TRAYLOR THOMAS W
Form 4
March 04, 2005

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
TRAYLOR THOMAS W

(Last) (First) (Middle)

38 FOUNTAIN SQUARE PLAZA

(Street)

CINCINNATI, OH 45263

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FIFTH THIRD BANCORP [FITB]

3. Date of Earliest Transaction (Month/Day/Year)
03/02/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/02/2005		M		1,610	A	$ 18.57	260,193	D	
Common Stock	03/02/2005		S		1,610	A	$ 45.13	258,583	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option to Purchase	$ 18.57	03/02/2005		M			1,610	04/19/1995 (1)	04/19/2005	Common Stock	1,610

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TRAYLOR THOMAS W 38 FOUNTAIN SQUARE PLAZA CINCINNATI, OH 45263	X			

Signatures

Paul L. Reynolds, Attorney-in-Fact for Thomas W. Traylor	03/04/2005
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Indicates grant date. Options are exercisable as follows: 25% on grant date; 50% one year from grant; 75% two years from grant; and 100% three years from grant.

(2) Issued pursuant to Fifth Third Bancorp stock option plan. No consideration paid.

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Non-employee Directors
298 318 212
Total
$1,954 $1,435 $912

The employee-related restricted stock awards are expensed and a corresponding liability is recorded ratably over the vesting period of approximately three years. Upon issuance of shares on each vesting date, the liability is reduced and additional paid-in capital is increased. During 2010, we reclassified approximately $1.1 million from stockholders' equity to accrued expenses related to our restricted stock awards.

(b) Stock Option Plans

On December 30, 2005, our Board of Directors directed us to discontinue awarding options, both discretionary and nondiscretionary under our 1998 Stock Option Plan (the “1998 Plan”) and our 2004 Stock Option Plan. The 1998 Plan terminated on May 6, 2008 and no options issued remain outstanding.

The total intrinsic value of options exercised during 2009 and 2008 was approximately $1.3 million and $819 thousand, respectively. At December 31, 2009, there was no unrecognized compensation cost related to nonvested stock options.

(c) Stock-Based Compensation Expense

Stock-based compensation which includes compensation recognized on stock option grants and restricted stock awards, was included in contract costs and the following line items on the accompanying statements of income for the years ended December 31, 2010, 2009 and 2008 (in thousands):

	2010	2009	2008
Stock-based compensation included in contract costs	$2,012	1,492	1,062
Income tax benefit recognized for stock-based compensation	(772)	(565)	(408)
Total stock-based compensation expense, net of income tax benefit	$1,240	$927	$654

(10) Income Taxes

We are subject to U.S. federal income tax as well as income tax in multiple state and local jurisdictions. We have substantially concluded all U.S. federal income tax matters as well as material state and local tax matters for years through 2006.

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We file consolidated federal income tax returns that include all of our subsidiaries. The components of the provision for income taxes for the years ended December 31, 2010, 2009, and 2008 are as follows (in thousands):

	2010	2009	2008
Current			
Federal	$ 13,314	$ 12,075	$ 9,061
State	1,760	1,942	1,907
	15,074	14,017	10,968
Deferred			
Federal	(752)	622	1,284
State	24	(64)	(43)
	(728)	558	1,241
Provision for income taxes	$ 14,346	$ 14,575	$ 12,209

The differences between the amount of tax computed at the federal statutory rate of 35% and the provision for income taxes for the years ended December 31, are as follows (in thousands):

	2010	2009	2008
Tax at statutory federal income tax rate	$13,312	$13,509	$10,937
Increases (decreases) in tax resulting from:			
State taxes, net of federal tax benefit	1,341	1,230	1,211
Permanent differences, net	(50)	64	61
Other, net	(257)	(228)	-
Provision for income taxes	$14,346	$14,575	$12,209

Our deferred tax assets and liabilities as of December 31, 2010 and 2009, which represent the tax effects of temporary differences between tax and financial accounting bases of assets and liabilities and are measured using presently enacted tax rates, are as follows (in thousands):

	2010	2009
Current deferred tax assets	$4,063	$3,353
Current deferred tax liabilities	(2,461)	(1,317)
Net current deferred tax assets	1,602	2,036
Noncurrent deferred tax assets	4,631	3,147
Noncurrent deferred tax liabilities	(3,793)	(3,420)
Valuation allowance	-	(51)
Net noncurrent deferred tax assets (liabilities)	838	(324)
Net deferred tax assets	$2,440	$1,712

