Charlie Mayer heads Engineering/Shipboard Alterations and Installations and planning groups. Other managers include: Steve Mahaffey, USN MSMO Planning Support; Sherwin Turner, Business and Contracts; Tom Stein, Procurement; and Brenda Bennett, Human Resources.

Out of the 121 personnel in the division, the breakdown is as follows: Bridgeport, 13; Chesapeake, 49; Chula Vista, 26; Indian Head, 22; and Blount Island, 11.

According to Marroletti, the division is currently engaged in alteration installation team (AIT) services for *USS Essex* in Sasebo, Japan; *USS Boxer* in San Diego, CA; and *USS Bataan* in Norfolk, VA.



“One of the requirements with all three ships is an upgrade to the air traffic control landing system,” said Marroletti, who is also the Quality Management Systems manager for Fleet Maintenance Division. “This entails removing the antenna and replacing below-deck equipment.”

SELD AIT teams have recently completed the identification friend or foe system upgrade on the *USS George Washington* and other air traffic control systems, as well as cooperative engagement capability upgrades and field changes on the *USS Iwo Jima*. They also installed the arresting-gear approved cross-check system on the *USS Enterprise* and *USS George Washington*.

“VSE is a really good company. It treats you fair and works with you as a person,” commented Marroletti. “Our planning and production departments have the finest workers, ensuring that quality is always first and foremost, and the process is continually improving. It’s great to hear that time and time again from customers.”

Jean Coley in purchasing has been working with VSE for 27 years in Chesapeake. “Since I began working here, I have had assignments in automated data processing, program manuals, training, facilities, and buying materials to support the needs of VSE employees and subcontracts both here and abroad, such as in Guam, Indian Head, MD and New Jersey.”

In the planning department, Bart Powell is the lead of all planning personnel and administrative assistants. “My job entails assigning all automated work requests to the planners. I make sure priorities and deadlines are met and I review each specification,” Powell said. “It’s also important to verify drawings and technical manuals and parts required. Most of the work is hull, mechanical, and electrical. However, we have ventured out into electronics and written work specs for sonar array repair.

“The team has to concentrate on getting quality work done in the most cost-efficient way possible. It’s challenging, detailed, and requires researching multitudes of drawings and tech manuals. We have to engage in continuous correspondence to determine exactly what the customer wants. In trying to decipher drawings, the team has to be able to organize a repair-installation-inspection sequence that is clearly defined. Everyone who works here has naval experience, and they are dedicated to their work.”

In Production, Tony Demarco performs design engineer work with both the MSMO planners and AIT project coordinators.

“We first verify the work item and then we write work specifications for shop activity,” Demarco said. “We also oversee the work done on ships, and if there is a problem with a ship alteration, we write the reports to adapt to the change to ensure the same situation doesn’t happen again.”



“We are actively engaged in promoting common, core ship-sustainment planning and AIT support that can be applied to multiple maritime customers including the U.S. Navy, Coast Guard, and FMS,” Barbour said. “The ships around the world have to be ready. We understand the customer and we have the necessary experience to keep these ships operational at sea to maintain readiness.”

Government Services Division

This year, VSE's new Government Services Division (GSD) began managing nationwide auctions as part of a recently awarded contract by the U.S. Treasury Department for the management and sale of seized and forfeited property.

In 2007, the auctions resulted in more than \$12.2 million in pass back revenue for the U.S. Treasury Department.

"The contract is scheduled to continue for a period of about eight years," said Mike Hamerly, Executive Vice President and Fleet Maintenance Division Director. "Our program is headquartered in Alexandria, VA, and the auctions are administered from our regional centers in Riverside, CA; Dayton, NJ; and Miami, FL."

"We provide full logistical support of all seized property obtained by multiple government agencies under the U.S. Department of Treasury contract," said Government Services Division Director Jim Fallon. "Our responsibilities include the acquisition, transportation, storage, and liquidation of all seized and forfeited properties."

Since the first auction conducted by the VSE team in Miami, FL, in March 2007 we have made great strides in streamlining the auction process, and we will continue to improve the effectiveness of the auction process. "The bulk of bidders showed up to be registered in a short timeframe, and there was a limited amount of bandwidth that was being shared throughout the expo center," said VSE Vice President and IT Manager Dave Chivers. "It was also demanding to get all the payments processed quickly. Now the process is running very smoothly."

Agencies participating in the contract under the guidance of the U.S. Department of Treasury include the Internal Revenue Service, Office of Foreign Assets Control, U.S. Secret Service, Customs and Border Protection, Immigration and Customs Enforcement, Food and Drug Administration, and the Bureau of Alcohol, Tobacco and Firearms.

The seizing agent's first step is to notify the VSE call center, and from that point a VSE representative is dispatched to pick up the detained property, often within 24 hours. This can be a challenge when some unusual items are seized, such as perishable items, as well as exotic and domestic animals, some of which are in need of immediate medical attention. If it is determined that the perishable items are not fit for consumption, VSE personnel properly dispose of the shipment.

"VSE does not take custody of narcotics and real estate," said Hamerly. "Storage time for most of the seized items can be lengthy because of the due process of law. But there are times when permission is requested through the government to do a quick sale. The revenues generated by the sales are then promptly transferred to the Government."

There are other circumstances when it's determined that property should be destroyed. For example, a large quantity of pirated DVD movies seized in Los Angeles that must be prevented from being redistributed among the general public. Counterfeit clothing and accessories are also routinely destroyed. During one of the VSE's first seizures, GSD employees had to individually open a large amount of counterfeit watches and extract the batteries which required special disposal.

Noteworthy items that are seized include designer watches, loose diamonds and gems, gold coins, exotic cars, yachts, and aircraft.

Employees or family members of VSE, subcontractors, or participating agencies are not allowed to bid on any of the seized property.

Subcontractors on the VSE contract include Manheim (automobile auctions in 86 different locations); EG&G Technical Services (storage services); Blanchard and Associates (consignment field agents); and Rick Levin and Associates (auctioneers).

"I'm very proud of the fact that, for this contract, new technology was developed, and it has been very successful," Hamerly said.



"AME is combat proven, and saves the Navy/Marine Corps approximately \$450 million per year in program costs."

Naval Aviation Division

VSE Corporation's Naval Aviation Division (NAD) manages and supports Foreign Military Sales (FMS) of the Tomahawk and Harpoon Weapon Systems and the F/A-18 Automated Maintenance Environment (AME).

According to NAD Manager Terry Chandler, "AME was designed, built, and deployed to support fleet combat operations of the F/A-18. AME is combat proven, and saves the Navy/Marine Corps approximately \$450 million per year in program costs. The cost savings are accomplished by providing near real-time flight data, which automatically updates logistics, maintenance, and engineering requirements and projections through a sophisticated, yet easy to operate, tracking process for the aircraft."

"Basically, our flight data system captures all flight information, such as temperature and throttle movements, as well as all maintenance history. The information is made available through a Windows-based computer program," explained Bobby Drew, AME program manager. "AME was enabled by our team in less than 5 months in 1997, and it is the single largest worldwide deployment of a system of this type."

Mark Virgo, VSE AME senior analyst, adds, "We maintain the hardware on a top-tier server. To best serve our customers, we provide a 24-hour help desk, which includes 4,000 individual pieces of hardware, to support work for 84 different Navy and Marine Corps activities."

"I assist foreign countries purchasing the Tomahawk Missile System," said Lorri Wood, senior financial analyst and manager of the Tomahawk Program for the past six years. "Most of the time I deal with the United Kingdom, although on occasion, I have assisted Spain and the Netherlands. I really enjoy working for VSE because they trust and value my abilities."

James Wilson, deputy program manager for FMS (PMA-280, NAS Patuxent River), commented, "As a customer of VSE for the past seven years, I have been provided with financial case managers and program analyst support to successfully manage the Tomahawk FMS Program. VSE has always been extremely reliable. I have been promoted twice and I directly attribute my career success to VSE and their phenomenal support. It amazes me how they anticipate my needs and complete tasks in advance of my request."

"The people here are great to work with because of their pride, commitment, and sincere work ethics," said Laurel Twemlow, administrative assistant for NAD, headquartered in Lexington Park, MD.



NAD personnel provide all worldwide-fleet support to more than 25,000 users at 146 different sites and aboard 11 aircraft carriers, encompassing more than 1,800 F/A-18 Hornet Strike/Fighters across the entire Navy/Marine Corps F/A-18 fleet, including NASA and the Kuwaiti Air Force. Offices are located in Oceana, VA; Beaufort, SC; Jacksonville, FL; Atlanta; San Diego; Miramar, CA; Lemoore, CA; and Atsugi, Japan.

Federal Group 2007 Highlights

Thomas G. Dacus, President

The Federal Group consists of five divisions. Collectively, they earned \$360 million in revenue in 2007—a 125 percent annual increase over the previous year.