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The tax effect of temporary differences representing deferred tax assets and liabilities as of December 31, 2010 and 2009, are as follows (in thousands):

	2010	2009
Gross deferred tax assets		
Deferred compensation and accrued paid leave	$5,130	$4,139
Accrued expenses	803	828
Restricted stock expense	694	430
Acquisition-related expenses	303	-
Reserve for contract disallowances	267	231
Retainage	3	3
Total gross deferred tax assets	7,200	5,631
Less valuation allowance	-	(51)
Net gross deferred tax assets	$7,200	$5,580
Gross deferred tax liabilities		
Depreciation	(2,380)	(2,561)
Deferred revenues	(1,665)	(927)
Intangible assets	(715)	(380)
Total gross deferred tax liabilities	(4,760)	(3,868)
Net deferred tax assets	$2,440	$1,712

(11) Commitments and Contingencies

(a) Leases and Other Commitments

We have various non-cancelable operating leases for facilities, equipment, and software with terms between two and fifteen years. The terms of the facilities leases typically provide for certain minimum payments as well as increases in lease payments based upon the operating cost of the facility and the consumer price index. Rent expense is recognized on a straight-line basis for rent agreements having escalating rent terms. Lease payments for the years ended December 31, 2010, 2009, and 2008 were as follows (in thousands):

	Lease Payments	Sublease Income	Net Expense
2010	$13,209	$808	$12,401
2009	$12,546	$782	$11,764
2008	$10,378	$709	$9,669

Future minimum annual non-cancelable commitments as of December 31, 2010 are as follows (in thousands):

	Lease Commitments	Sublease Income	Net Commitments

2011	$ 8,291	$486	$ 7,805
2012	6,882	497	6,385
2013	6,129	169	5,960
2014	4,839	-	4,839
2015	1,530	-	1,530
Thereafter	1,984	-	1,984
Total	$ 29,655	$1,152	$ 28,503

We signed a 15-year lease commitment on November 9, 2009, to lease a new building with approximately 95,000 square feet of office space in Springfield, Virginia that will serve as our executive and administrative headquarters beginning in the Spring of 2012. We issued a letter of credit under the lease agreement. The letter of credit is held by the landlord as security for our performance of obligations under the lease agreement. Under the lease agreement, the landlord has the ability to draw upon the letter of credit during the construction period under certain conditions that are not within our control. Amounts drawn on the letter of credit are not required to be maintained by the landlord in a separate bank account, which could lead to the funds if any, are drawn from the letter of credit being comingled with other funds of the landlord. Due to the lease agreement terms regarding the potential of the landlord drawing on the letter of credit, we have concluded that we are involved in the construction of the building for accounting purposes and, therefore, we are considered the owner of the building during the construction period. We have recorded a construction asset and corresponding long-term liability of $19.2 million on the accompanying December 31, 2010 consolidated balance sheet in connection with this lease, which represents the construction costs incurred by the landlord as of December 31, 2010.

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Future minimum annual non-cancelable commitments under our new headquarters lease as of December 31, 2010 are as follows (in thousands):

	Lease Commitments
2011	$ 0
2012	2,451
2013	3,750
2014	3,863
2015	3,980
Thereafter	53,493
Total	$ 67,537

(b) Contingencies

We have, in the normal course of business, certain claims against us and against other parties. In our opinion, the resolution of these claims will not have a material adverse effect on our results of operations or financial position. However, the results of any legal proceedings cannot be predicted with certainty.

(12) Business Segments and Customer Information

Segment Information

Management of our business operations is conducted under four reportable operating segments: the Federal Group, the International Group, the IT, Energy and Management Consulting Group, and the Infrastructure Group. These segments operate under separate management teams and financial information is produced for each segment. The business entities within each of the Federal Group, International Group, and IT, Energy and Management Consulting Group meet the aggregation of operating segments criteria as defined by the accounting standard for segment reporting. We evaluate segment performance based on consolidated revenues and profits or losses from operations before income taxes.

Federal Group - Our Federal Group provides legacy equipment sustainment, engineering, technical, management, integrated logistics support and information technology services to DoD and other government agencies. The Federal Group consists of five divisions: CED, ELD, FSS and SED.

International Group - Our International Group provides engineering, industrial, logistics and foreign military sales services to the U.S. military and other government agencies. It consists of three divisions: GLOBAL, FMD and VCG. VCG became inactive in 2009.

IT, Energy and Management Consulting Group – Our IT, Energy and Management Consulting Group provides technical and consulting services primarily to various civilian government agencies. This group consists of Energetics, G&B, upon acquisition in April 2008 and Akimeka, upon acquisition in August 2010.

Infrastructure Group – Our Infrastructure Group is engaged principally in providing diversified technical and management services to the government, including transportation infrastructure services and aerospace services. This group consists of ICRC.

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Our segment information is as follows (in thousands):

For the years ended December 31,	2010	2009	2008
Revenues			
Federal Group	$454,660	$585,951	$667,407
International Group	261,499	314,134	220,021
IT, Energy and Management Consulting Group	94,796	74,117	49,927
Infrastructure Group	55,081	40,437	106,380
Total revenues	$866,036	$1,014,639	$1,043,735
Income before income taxes:			
Federal Group	$20,574	$21,311	$18,594
International Group	9,376	9,569	5,719
IT, Energy and Management Consulting Group	10,275	7,402	4,602
Infrastructure Group	292	990	4,167
Corporate	(2,484)	(673)	(1,833)
Income before income taxes	$38,033	$38,599	$31,249
Interest (income) expense			
Federal Group	$(31)	$(89)	$(379)
International Group	197	436	110
IT, Energy and Management Consulting Group	(49)	(35)	(198)
Infrastructure Group	(19)	(14)	(72)
Corporate	82	(418)	424
Total interest (income) expense	$180	$(120)	$(115)
Depreciation and amortization expense:			
Federal Group	$4,115	$4,008	$2,242
International Group	1,521	1,211	967
IT, Energy and Management Consulting Group	1,953	1,168	877
Infrastructure Group	1,348	1,235	1,351
Total depreciation and amortization	$8,937	$7,622	$5,437
Capital expenditures:			
Federal Group	$496	$2,894	$6,008
International Group	816	423	1,244
IT, Energy and Management Consulting Group	305	268	419
Infrastructure Group	161	162	260
Corporate	3,027	5,028	2,172
Total capital expenditures	$4,805	$8,775	$10,103

	December 31, 2010	December 31, 2009
Total assets:		
Federal Group	$67,452	$125,040
International Group	62,062	38,994
IT, Energy and Management Consulting Group	24,658	19,543

Infrastructure Group	21,239	9,438
Corporate	113,015	60,975
Total assets	$288,426	$253,990

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Revenues are net of inter-segment eliminations. Corporate/unallocated expenses are primarily selling, general and administrative expenses not allocated to segments. Corporate assets are primarily cash and property and equipment.

Customer Information

We are engaged principally in providing diversified logistics, engineering, IT, construction management and consulting services to the government, other government prime contractors, and commercial entities. The largest customer for our services is the DoD, including agencies of the U.S. Army, Navy, and Air Force. Our revenue by customer is as follows for the years ended December 31, (in thousands):

	Revenues by Customer (Dollars in Thousands) Years ended December 31,					
Customer	2010	%	2009	%	2008	%
U.S. Army/Army Reserve	$463,305	53.5	$555,238	54.7	$625,237	59.9
U.S. Navy	198,833	23.0	271,189	26.7	195,792	18.8
U.S. Air Force	13,303	1.5	13,839	1.4	10,720	1.0
Total - DoD	675,441	78.0	840,266	82.8	831,749	79.7
Department of Transportation	51,497	6.0	35,722	3.5	89,873	8.6
Department of U.S. Treasury	49,332	5.7	47,676	4.7	57,021	5.5
Department of Interior	29,810	3.4	29,275	2.9	19,156	1.8
Department of Energy	21,890	2.5	16,111	1.6	12,812	1.2
Other government	33,055	3.8	42,670	4.2	29,748	2.9
Total – Federal Civil Agencies	185,584	21.4	171,454	16.9	208,610	20.0
Commercial	5,011	0.6	2,919	0.3	3,376	0.3
Total	$866,036	100.0	$1,014,639	100.0	$1,043,735	100.0

We do not measure revenue or profit by product or service lines, either for internal management or external financial reporting purposes, because it would be impractical to do so. Products offered and services performed are determined by contract requirements and the types of products and services provided for one contract bear no relation to similar products and services provided on another contract. Products and services provided vary when new contracts begin or current contracts expire. In many cases, more than one product or service is provided under a contract or contract task order. Accordingly, cost and revenue tracking is designed to best serve contract requirements and segregating costs and revenues by product or service lines in situations for which it is not required would be difficult and costly to both us and our customers.