- **Communications and Engineering**

Development Division (CED) is the VSE lead for performing as a small prime contractor for the U.S. Army Communications-Electronics

Command (CECOM) Rapid Response contract. They oversee diverse DoD-related tasks with each of the Armed Services and several U.S. government agencies. This year they supported war efforts with robust Army equipment repair and support programs, primarily for the family of route clearing and mine resistant, ambush protected (MRAP) vehicles, which began in 2006 with an initial ceiling of \$351 million. The task order was increased this past year to approximately \$446 million. In addition, CED's Assured Mobility Systems Program efforts were also increased this year from an original 16-month, \$164.8 million ceiling to \$271 million, and the performance of technical support services was extended to August 2008. CED continues to expand their role in support of critical DoD-wide initiatives throughout the Army's major commands.



- **Engineering and Logistics Division (ELD)** continued their superior level of performance and growth and, during 2007, established new operations/support offices in Atlanta and multiple RESET/Refurbishment locations in California. This continues VSE's long history of providing support to the U.S. Army Reserve in equipment repair, upgrade, engineering, and systems integration work. ELD was also selected as a prime contractor for the U.S. Army's Field and Installation Readiness Support Team (FIRST).

- **Field Services Support (FSS) Division** is the latest team joining Federal Group in 2007. Formed in June to provide worldwide field maintenance, logistic support, and technical advisory services for a wide variety of mine-clearing military vehicles and equipment, FSS services include performance of organizational, intermediate, and specialized depot-level maintenance and planning. A critical strength of the FSS Division is its ability to provide specialized support in areas of combat operations, typically in very austere environments.

- **Systems Engineering Division (SED)** has been home to the Tanker Ballistic Protection System (TBPS) since November 2004. To date, more than 1,350 fuel tankers deployed by the U.S. Army in Iraq have been serviced and in 2007, SED began providing the TBPS to U.S. Marine Corps fuel tankers.

- Under the Counter Radio-Controlled Improvised Explosive Device Electronic Warfare (CREW) program, SED supports Warfighters in Afghanistan, Iraq, and Kuwait by providing field service support on installation, training, maintenance, and upgrades of electronics developed to prevent the detonation of improvised explosive devices (IEDs). SED has performed under a subcontract of \$8.83 million with CSC Corporation on the CREW Program since April 2006.

- In support of the USMC and Army worldwide corrosion efforts, SED's Corrosion Prevention and Control (CPAC) Program has been expanded to include establishing and operating corrosion repair and service centers at key military installations to include development and deployment of a robust mobile application capability to support contingency operations deployments; and RESET/RECAP programs throughout the world.

- SED also managed the program this year that led to design, development, and production of the U.S. Coast Guard's first Enhanced Mobile Incident Command Post, housing a communication support center for first responders in all federal agencies mobilized during a major emergency in the continental U.S.

- **Management Sciences Division (MSD)** continues to provide nationally and internationally recognized subject matter experts in product and process improvement, Lean Six Sigma, continuous process improvement, process reengineering, and training for Green, Black, and Master Black Belts to the U.S. military. Partnering with the Army's Armament Research, Development and Engineering Command (ARDEC), MSD provided the guidance and training propelling the Command to be the first government/non-profit agency to receive the prestigious presidential Malcolm Baldrige National Quality Award for organizational performance excellence.

“When a small-arms round penetrates a tanker, the sealant works so efficiently that you could not detect a hit unless you examined the inside of the tank.”

Systems Engineering Division/Field Services Support Division

For the past three years, VSE employees have provided an invaluable service to the Marines and soldiers who transport fuel in the operational theaters. The Tanker Ballistic Protection System (TBPS) was designed by VSE to dramatically increase the safety of our Soldiers and protect the contents of fuel transport tankers from small-arms attack. Trained Field Technicians spray the exterior of fuel tank with a polyurethane-based coating which, when contacted by petroleum, acts as a self sealant. Thus, if small arms fire punctures the tanker, the coating reacts with the fuel and immediately seals the hole.

“We developed this system because soldiers were seriously injured or killed due to lack of protection for the crew, equipment, and bystanders if a tanker were hit,” said TBPS Site Manager, Paul Brennan.

Gene Desaulniers, SED TPBS program manager, commented, “When a small-arms round penetrates a tanker, the sealant works so efficiently that you could not detect a hit unless you examined the inside of the tank.

“This system is also designed to provide efficient protection for fuel-saddle tanks, especially on troop carriers,” said Greg Hicks, VSE shop armor lead. “It’s a privilege to be here. Our reward comes when we see that confident, secure, and satisfied look in the eyes of the soldiers and Marines before they drive away.”