(13) Capital Stock

Common Stock

Our common stock has a par value of $0.05 per share. Proceeds from the issuance of common stock that is greater than $0.05 per share is credited to additional paid in capital. Holders of common stock are entitled to one vote per common share held on all matters voted on by our stockholders. Stockholders of record are entitled to the amount of dividends declared per common share held.

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(14) 401(k) Plan and Profit Sharing Plan

We maintain a number of defined contribution plans under the provisions of Section 401(k) of the Internal Revenue Code that cover substantially all of our employees. Under the provisions of our 401(k) plans, most employees' eligible contributions are matched at rates specified in the plan documents. Our expense associated with these plans was approximately $4.3 million, $3.5 million and $2.5 million for the years ended December 31, 2010, 2009, and 2008, respectively.

Energetics maintains a profit sharing plan for its employees. All employees who have completed at least two years of service are members of the profit sharing plan. At our discretion, we may make contributions to the Energetics plan. Total expense for the years ended December 31, 2010, 2009, and 2008 was $270 thousand, $190 thousand, and $240 thousand, respectively.

(15) Fair Value Measurements

The accounting standard for fair value measurements defines fair value, and establishes a market-based framework or hierarchy for measuring fair value. The standard is applicable whenever assets and liabilities are measured at fair value. The accompanying consolidated balance sheets include various financial instruments (primarily cash and cash equivalents, receivables, accounts payable, deferred supplemental compensation plan, deferred compensation and contingent consideration in connection with the Akimeka acquisition).

The fair value hierarchy established in the standard prioritizes the inputs used in valuation techniques into three levels as follows:

Level 1 – Observable inputs – quoted prices in active markets for identical assets and liabilities;

Level 2 – Observable inputs other than the quoted prices in active markets for identical assets and liabilities – includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, and amounts derived from valuation models where all significant inputs are observable in active markets; and

Level 3 – Unobservable inputs – includes amounts derived from valuation models where one or more significant inputs are unobservable and require us to develop relevant assumptions.

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The following table summarizes the financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and the level they fall within the fair value hierarchy (in thousands):

Amounts Recorded at Fair Value	Financial Statement Classification	Fair Value Hierarchy	Fair Value
Non-COLI assets held in DSC Plan	Other assets	Level 1	$1,636
Deferred compensation liability related to the DSC Plan	Deferred compensation	Level 2	$6,002
Earn-out obligation	Other liabilities	Level 3	$7,807

Changes in the fair value of the Non-COLI assets held in the deferred supplemental compensation plan, as well as changes in the related deferred compensation obligation, are recorded as selling, general and administrative expenses.

We determined the fair value of the earn-out obligation related to the Akimeka acquisition by using a valuation model which included the evaluation of all possible outcomes and the application of an appropriate discount rate. At the end of each reporting period, the fair value of the contingent consideration is re-measured and any changes are recorded as contract costs. The fair value of the earn-out obligation between the August 2010 acquisition date and December 31, 2010 decreased approximately $167 thousand.

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(16) Selected Quarterly Data (Unaudited)

The following table shows selected quarterly data for 2010 and 2009, in thousands, except earnings per share:

	2010 Quarters			
	1st	2nd	3rd	4th
Revenues	$228,176	$212,473	$212,943	$212,444
Operating income	$8,651	$9,953	$11,845	$7,764
Net income	$5,398	$6,103	$7,218	$4,968
Basic earnings per share	$1.04	$1.18	$1.39	$0.96
Weighted average shares outstanding	5,180	5,192	5,192	5,192
Diluted earnings per share	$1.04	$1.18	$1.39	$0.96
Weighted average shares outstanding	5,180	5,192	5,192	5,192

	2009 Quarters			
	1st	2nd	3rd	4th
Revenues	$240,455	$255,109	$263,068	$256,007
Operating income	$7,444	$10,489	$12,502	$8,044
Net income	$4,640	$6,442	$7,726	$5,216
Basic earnings per share	$0.91	$1.26	$1.51	$1.02
Weighted average shares outstanding	5,112	5,130	5,132	5,138
Diluted earnings per share	$0.91	$1.25	$1.50	$1.01
Weighted average shares outstanding	5,127	5,143	5,146	5,169

Our profitability will fluctuate based on the mix of contract work performed and on the timing of fees earned and awarded on certain contracts. We recognized operating income on our Treasury Seized Asset Program in the third quarter of 2010 and the third quarter of 2009 of approximately $3.5 million and $3.3 million, respectively primarily due to this program’s incentive fee recognition.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

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Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2010 based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment under the framework in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2010. Ernst & Young LLP, our independent registered public accounting firm, has issued an opinion on our internal control over financial reporting. This opinion appears in the Report of Independent Registered Public Accounting Firm under Item 9(a) of this Annual Report on Form 10-K.

Change in Internal Controls

During the fourth quarter of fiscal year 2010, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that have materially affected these controls, or are reasonably likely to materially affect these controls subsequent to the evaluation of these controls.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of VSE Corporation

We have audited VSE Corporation and Subsidiaries' internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). VSE Corporation and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, VSE Corporation and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of VSE Corporation and Subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2010 and our report dated March 2, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, VA
March 2, 2011

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ITEM 9B.Other Information

None.

PART III

Except as otherwise indicated below, the information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K has been omitted in reliance of General Instruction G(3) to Form 10-K and is incorporated herein by reference to our definitive proxy statement to be filed with the SEC not later than 120 days after December 31, 2010 in respect to the Annual Meeting of VSE's stockholders (the "Proxy Statement") scheduled to be held on May 3, 2011.

ITEM 10. Directors, Executive Officers and Corporate Governance

See Item 4 under the caption "Executive Officers of the Registrant," and the remaining information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 11. Executive Compensation

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Except for the "Equity Compensation Plan Information" disclosed in Item 5(d) above, the information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference to the Proxy Statement.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

1.Financial Statements

The consolidated financial statements are listed under Item 8 of this Form 10-K.

2.Supplemental Financial Statement Schedules

Schedules not included herein have been omitted because of the absence of conditions under which they are required.

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3.Exhibits

See “Exhibit Index” hereinafter contained and incorporated by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
Date: March 2, 2011	By:	/s/ M. A. Gauthier M. A. Gauthier Director, Chief Executive Officer, President and Chief Operating Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Maurice A. Gauthier Maurice A. Gauthier	Director, Chief Executive Officer, President and Chief Operating Officer	March 2, 2011
/s/ Thomas R. Loftus Thomas R. Loftus	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2011
/s/ Clifford M. Kendall Clifford M. Kendall	Chairman	March 2, 2011
/s/ Calvin S. Koonce Calvin S. Koonce	Director	March 2, 2011
/s/ James F. Lafond James F. Lafond	Director	March 2, 2011
/s/ David M. Osnos David M. Osnos	Director	March 2, 2011
/s/ Jimmy D. Ross	Director	March 2, 2011

Jimmy D. Ross

/s/ Bonnie K. Wachtel Bonnie K. Wachtel	Director	March 2, 2011
/s/ Ralph E. Eberhart Ralph E. Eberhart	Director	March 2, 2011
/s/ Donald M. Ervine Donald M. Ervine	Director	March 2, 2011