The Secretary of Defense Robert Gates recently stated, “The acquisition of Mine Resistance and Ambush Protected (MRAP) vehicles are the highest priority of the Department of Defense.” MRAP vehicles are a family of armored fighting vehicles designed to survive improvised explosive device (IED) attacks and ambushes. The Marine Corps is spearheading the MRAP program and on target to replace Humvees in combat zones with the heavier, enhanced-design MRAP vehicles. In addition, added Gates, “the Army’s Medium Mine Protected Vehicle (MMPV) is a class of blast protected, wheeled vehicle platforms operating in explosive hazardous environments in route and area clearance operations, explosive hazards reconnaissance operations, and Explosive Ordnance Disposal operations.”

“To complement these vital missions, in 2007 VSE implemented a highly trained contingent of Field Service Representatives located in areas of combat operations and challenging environments,” said Field Services Support Division Manager Frank Wickersham III, “We are poised to repair quickly any damages incurred on any of the MRAP/MMPV vehicles to include performance of organizational, intermediate and specialized depot-level maintenance. We also maintain repair parts in stock at 95% capacity and a 90% percent vehicle readiness rate at all times.”



Typical services to be performed include:

- Equipment/system evaluations/technical inspections/documentation
- Maintenance and repair
- New equipment/sustainment training
- Parts sourcing
- Total package/new equipment fielding
- System modification/upgrade
- Asset tracking and accounting
- Integrated logistics support
- Program support/system and technical integration

Engineering and Logistics Division

Engineering and Logistics Division (ELD) Manager Donnelle Moten had the vision several years ago to bring equipment refurbishment contracts to VSE. Since that time, the program has experienced unprecedented expansion and revenue growth.

The first shop was established in Alexandria, VA, in 2004 and quickly became efficient in refurbishing a variety of military equipment to a "like-new" condition.

VSE's reputation for economically and precisely getting the job done soon prompted the establishment of similar installation maintenance shops in Ladysmith, VA; Ashland, VA; Weldon Springs, MO; and Long Beach, MS.

In the new California effort, sites are located in Los Alamedas, Fresno, Sacramento, Mare Island, and Moffitt Field. "We also have established shops at Fort Hunter Liggett and Barstow in which we are providing engineering maintenance and mechanical support to sustain their track and wheeled vehicles," said Moten. "We are also discussing the establishment of a paint and blast facility which would be located between Fort Hunter Liggett and Barstow." These operations are unique in that they are under a government-owned/government-operated contract, unlike VSE operations on the East Coast.

ELD provides full lifecycle engineering, logistics, maintenance, and refurbishment services to extend and enhance the life of existing equipment. ELD's core competencies are primarily in combat and combat service support system conversions, technology insertion, technical research, sustainment and re-engineering, system integration, and configuration management.



Communications and Engineering Division

VSE Corporation, as a prime contractor, is executing a \$2.9 billion contract supporting all branches of the Armed Forces and many government agencies worldwide through the U.S. Army Communication and Electronics Command (CECOM) Rapid Response (R2) Program.

Awarded to VSE in January 2003, this contract provides the federal sector a flexible, rapid response acquisition vehicle that can support virtually any technical or non-technical requirement from state-of-the-art research and development to providing all aspects of Integrated Logistics Support services. As of the first quarter, 2008, CECOM has placed more than 1,300 task orders on the R-2 with a ceiling exceeding \$11.98 billion.

“VSE started as a subcontractor when the program first became available to all U.S. government agencies in 1998,” said Federal Group President Tom Dacus. “At a certain point I wanted to find out how we could become a prime contractor, even though we were considered underdogs being classified as a small business (for this contract) as well as an outsider,” said Dacus. “We pulled a team together—tenaciously worked day and night—and became a prime in 2002. We are now managing the government’s biggest revenue producing proactive responsive program as the program/task leader. That program supports PM Close Combat Systems Route Clearance Equipment (in Iraq and Afghanistan), a \$350 million effort, executed in just 12 days, for repairs and logistics support of vehicles that are damaged by IEDs.

According to Charley Borns, CR2 Project Director for VSE Corporation, “Our mission is to provide federal program managers, in coordination with the CECOM R2 Program Office, an ability to get a task order in place, as quickly as possible, and to ensure the responsive and compliant execution of the task requirements to our customers’ total satisfaction.” The VSE CR2 team provides oversight execution of task orders, coordinating all aspects of the associated contractual and execution activities of 28 subcontractors and more than 100 tier-one vendors. “We also interface with CECOM on emerging programs and provide business development coordination for the VSE R2 Team, in coordination with the VSE Business Development staff,” added Borns.



The contract is used by many of VSE’s divisions to include Engineering and Logistics Division, Systems Engineering Division, Fleet Maintenance Division, and Management Sciences Division.

“We have attained an astonishing \$43.8 billion in cost savings, through a combination of cost avoidance and validated value engineering proposals.”

Management Sciences Division

One of VSE’s best kept secrets is their Management and Sciences Division (MSD). It houses a relatively small but exceptionally educated and experienced group of management and analytical professionals who are nationally and internationally recognized experts in product and process improvement, Lean Six Sigma (LSS) and Continuous Process Improvement (CPI). Application of these principals in any organization leads to more effective/ efficient products and processes measured by meaningful metrics.



The MSD team provides government and industry clients with CPI/LSS, and reliability engineering through training workshops and direct consulting. The U.S. Army’s Armament Research, Development and Engineering Center (ARDEC) recently was the first government agency in history to receive the Presidential Malcolm Baldrige National Quality Award for organizational performance excellence. Dominick Carra, director of ARDEC quality engineering and system assurance, said, “When we began this endeavor with VSE seven years ago, we could not imagine that it would become the most successfully deployed Lean Six Sigma program in the Army. We have attained an astonishing \$43.8 billion in cost savings, through a combination of cost avoidance and validated value engineering proposals.”

LSS provides a disciplined structured approach to improving the effectiveness and efficiency of all business processes.

“Six Sigma zeros in on product optimization and service delivery,” said Dr. Norm Frigon, VSE Assistant Vice President and Director of MSD. “It provides the methodology and tools for achieving the required robustness and success of the processes. Lean came a few years later out of the desire to reduce expenses, primarily by identifying wasted resources without compromising the quality.”

VSE’s LSS training and implementation support employs a comprehensive set of tools, including quality function deployment, failure modes and effects analysis, benchmarking, design of experiments, simulation, statistical optimization, and mistake proofing. In addition, the MSD team has since developed Enterprise Excellence, a model utilizing a holistic approach for managing and improving operations of an organization. It focuses on the leadership, management, and technology of essential systems and processes.

“The path to improvement is accomplished through a unique approach, beginning with a thorough preliminary needs assessment,” said Dr. Frigon. “To achieve a good balance between effectiveness and efficiency, we deploy all strategies to make the cultural and organizational changes essential for the success of the enterprise. The MSD team also offers nose-to-tail operation services to actually identify problems and then incorporate solutions,” said Frigon, a former Marine. “This is usually the case when a solution needs to be done quickly, to avoid a catastrophic event such as having a primary contract cancelled.”

Dr. Frigon has co-authored five books: *Achieving the Competitive Edge: The Practical Guide to World Class Competition* (an international best seller translated in Spanish, Portuguese, and Chinese); *Fulfilling Customers’ Needs: A Practical Guide to Capacity Management*; *The Leader: Developing the Skills & Personal Qualities You Need to Lead Effectively*; and *From Concept to Customer: The Practical Guide to Integrated Product and Process Development, and Business Process Reengineering* (authored with Jack Revelle); and *Practical Guide to Experimental Design* (authored with David Matthews).

R2/SeaPort-e/FIRST

Army's Field and Installation Readiness Support Team (FIRST)

In 2007, VSE was selected as a prime contractor for the Army's Field and Installation Readiness Support Team (FIRST) contract.

According to Vice President and Engineering and Logistics Division Manager Donnelle Moten, "The FIRST contract provides select Department of Defense customers with the unique capability to develop and administer multiple-award task orders using a streamlined acquisition approach."

This approach strategically considers the most effective method of satisfying reoccurring logistical support requirements. It acquires logistic support services at a reasonable price and aids in conforming to performance-based directives. By expeditiously satisfying requirements, it enhances customer satisfaction.

This is a one-stop acquisition contract vehicle for field and installation-level logistics, which includes all core field and installation-level functions.

VSE FIRST Project Director is Clair Anderson, (404) 763-4503, cvanderson@vsecorp.com.



U.S. Army Communications and Electronics Command (CECOM) Rapid Response (R2) Program

The VSE Corporation is a prime contractor for the U.S. Army Communications and Electronics Command (CECOM) Rapid Response (R2) Program, executing \$2.9 billion in potential contract support.

This contract provides the federal sector a flexible, rapid response acquisition vehicle that can support virtually any technical or non-technical government requirement. The R2 Statement of Work (SOW) allows the greatest flexibility in responding to federal contracting needs, from state-of-the-art research and development to integrated logistics services.

According to the latest figures, CECOM has authorized more than 1,239 task orders with a ceiling exceeding \$11.98 billion. VSE contribution is more than \$1 billion.

Charley Borns, R2 project director for VSE Corporation, said, "Our mission is to provide federal program managers, in coordination with the CECOM R2 Program Office, an ability to get a task order in place as quickly as possible. The goal is 19 business days."

The R2 contract allows for issuance of multi-year task orders that have a base period of either 36 months or 12 months. VSE has several corrosion control tasks, supporting TACOM and the Marines, that are structured in this fashion. This facet again provides the needed flexibility to support combat units on demand.

VSE CECOM R2 Project Director is Charley Borns, (732) 389-3324, cjborns@vsecorp.com.

SeaPort Enhanced (SeaPort-e)

VSE is a contractor for the SeaPort Enhanced (SeaPort-e) contract vehicles which utilize electronic procurement of engineering, financial, and program management support services. Using SeaPort-e, the Navy Virtual SYSCOM (VS) Commanders (NAVAIR, NAVSEA, NAVSUP, and SPAWAR) has adopted an integrated approach to contracting for support services.

The SeaPort-e portal provides a standardized means of issuing competitive solicitations among a large and diverse community of approved contractors, as well as a platform for awarding and managing performance-based task orders. This unified approach allows SeaPort-e service procurement teams to leverage their best work products, practices, and approaches across the Navy's critical service business sector.

VSE SeaPort-e Project Director is Scott Barbour, (757) 523-7218, csbarbour@vsecorp.com.

“...we have diversified our markets and client base to provide a more comprehensive and diverse portfolio of services.”

Energetics Incorporated

Jim Reed, President

In 1979, four young professionals combined their consulting practices to form a new company, located in Columbia, MD. They managed to get their first contract from Pacific Northwest National Laboratory to prepare environmental impact summaries of R&D projects designed to improve energy efficiency in production technologies.

That company was Energetics Incorporated.

Energetics grew steadily through the years and now has additional offices in Washington, DC, and Morgantown, WV. In 1995, the owners of Energetics joined the VSE team in the hopes of broadening their client base.

Jim Reed, President and CEO, was one of the original founding members. “One of the reasons we wanted to team with VSE is to diversify our services. About 90 percent of Energetics’ work, up to that point, was primarily serving our core clients in the Department of Energy,” Reed said. “We have succeeded in diversifying our business base beyond those clients while continuing to provide them with increasingly sophisticated services over the years. As needs have changed, programs have matured, and markets have become more competitive.

“We now offer professional services to government and commercial clients in several key and emerging markets, such as: strategic planning; technology assessments; environmental regulatory compliance, clean energy supply, energy infrastructure, and end-use efficiency; infrastructure protection and security; and global health.

The largest of Energetics’ five divisions is its Technology Strategies Division. Senior Vice President and 29-year Energetics staff member Jack Eisenhauer said, “We develop collaborative strategies for addressing complex national and global issues such as climate change. We operate at the interface between technology and policy needs. The key

here is to bring different parties together to try and solve these problems in innovative ways. Within our division we also conduct partnership development, technology roadmapping, performance measurement and analysis, and technical and business consulting.

“Initially Energetics was mainly an engineering services company doing work almost exclusively for the Department of Energy’s energy-efficiency programs. Following Don Ervine’s guidance, we have diversified our markets and client base to provide a more comprehensive and diverse portfolio of services. We now serve clients at the Department of Homeland Security, many national laboratories, and a variety of DOE programs, as well as private companies, industry associations, and state agencies. Our consulting services and products are far more sophisticated and we are sought out nationally and globally. Our recent expansion into global health and cyber security is starting to bear fruit.”



“The multi-disciplinary staff of scientists, engineers, economists, and public policy professionals in the Energy Systems Division provides support for federal- and private-sector clients...”

For example, the group provides a variety of services for the PATH Malaria Vaccine Initiative, which receives funding from The Gates Foundation.

Brian Marchionini, who assists Vice President Rich Scheer in managing the Energy Systems Division, said, “The multi-disciplinary staff of scientists, engineers, economists, and public policy professionals in the Energy Systems Division provides support for federal- and private-sector clients, primarily in the areas of electricity policy, technologies and markets, wind power, and climate change programs.”

The group has helped to produce a number of high quality products including multi-year program plans, annual operating plans, websites, fact sheets, and brochures.

“Another area we specialize in is coordinating conferences and workshops for topics such as electricity policy, plug-in hybrid electric vehicles, and cutting-edge energy technologies,” Marchionini added. “This involves constructing an effective agenda, gathering the appropriate group of experts, as well as facilitating the event. We then capture the information and solicit feedback before finalizing the event by putting together and distributing the proceedings document.”

An example of a recent assignment is the group’s work on Maryland’s Energy Summit last month in Annapolis. The summit is the launching point for a new energy strategy to be presented to the General Assembly in November. Rich Scheer assisted the Maryland Energy Administration in leading the discussions and facilitating the dialogue at the summit, and was credited by Governor Martin O’Malley.

In the Management Services Division, Vice President Marty Martinez and his staff support peer and project reviews, perform technical reviews, and develop annual reports and other documents for the Department of Energy’s Office of Nuclear Energy. “We maintain various management databases, provide meeting support, and provide unique program support activities such as developing strategic plans and roadmaps for the various program offices,” said Martinez.

“We also are working on independent, external project baseline development and validation reviews in support of the U.S. Army Corps of Engineers and the DOE Office of Engineering and Construction Management,” he said. “Some of the sites we are currently working with include: Richland, WA; Aiken, GA; Oak Ridge, TN; and West Valley, NY—as well as the Gaseous Diffusion Plants in Portsmouth, OH, and Paducah, KY.”

A major service offered by Energetics’ Science and Technology Division, headed by Vice President Nancy Margolis, is the development of strategic industry visions and technology roadmaps that guide decisions and investments for multiple partners. Technology assessments and program metric studies are additional areas in which the division excels. The division has expanded its consulting support practice to include many private-sector and international clients.



Vice President Jim Carey oversees the Planning and Analysis Division, which supports the Office of Infrastructure Protection and other programs within the Department of Homeland Security. The group recently was awarded a contract by DHS to perform planning tasks to help protect the nation’s critical infrastructures and key resources in the event of a major disease pandemic.

Energetics has a company-wide strength that has grown over the years: an award-winning technical communications team, comprising talented specialists in communication planning, writing and editing, graphics, video production, and web development.

“We occupy a market niche significantly up the value chain than when we began,” Reed said. “We provide quality work because we are blessed with highly trained, talented, ethical, experienced, and loyal employees. I am particularly happy that so many of our senior staff members have been with the firm for many years, which, combined with our steady growth record, demonstrates to our young staff members that Energetics offers them realistic opportunities for career development over the long haul.”



“ICRC is well positioned to introduce established, proven products into government and commercial markets.”

Integrated Concepts and Research Corporation

Carl Williams, President and COO
Jim Lexo, CEO

Integrated Concepts and Research Corporation (ICRC), a subsidiary of VSE Corporation, is a diversified technical and management services company that primarily serves the government market. ICRC employs approximately 200 employees across four operating divisions. The company’s divisions provide solutions and services in the areas of information technology, advanced vehicle technologies, aerospace engineering, and transportation infrastructure.



Advanced Vehicle Technologies Division

ICRC’s Advanced Vehicle Technologies (AVT) division, based out of Sterling Heights, MI, specializes in the development and enhancement of vehicle technologies for government and commercial clients. The AVT division offers its customers a unique combination of program management and technical expertise that take complex projects from start to finish.

“ICRC carries a strong reputation for providing superior products and services in research and development,” said Carl Williams, ICRC President and COO. “ICRC is well positioned to introduce established, proven products into government and commercial markets.”

With a particular focus on unique technology solutions, ICRC’s AVT division manages the development, qualification, marketing, and sale of a variety of specialty products that meet unique commercial and government needs. ICRC is currently working with the U.S. Army to develop an all-terrain, light, tactical vehicle for military use. The LASSO® (Land and Sea Special Operations) vehicle is a high-capacity, six-wheel-drive, all-terrain utility vehicle designed with special features, such as a large cargo area and a heavy load capacity.

“LASSO® is a unique vehicle which offers significant advantages over current commercial off-the-shelf recreational ATVs,” said John Wasylyk, LASSO® program manager.

Additionally, ICRC’s AVT division facilitates the development and evaluation of alternative fuels and energy solutions. The division builds partnerships to achieve ambitious technology objectives and to address national strategic energy needs. Specific projects include overseeing a Department of Energy effort to produce, test, and evaluate alternative clean-burning diesel fuels.



Aerospace Services Division

The ICRC Aerospace Services (AS) division, based out of Huntsville, AL, has a proven track record of delivering services and support to the aerospace industry. For government clients like NASA and the U.S. Air Force, this specialized group provides aerospace testing and analysis, and technical and operational support. ICRC, a pioneer in providing commercial testing services at NASA, continues to expand that service. ICRC also holds a separate contract under Jacobs Engineering to provide highly specialized engineering services to a variety of NASA programs.

ICRC has been successful in conducting materials and components testing for NASA projects including support of the international space station and space shuttle. ICRC offers commercial testing at the Marshall Space Flight Center's world-class facilities on a non-interference basis. ICRC provides test data management, fixture design, and manufacturing. Testing facility support includes maintenance, calibration, configuration control, modifications, and procurement services.

ICRC's space vehicle launch support includes end-to-end engineering and technical services that integrate activities needed for successful launch operations. The AS technical team ensures successful program execution in space systems development by providing program management services during the initial design effort and throughout all development phases.



Information Sciences Division

ICRC's Information Sciences (IS) Division provides end-to-end information technology solutions and services to a variety of government customers. ICRC has locations in Chantilly, VA; Vicksburg, MS; and Portland, OR. ICRC focuses on enterprise IT solutions and services, from sophisticated system design and engineering to help desk support. ICRC's primary IT customers include the U.S. Army Corps of Engineers and the Social Security Administration (SSA).

Since 2003, ICRC has provided global IT support for the Corps of Engineers Enterprise Infrastructure Services (CEEIS). ICRC has assembled, installed, configured, and provided help desk support for standardized Corps Network and Security Stack (CNSS) systems at more than 70 Corps locations. Through this project, ICRC received a 98 percent approval rating on surveys completed by the Corps site personnel following the installations.

For the past five years, ICRC's Assistive Technology Support Office (ATSO) has provided assistive technologies support and services to SSA employees with disabilities under a contract with the SSA's Office of Telecommunications and Systems Operations (OTSO). ICRC provides SSA's disabled employees with specialized training and help desk user support for job-related assistive technologies, enabling the employees optimal productivity and job satisfaction. In addition to user support and training, ICRC's expertise in the area of assistive technologies includes requirements and needs analysis; product evaluation; deployment planning and implementation; product configuration and integration; and program management.



The U.S. Department of Transportation (DOT) Maritime Administration (MARAD) has contracted with ISS to provide program management for the \$400 million Port of Anchorage Intermodal Expansion Project (PIEP).

Infrastructure Support Services Division

The ICRC Infrastructure Support Services (ISS) Division, based out of Anchorage, AK, provides program management and technical expertise for large infrastructure development projects. The division's focus is on the development and expansion of major systems and facilities, including transportation systems (ports, railroads, highways, and airports), energy systems (power plants, fuel plants, hydroelectric systems, and alternative fuels) and wastewater systems.

The U.S. Department of Transportation (DOT) Maritime Administration (MARAD) has contracted with ISS to provide program management for the Port of Anchorage Intermodal Expansion Project (PIEP). PIEP activities include the development of an additional 135 acres of land for industrial commercial use and support of rapid military deployment from Alaska's bases. The Port of Anchorage is a vital and integral part of Alaskan life, serving 80 percent of the commercial goods for 90 percent of the state's population.

ICRC has been involved in the project from its inception by supporting the Port's efforts in permitting, design, and construction of a large, intermodal facility. The project also requires demolition of an existing wharf and extensive seismic studies. The project will deepen the harbor and install larger and longer cranes to accommodate fast, efficient, and safe movement of goods from ship to shore in a growing market without disruption of commercial service. ICRC is fully responsible for permitting, design, construction activities, tenant coordination, and project controls.



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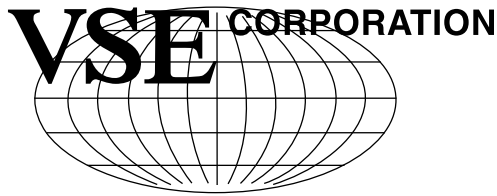
Our reputation for success and our quality management system result from the value we place on self-governance, openness, honesty, and integrity in everything we do. The foundation of our success is based on state-of-the-art IT communications, teamwork, motivation, and leadership. VSE has an enduring commitment to help our customers, employees, and teaming partners succeed with cost-effective, modern, high-quality solutions and process improvement.

VSE was established in 1959 with a mission to provide engineering and technical support services to reduce the cost and improve the reliability of U.S. Department of Defense (DoD) systems and equipment. Today, VSE is a broadly diversified company focused on creating, sustaining, and improving the systems, equipment, and processes of government. Our expanded mission now includes providing innovative services and technologies to help our customers succeed in the engineering, energy, environment, information technology, infrastructure, property management, and defense services markets.

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