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EXHIBIT INDEX

Reference No. Per Item 601 of Regulation S-K	Description of Exhibit	Exhibit No. In this Form 10-K
2.1	Plan of acquisition, reorganization, arrangement, liquidation or succession Share Purchase Agreement, dated as of June 4, 2007, by and among VSE Corporation, Koniag, Inc., Koniag Development Corporation, Nancy Ellen Lexo Living Trust, James W. Lexo, Jr., and Integrated Concepts and Research Corporation (Exhibit 2.1 to Form 8-K dated June 4, 2007)	*
2.2	Share Purchase Agreement, dated as of April 14, 2008, by and among VSE Corporation, Linda Kay Berdine Revocable Trust, Linda K. Berdine and G&B Solutions, Inc. (Exhibit 2.1 to Form 8-K dated April 14, 2008)	*
3.1	Certificate of incorporation and by-laws Restated Certificate of Incorporation of VSE Corporation dated as of February 6, 1996 (Exhibit 3.2 to Form 10-K405 dated March 25, 1996)	*
3.2	By-Laws of VSE Corporation as amended through December 17, 2008 (Exhibit 3.1 to Form 8-K dated December 17, 2008)	*
4.1	Instruments defining the rights of security holders, including indentures Specimen Stock Certificate as of May 19, 1983 (Exhibit 4 to Registration Statement No. 2-83255 dated April 22, 1983 on Form S-2)	* +
10.1	Material contracts	
10.2	Employment Agreement dated as of March 10, 2004, by and between VSE Corporation and Thomas G. Dacus (Exhibit 10.1 to Form 10-Q dated April 28, 2004)	* +
10.3	Employment Agreement dated as of July 1, 2004, by and between VSE Corporation and Thomas R. Loftus (Exhibit 10.1 to Form 10-Q dated July 30, 2004)	* +
10.4	Employment Agreement dated as of April 22, 2008, by and between VSE Corporation and Maurice G. Gauthier (Exhibit 10.1 to Form 8-K dated April 22, 2008)	* +
10.5	Transition Agreement dated as of April 22, 2008, by and between VSE Corporation and Donald M. Ervine (Exhibit 10.2 to Form 8-K dated April 22, 2008)	* +
10.6	Severance and Mutual Protection Agreement dated as of November 7, 2008 by and between VSE Corporation and Thomas M. Kiernan (Exhibit 10.3 to Form 10-K dated March 3, 2009)	* +
10.7		* +

Statement of Amendment Number One to the Transition agreement, dated December 30, 2008 between VSE Corporation and Donald M. Ervine (Exhibit 10.1 to Form 8-K dated January 6, 2009)

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10.8	Statement of Amendment Number Two to the Transition Agreement, dated December 31, 2008, between VSE Corporation and Donald M. Ervine (Exhibit 10.2 to Form 8-K dated January 6, 2009)	* +
10.9	Statement of Amendment to the Employment Agreement dated as of April 19, 2010, by and between VSE Corporation and Maurice G. Gauthier (Exhibit 10.1 to Form 8-K dated April 19, 2010)	* +
10.10	Business Loan and Security Agreement dated August 26, 2009 among VSE Corporation, Energetics Incorporated, VSE Services International, Inc., Integrated Concepts and Research Corporation, G&B Solutions, Inc., Citizens Bank of Pennsylvania and Suntrust Bank (Exhibit 10.1 to Form 8-K dated August 26, 2009)	* +
10.11	Amended and Restated Business Loan and Security Agreement dated August 19, 2010 among VSE Corporation, Energetics Incorporated, VSE Services International, Inc., Integrated Concepts and Research Corporation, G&B Solutions, Inc., Akimeka, LLC, Citizens Bank of Pennsylvania and Suntrust Bank (Exhibit 10.1 to Form 8-K dated August 19, 2010)	* +
10.12	Lease Agreement by and between Metropark 7 LLC and VSE Corporation (Exhibit 10.2 to Form 8-K dated November 4, 2009)	* +
10.13	VSE Corporation Deferred Supplemental Compensation Plan effective January 1, 1994 as amended by the Board through March 9, 2004 (Exhibit 10.2 to Form 10-Q dated April 28, 2004)	* +
10.14	VSE Corporation 2004 Stock Option Plan (Appendix B to Registrant's definitive proxy statement for the Annual Meeting of Stockholders held on May 3, 2004)	* +
10.15	VSE Corporation 2004 Non-employee Directors Stock Plan (Appendix C to Registrant's definitive proxy statement for the Annual Meeting of Stockholders held on May 3, 2004)	* +
13.1	Annual report to security holders, Form 10-Q or selected quarterly data	Exhibit 13
21.1	Subsidiaries of the Registrant	Exhibit 21
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm	Exhibit 23.1
31.1	Section 302 CEO Certification	Exhibit 31.1
31.2	Section 302 CFO and PAO Certification	Exhibit 31.2
32.1	Section 906 CEO Certification	Exhibit 32.1
32.2	Section 906 CFO and PAO Certification	Exhibit 32.2
99.1	Audit Committee Charter (as adopted by the Board Of Directors of VSE Corporation on March 9, 2004)(Appendix A to Registrant's definitive proxy	*

statement for the Annual Meeting of Stockholders held on
May 3, 2004)

*Document has been filed as indicated and is incorporated by reference herein.
+Indicates management contract or compensatory plan or arrangement.

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Explanation of Responses: