

REFINITIV

DELTA REPORT

10-K

VSEC - VSE CORP

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	7288
CHANGES	265
DELETIONS	1798
ADDITIONS	5225

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

FORM 10-K

(Mark One)


☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended **December 31, 2022** **December 31, 2023**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File Number: 000-3676

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VSE CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

54-0649263
(I.R.S. Employer Identification No.)

6348 Walker Lane
Alexandria, Virginia
(Address of Principal Executive Offices)

22310
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.05 per share	VSEC	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by a check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

The aggregate market value of outstanding voting stock held by non-affiliates of the Registrant as of **June 30, 2022** **June 30, 2023**, the last business day of the registrant's most recently completed second quarter, was approximately **\$396 million** **\$611 million** based on the last reported sales price of the registrant's common stock on the NASDAQ Global Select Market as of that date.

Number of shares of Common Stock outstanding as of **February 28, 2023** **February 29, 2024**: **12,835,927** **15,769,077**

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant's definitive proxy statement for the Annual Meeting of Stockholders expected to be held on **May 3, 2023** **May 21, 2024**, which is expected to be filed with the Securities and Exchange Commission on or about **April 2, 2023** **April 8, 2024**, have been incorporated herein by reference into Part III of this report.

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Forward Looking Statements

This Annual Report on Form 10-K ("Form 10-K") contains statements that, to the extent they are not recitations of historical fact, constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All such statements are intended to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of such safe harbor provisions.

"Forward-looking" statements, as such term is defined by the Securities and Exchange Commission (the "SEC") in its rules, regulations and releases, represent our expectations or beliefs, including, but not limited to, statements concerning our operations, economic performance, financial condition, growth and acquisition strategies, investments and future operational plans. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "forecast," "seek," "plan," "predict," "project," "could," "estimate," "might," "continue," "seeking" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements, by their nature, involve substantial risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors, including, but not limited to, those identified in Item 1A, "Risk Factors" in this Form 10-K. All forward-looking statements made herein are qualified by these cautionary statements and risk factors and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that occur or arise after the date hereof.

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PART I

ITEM 1. Business

History and Organization

VSE Corporation, together with its consolidated subsidiaries, is a diversified leading provider of aftermarket products distribution and services company providing maintenance, repair services, parts distribution, logistics, supply chain management and consulting overhaul ("MRO") services for land, sea air and air land transportation assets to for commercial and government markets. VSE was incorporated in Delaware in 1959. The terms "we," "us," "our," "VSE" and the "Company" means mean VSE Corporation and its operating businesses unless the context indicates otherwise. We provide logistics

Purpose, Vision and distribution services for legacy systems Our Core Values

Purpose and equipment and professional and technical services to commercial customers; the government, including the United States Department of Defense ("DoD"); and federal civilian agencies. Our operations include supply chain management solutions, parts supply and distribution, and maintenance, repair and overhaul ("MRO") services for vehicle fleet, aviation, maritime and other customers. We also provide vehicle and equipment refurbishment, logistics, engineering support, data management and healthcare IT solutions, and clean energy consulting services. VSE was incorporated in Delaware in 1959 and the parent company serves as a centralized managing and consolidating entity for our three operating segments: Aviation, Fleet and Federal and Defense, each of which consists of one or more wholly owned subsidiaries or unincorporated divisions that perform our services. Vision Statement

We deliver trusted solutions to inspire the performance of tomorrow.

Aviation We are focused on enhancing the productivity and longevity of our customer's high-value, business-critical assets. We strive to achieve this through our dedication to creating better solutions, anticipating global needs, and building stronger relationships with our customers.

Core Values

- **Customer Obsessed:** Our exceptional service sets us apart
- **Own It:** Accountability is our responsibility
- **Speak Up:** Our experience and our voice matters
- **Better Together:** We collaborate to win
- **Results Matter:** We inspire and deliver our key results

Business Operations

Our business operations are managed under two reportable operating segments: Aviation and Fleet. Prior to the sale of the Federal and Defense segment, accounted for 43%, 33%, and 25% of our consolidated revenues as discussed below, we operated in 2022, 2021 and 2020, respectively. three reportable operating segments.

Aviation

The Aviation segment provides international is a leading provider of aftermarket parts supply distribution and distribution, supply chain solutions, and component MRO services for components and engine accessory MRO services accessories supporting global aftermarket commercial, and business and general aviation customers, operators ("B&GA"). This business offers a range of services to a diversified global client base of commercial airlines, regional airlines, cargo transporters, MRO integrators and providers, aviation manufacturers, corporate and private aircraft owners, and fixed-base operators ("FBOs").

In Our Aviation segment accounted for 63%, 61%, and 51% of our consolidated revenues in 2023, 2022 and 2021, we acquired Global Parts Group, Inc. ("Global Parts"), which provides distribution and MRO services for business and general aviation ("B&GA") aircraft families. The acquisition expands our existing B&GA focus and further diversifies our

product and platform offerings to include additional airframe components, while expanding our customer base of regional and global B&GA customers, respectively.

Fleet

Our Fleet segment accounted for 27%, 31%, and 37% of our consolidated revenues in 2022, 2021 and 2020, respectively. The Fleet segment provides parts specializes in part distribution, inventory management, e-commerce fulfillment, logistics engineering solutions, and other services to assist aftermarket commercial and government agencies with their supply chain management, management services supporting the medium and heavy-duty fleet market. Fleet segment operations are conducted under the brand Wheeler Fleet Solutions, which supports government and commercial truck fleets with parts, sustainment solutions and managed inventory services. Revenues for this business are derived from the sale of vehicle parts and mission critical supply chain services to support client truck fleets.

Federal and Defense

Our Federal and Defense Fleet segment accounted for 30% 37%, 36% 39%, and 38% 49% of our consolidated revenues in 2023, 2022 and 2021, respectively.

Federal and 2020, respectively. Defense

The Federal and Defense segment provides aftermarket refurbishment and sustainment services to extend and maintain the life cycle of military vehicles, ships and aircraft for the DoD. The segment provides foreign military sales services, engineering, logistics, maintenance, configuration management, prototyping, technology, and field support services, to the DoD and other customers. We also provide energy consulting services and IT solutions to various the DoD, federal civilian agencies and commercial clients, customers.

In 2021, May 2023, we acquired HAECO Special Services, LLC ("HSS"), which offers scheduled depot maintenance, contract field deployment announced our decision to sell our Federal and unscheduled drop-in maintenance Defense segment. As a result, we have reflected the results of operations for the DoD, primarily Federal and Defense segment as discontinued operations for the sustainment of the U.S. Air Force ("USAF") KC-10 fleet.

all periods presented. See Note (3)

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Table "Discontinued Operations" to our Consolidated Financial Statements included in Item 8 of Contents this annual report on Form 10-K for further information.

In February 2024, we entered into two separate agreements to sell substantially all of the Federal and Defense segment assets. See Note (18) "Subsequent Events" to our Consolidated Financial Statements for further information.

Products and Services

We provide a broad array of capabilities aftermarket parts distribution and resources service capabilities to support our clients' aftermarket transportation assets, aircraft and vehicle fleets, aircraft, systems, equipment and processes, fleets. We focus on creating value by sustaining and extending the life and improving the performance of our client transportation assets through core offerings in supply chain management, parts supply and distribution, MRO, equipment refurbishment, logistics supply chain management, and engineering. We also provide IT solutions and energy consulting MRO services.

Typical offerings include aircraft and airframe parts supply and distribution, supply chain and inventory management services; MRO of aircraft components and engine accessories; vehicle fleet sustainment programs; vehicle fleet parts supply and distribution; parts distribution. We supply parts through our global distribution centers of excellence and provide MRO services from our strategically positioned repair facilities ensuring expedient delivery and turn-around of aircraft components and engine accessories; customers products enabling aircraft and airframe parts supply and distribution; engineering support for military vehicles; military equipment refurbishment and modification; ship MRO and follow-on technical support; logistics management support; sustainable energy supply and electric power grid modernization projects, IT infrastructure and data management, and IT data services for health and public safety, fleet vehicles to return to service on time. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" below for more information regarding our business.

Revenues and Contracts

We offer our products and professional services through various ordering arrangements, including master service agreements (MSAs), commercial contracts, and federal contract awards. Our revenues are derived from the delivery of products and from contract services performed for our customers for each of our three segments as follows:

- Our Aviation segment revenues result from the sale of aircraft parts and performance of MRO services to private and commercial aircraft owners, aviation MRO providers, and other clients.
- Our Fleet segment revenues result from the sale of aftermarket vehicle parts to government and commercial clients.
- Our Federal and Defense segment revenues result from providing professional and technical services primarily to U.S. government customers on a contract basis. The three primary types of contracts used are cost-type, fixed-price, and time-and-materials.

Customers

Our customers include various commercial entities and government clients. In 2022, our commercial customers represented 53% of our consolidated revenues, up from 43% and 31% in 2021 and 2020, respectively. Our consolidated revenue by customer type are as follows (in thousands):

	Year ended December 31,					
	2022	%	2021	%	2020	%
Commercial	\$ 507,900	53	\$ 322,318	43	\$ 208,305	31
DoD	227,722	24	233,422	31	236,397	36
Other government (a)	214,140	23	195,113	26	216,957	33
Total	<u>\$ 949,762</u>	<u>100</u>	<u>\$ 750,853</u>	<u>100</u>	<u>\$ 661,659</u>	<u>100</u>

(a) Includes USPS revenue

Our largest customers by revenue for each of the last three fiscal years were the USPS and the U.S. Navy. The USPS revenues, reported within our Fleet segment, comprised approximately 16%, 20%, and 27% of our consolidated revenues in 2022, 2021 and 2020, respectively. The U.S. Navy revenue, reported within our Federal and Defense segment, comprised approximately 15%, 13%, and 16% of our consolidated revenues in 2022, 2021 and 2020, respectively.

Backlog

Our funded backlog represents the estimated remaining value of work to be performed under firm contracts under our Federal and Defense segment. Bookings for our Aviation and Fleet segments occur at the time of sale, and therefore, these segments do not generally have funded contract backlog and backlog is not an indicator of their potential future revenues. Our funded backlog for our Federal and Defense segment as of December 31, 2022, 2021 and 2020 was approximately \$187 million, \$185 million and \$183 million, respectively. For a complete description of our backlog, see "Bookings and Funded Backlog" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of this report.

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Marketing

Our marketing activities are conducted separately by each of our businesses two business segments by industry-specific sales representatives and professional marketing and business development staff. New customer contacts and information concerning new parts or programs, requirements and opportunities become available through sales calls and client visits, negotiation with key customer and supplier business partners, and formal and informal briefings. We participate in various professional organizations and trade associations, and also attend global industry trade shows and events in order to increase our brand awareness and strengthen our service offerings.

Human Capital Resources

Workforce Demographics

Our employees have a variety of specialized experience, training and skills that provide the expertise required to service our customers. As of December 31, 2022 December 31, 2023, we employed over 2,000 approximately 1,200 employees. Principal employee categories include (a) mechanics and vehicle, aircraft and equipment technicians, (b) logisticians, (c) finance, information technology, and human resources support personnel, (d) warehouse and sales personnel, (d) engineers and technicians in mechanical, electronic, industrial, energy services, and (e) information technology professionals in computer systems, applications and data management disciplines. engineers.

Employee Health and Safety

We are committed to providing a safe working environment for our employees. Supported by our a Health, Environmental and Safety Program, we strive to minimize the risk of injury or illness to workers. We provide our employees with upfront and ongoing continuing safety training to communicate and implement safety policies and procedures. We also provide our employees with any additional information, leadership, support and equipment needed to safely perform their job function.

Talent Acquisition, Retention and Development

We strive to attract and retain top talent at all levels of the company. To support this objective, we seek to provide opportunities for professional development and career growth and to recognize and reward our employees for their contributions and accomplishments.

We encourage employees to provide feedback about their experience and we regularly conduct employee engagement surveys to gauge employee satisfaction and to understand the effectiveness of engaging our employees on all levels. These surveys provide valuable information on drivers of engagement and areas of improvement to help us maintain an employee-focused experience and culture. We also host quarterly town hall meetings to provide an open and frequent line of communication for all employees.

Company culture is a priority. We model our values and focus on our cultural beliefs reinforcing these through recognition, storytelling and creating experiences. employee recognition. Our people and teams remain a key market differentiator for our business. Developing internal talent and sourcing for new talent that fits our culture is a key part of our

strategy.

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We offer competitive pay compensation and comprehensive benefits to attract, reward and retain a qualified and diverse workforce to achieve our vision and mission and meet the dynamic needs of employees and their families. In addition to competitive base pay, we offer bonus opportunities, a Company matched 401(k) plan, an employee stock purchase plan, healthcare insurance benefits, health savings and flexible spending accounts, paid time off, holiday pay, flexible work schedules, and education reimbursement, and employee assistance programs.

Inclusion and Diversity

We embrace and encourage inclusion and strive to build a culture and company environment supporting inclusion and diversity. Our inclusion and diversity initiatives include our practices and policies on employee recruitment and hiring, professional training and development, employee engagement and the development of a work environment built on the premise of diversity and equity. In 2020, we formed the VSE Inclusion & Diversity Council ("I&D Council"), a leader-led group focused on creating a framework and action plan for inclusion and diversity related initiatives across the organization. Our I&D Council regularly hosts roundtable discussions aimed at increasing cultural awareness and promoting dialogue to encourage a culture that values inclusive behavior in our workplace.

We also support employee resource groups, which are voluntary, employee-led groups that are open to all employees and provide a forum for diverse employees and allies from a variety of different backgrounds to share experiences and support our company's diversity initiatives. We firmly believe in the power of our employee resource groups, which include Women in the Workforce, Pride, and Latinos Unidos, help and Veterans, to foster a diverse diversity and inclusive workplace, build

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awareness inclusivity in our workplace. These groups serve as platforms for employees from different backgrounds to connect, share experiences, and drive change advocate for continuous improvement within our organization. Additionally, we We actively seek initiatives and participate in outreach programs to assist individuals who served in the U.S. Armed Forces. These efforts include an emphasis on hiring military veterans to enhance the quality of our workforce. In our continuous pursuit of creating a more inclusive and diverse workplace, we recently launched an inclusion and diversity training program. The goal of this initiative is to increase awareness and promote cultural sensitivity among our employees.

Code of Business Conduct and Ethics

We are committed to the highest ethical standards, and we expect all of our directors, officers and employees to comply with our standards and applicable laws and regulations in the conduct of our business. Our Code of Business Conduct and Ethics (the "Code") sets forth our policies and expectations on what is appropriate behavior and guides ethical business decisions that maintain a commitment to integrity. In addition, we require annual ethics and compliance training for all of our employees to provide them with the knowledge necessary to maintain our standards of ethics and compliance.

Government Regulation and Supervision

Our businesses are subject to extensive regulation in the markets we serve. We work with numerous U.S. government agencies and entities, including but not limited to, all branches of the DoD and the Federal Aviation Administration ("FAA"), the United States Postal Service ("USPS"), and the Department of Defense ("DoD"). Similar government authorities and regulations exist in the other countries in which we do business.

Commercial Aircraft

The FAA regulates the manufacture, repair and operation of all aircraft and aircraft parts operated in the United States. Its regulations are designed to ensure that all aircraft and aviation equipment are continuously maintained in proper condition to ensure safe operation of the aircraft. The inspection, maintenance, and repair procedures for various types of aircraft and equipment are prescribed by these regulatory authorities and can be performed only by at certified repair facilities utilizing certified technicians. Certification and conformance is are required prior to installation of a part on an aircraft. The FAA requires that various maintenance routines be performed on aircraft components, and we currently satisfy these maintenance standards in our repair and overhaul MRO services.

Government Contracts

We must comply with and are affected by a variety of laws and regulations relating to the award, administration, and performance of U.S. Government contracts. We are routinely audited and reviewed by the U.S. Government and its agencies, including the Defense Contract Audit Agency and the Defense Contract Management Agency. These agencies evaluate our contract performance, cost structures, and compliance with applicable laws, regulations, and standards, as well as review the adequacy of our business systems and processes relative to U.S. Government requirements. The U.S. Government has the ability to terminate contracts, in whole or in part, with little or no prior notice, for convenience or for default based on our failure to meet specified performance requirements. In the event of termination of a contract for convenience, we would be able to recover costs already incurred on the contract and receive profit on those costs up to the amount authorized under the contract, but not the anticipated profit that would have been earned had the contract

been completed. Such a termination could also result in the cancellation of future work on the related program. Termination resulting from our default could expose us to various liabilities, including excess re-procurement costs, and could have a material effect on our ability to compete for future contracts.

For additional information on regulations and risks affecting our business, refer to Item 1A., "Risk Factors".

Competition

All of our businesses operate in highly competitive industries that include numerous competitors, many of which are larger in size and have greater name recognition, financial resources, and larger technical staff than we do. We also compete against smaller, more specialized competitors that concentrate their resources on narrower service offerings.

Government agencies emphasize awarding contracts on a competitive basis, as opposed to a sole source or other noncompetitive basis. Most of the significant contracts under which our Federal and Defense segment currently performs services were either initially awarded on a competitive basis or have been renewed at least once on a competitive basis. These contracts may be indefinite delivery/indefinite quantity type contracts for which the government makes awards for work among several other eligible contract holders, or they may be single award contracts with multiple option years that may or may not be exercised.

Accordingly, there can be no assurance regarding the level of work we may obtain under some of these contracts. Government budgets, and in particular the budgets of certain government agencies, can also affect competition in our business.

A reallocation of government spending priorities or reallocation of work for small business set-aside programs that results in lower levels of potential business in the markets we serve or the services we offer can cause increased competition.

The extent of competition that we will encounter as a result because of changing economic or competitive conditions, customer requirements or technological developments is unpredictable. We believe the principal competitive factors for our business are customer knowledge, product availability, technical and financial qualifications, past performance, repair turnaround time, government budgetary priorities, sales force initiatives and price.

Available Information

We maintain an internet website at www.vsecorp.com. We make available free of charge through our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed with or otherwise furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the reports are electronically filed with, or furnished to, the SEC. The information on or obtainable through our website is not intended to be incorporated into this Annual Report on Form 10-K. The SEC also maintains an internet website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

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ITEM 1A. Risk Factors

Our future results may differ materially from past results and from those projected in the forward-looking statements contained in this Form 10-K due to various uncertainties and risks, including those risks set forth below, nonrecurring events and other important factors disclosed previously and from time to time in our other reports filed with the SEC.

Operational Risks

We face various risks related to health epidemics, pandemics and similar outbreaks, which could adversely affect our business.

We face a wide variety of risks related to health epidemics, pandemics, and similar outbreaks, including COVID-19. The ongoing COVID-19 pandemic has outbreaks. These events have adversely affected, and may continue to adversely affect, our operations, supply chains and distribution systems. The global aviation market experienced Public health crises pose a significant decline during risk that we or our employees, customers, suppliers, manufacturers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to the peak spread of the COVID-19 pandemic, specifically in global commercial air travel, disease or shutdowns requested or mandated by governmental authorities.

The extent to which had public health crises may have a significant impact material adverse effect on our future business, financial condition and results of operations will depend on many factors that are not within our control, including but not limited to the parts distribution path and maintenance, repair and overhaul services markets supporting general aviation and commercial aircraft. Our Aviation segment experienced the most impactful reduction in demand for our products and services during fiscal 2021 and fiscal 2020 compared to fiscal 2019, as a decline in commercial aircraft revenue passenger miles contributed to a reduction in demand for aftermarket parts and MRO services. While we have seen recovery in the overall demand for commercial air travel and currently expect that recovery to continue, any future outbreaks effect of COVID-19 or other epidemics, pandemics, crises or public health concerns, in regions of the world where we have operations or sell products, together with governmental including factors like new variants, vaccinations, potential supply chain disruptions, and regulatory responses thereto, could adversely inflation, which can impact the Aviation segment and our operating results.

The extent of the impact of COVID-19 or other epidemics, pandemics, crises or public health concerns on our business, including our ability to execute our near-term and long-term business strategies and initiatives in the expected time frame, will depend on numerous evolving factors that we cannot accurately predict or assess, including the negative impact it

has on global and regional economies and economic activity; decisions by our customers to delay the use of, or permanently retire, certain aircraft, demand levels for aviation disruption inventory, which could result in a and adversely affect our results of operations; write-down of existing inventory to adjust to current market trends; and disruption in demand, which adversely impacts our commercial customers in the Aviation segment. Any of these events could exacerbate the other risks and uncertainties described herein, or in other reports filed with the SEC from time to time, and could materially adversely affect our business, financial condition, results of operations and/or stock price, key markets.

Supply chain delays, disruptions, and potential geopolitical uncertainty could adversely affect our business operations and expenses expenses.

Due to current economic and geopolitical uncertainty and supply chain disruptions, our business could be adversely impacted by delays or the inability to source products and services for our customers. If our suppliers experience increased disruptions to their operations as a result of these dynamics, they may be unable to fill our supply needs in a timely, compliant and cost-effective manner. We have incurred and may in the future incur additional costs and delays in our business, including higher prices, schedule delays or the costs associated with identifying alternative suppliers. In instances where we may not be able to mitigate these consequences, our ability to perform on our contracts may be impacted, which could result in reduced revenues and profits.

We continue to monitor these dynamics and assess potential implications to our business, supply chain and Certain customers and take certain actions in an effort to mitigate potential adverse impacts. Given the uncertainties, we are unable to predict the extent, nature or duration of these impacts at this time.

Certain programs comprise a material portion of our revenue. Our work on large government programs presents fleets present a risk to revenue growth and sustainability and profit margins.

The eventual expiration of large government programs or the loss of or disruption of revenues on a single contract customer may reduce our revenues and profits. Such revenue losses could also erode profits on our remaining programs that would have to absorb a larger portion of the fixed corporate costs previously allocated to the expiring programs or discontinued contract work. Our USPS managed inventory program and our FMS Program each constitute constitutes a material portion of our revenues and profits. This concentration of our revenue subjects us to the risk of material adverse revenue disruptions if customer operational decisions, government contractual contract matters, or other issues prevent or delay the fulfillment of work requirements associated with these key programs. In recent years, revenue levels for our FMS Program have fluctuated widely enough to cause material changes in our

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overall revenue levels and affect our profit margins. Similarly, variations customer fleets. Variations in volume and types of parts purchased by the USPS in recent years have caused changes in our profit margins.

The USPS has initiated a fleet replacement program for a the next generation of the delivery vehicle fleet. The timing of both the roll out of a new fleet vehicle deployment and the retirement of the current existing vehicles and their decision on how many of such vehicles will remain in the fleet could potentially have a significant impact on our future revenues and profits.

Acquisitions, which are a part of our business strategy, present certain risks.

A key element of our business strategy is growth through the acquisition of additional companies. VSE is We are focused on acquiring complementary assets that add new products, new customers, and new capabilities or new geographic and/or operational competitive advantages in both new and existing markets within our core competencies. Our acquisition strategy is affected by, and poses a number of challenges and risks, including the availability of suitable acquisition candidates, availability of capital, diversion of management's attention, effective integration of the operations and personnel of acquired companies, potential write downs of acquired intangible assets, potential loss of key employees of acquired companies, use of a significant portion of our available cash, compliance with debt covenants and consummation of acquisitions on satisfactory terms.

We may not be able to successfully execute our acquisition strategy, and the failure to do so could have a material adverse effect on our business, financial condition, and results of operations.

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Circumstances associated with divestitures could adversely affect the Company's results of operations and financial condition.

We may periodically divest or seek to divest certain businesses, including remaining assets in our former Federal and Defense segment that are no longer a part of our ongoing strategic plan and are held for sale. A decision to divest or discontinue assets, businesses, or product lines may result in asset impairments, including those related to goodwill and other intangible assets, and losses upon disposition, both of which could have adverse effects on our results of operations and financial condition. In addition, we may encounter difficulty in finding buyers or executing alternative exit strategies at acceptable prices and terms in a timely manner and prospective buyers may have difficulty obtaining financing. These divestitures may require a significant investment of time and resources and may disrupt our business, distract management from other responsibilities, and may involve the retention of certain current or future liabilities in order to induce a buyer to complete a divestiture or may otherwise result in losses on disposal or continued financial involvement in the divested business, including through indemnification or other arrangements, for a period of time following the transaction, which could adversely affect our financial results. We

may not be successful in managing these or any other significant risks that we may encounter in divesting or discontinuing a business or product line, which could have a material adverse effect on our business.

Changes in future business conditions could cause business investments, recorded goodwill, and/or purchased intangible assets to become impaired, resulting in substantial losses and write-downs that would reduce our operating income.

As part of our business strategy, we make acquisitions and investments following careful analysis and due diligence processes designed to achieve a desired return or strategic objective. Business acquisitions involve estimates, assumptions, and judgments to determine acquisition prices, which are allocated among acquired assets, including goodwill, based upon fair market values. Notwithstanding our analyses, due diligence processes, and business integration efforts, actual operating results of acquired businesses may vary significantly from initial estimates. In such events, we may be required to write down our carrying value of the related goodwill and/or purchased intangible assets. In addition, declines in the trading price of our common stock or the market as a whole can result in goodwill and/or purchased intangible asset impairment charges associated with our existing businesses.

As of **December 31, 2022** **December 31, 2023**, goodwill and intangible assets, net of amortization, accounted for **25%** **28%** and 9%, respectively, of our total **assets**. **assets (excluding assets held for sale)**. We test our goodwill for impairment annually in the fourth quarter or when evidence of potential impairment exists. We test acquired intangible assets for impairment whenever events or changes in circumstances indicate their carrying value may be impaired. The impairment tests are based on several factors requiring judgments. As a general matter, a significant decrease in expected cash flows or changes in market conditions may indicate potential impairment of recorded goodwill or intangible assets.

Adverse equity market conditions that result in a decline in market multiples and the trading price of our common stock, or other events, such as reductions in future contract awards or significant adverse changes in our operating margins or the operating results of acquired businesses that vary significantly from projected results on which purchase prices are based, could result in an impairment of goodwill or other intangible assets. Any such impairments that result in us recording **additional** goodwill or intangible asset impairment charges could have a material adverse effect on our financial position or results of operations.

Competition from existing and new competitors may harm our business.

The aviation and vehicle parts industries are highly fragmented, have several highly visible leading companies, and are characterized by intense competition. Some of our **OEM original equipment manufacturer ("OEM")** competitors have greater name recognition than VSE or our subsidiaries, as well as complementary lines of business and financial, marketing and other resources that we do not have. In addition, OEMs, aircraft maintenance providers, leasing companies and U.S. Federal Aviation Administration ("FAA") certificated repair facilities may attempt to bundle their services and product offerings in the supply industry, thereby significantly increasing industry competition.

Pressure on government budgets may adversely affect the flow of work to federal contractors, particularly new programs. Competitor contractors that experience a loss of government work have tended to redirect their marketing efforts toward the types of work that we perform. This increase in competition for our service offerings may adversely affect our ability to win

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new work or successor contracts to continue work that is currently performed by us under expiring contracts. Unsuccessful bidders frequently protest contract awards, which can delay or reverse the contract awards. Additionally, the government has frequently used contract award criteria that emphasizes lowest price, technically acceptable bids, which further intensifies competition in our government markets.

Our success is highly dependent on the performance of the aviation aftermarket, which could be impacted by lower demand for business aviation and commercial air travel or airline fleet changes causing lower demand for our goods and services.

General global industry and economic conditions that affect the aviation industry may also affect our business. We are subject to macroeconomic cycles, and when recessions occur, we may experience reduced orders, payment delays, supply chain disruptions or other factors as a result of the economic challenges faced by our customers, prospective customers and suppliers. Further, the aviation industry has historically, from time to time, been subject to downward cycles which reduce the overall demand for jet engine and aircraft component replacement parts and repair and overhaul services, and such downward cycles

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result in lower sales and greater credit risk. Demand for commercial air travel can be influenced by airline industry profitability, world trade policies, government-to-government relations, terrorism, disease outbreaks, environmental constraints imposed upon aircraft operations, technological changes, price, and other competitive factors. These global industry and economic conditions may have a material adverse effect on our business, financial condition, and results of operations.

Global economic conditions and political factors could adversely affect our revenues.

Revenues for work performed in or products delivered to foreign countries are subject to economic conditions in these countries and to political risks posed by ongoing foreign conflicts and potential terrorist activity. Significant domestic and political unrest in client countries can constrain our ability to maintain consistent staffing levels, resulting in a

fluctuating level of services performed by our employees. We cannot predict when these conditions will occur or the effect it will have on our revenues. Regime changes in these countries can result in government restrictions upon the continuation of ongoing work. Economic conditions in both the United States and foreign countries, and global prices and availability of oil and other commodities could potentially have an adverse effect on the demand for some of our services, including our aviation services.

Prolonged periods of inflation where we do not have adequate inflation protections in our customer contracts may adversely affect us by increasing costs beyond what we can recover through price increases.

Recently, inflation has increased throughout the U.S. economy. Inflation can adversely affect us by increasing the costs of labor, material and other costs. In addition, inflation is often accompanied by higher interest rates, which increases the cost associated with our variable rate outstanding debt obligations and could increase the cost of our outstanding rates for any new debt obligations, obligations that we incur. In an inflationary environment, depending on economic conditions, we may be unable to raise prices enough to keep up with the rate of inflation, which would reduce our profit margins. Although we have minimized the effect of inflation on our business through contractual protections, the presence of longer pricing periods within our contracts increases the likelihood that there will be sustained or higher than anticipated increases in costs of labor or material. We have experienced, and continue to experience, increases in the prices of labor, materials, and other costs of providing service. Continued inflationary pressures could impact our profitability.

The nature of our operations and work performed by our employees present presents certain challenges related to workforce management.

Our financial performance is heavily dependent on the abilities of our operating and administrative staff with respect to technical skills, operating performance, pricing, cost management, safety, and administrative and compliance efforts. A wide diversity of contract types, nature of work, work locations, and legal and regulatory complexities challenges challenge our administrative staff and skill sets. We also face challenges associated with our quality of workforce, quality of work, safety, and labor relations compliance. Our current and projected work in foreign countries exposes us to challenges associated with export and ethics compliance, local laws and customs, workforce issues, extended supply chain, political unrest, and war zone threats. Failure to attract or retain an adequately skilled workforce, lack of knowledge or training in critical functions, or inadequate staffing levels, can result in lost work, reduced profit margins, losses from cost overruns, performance deficiencies, workplace accidents, and regulatory noncompliance.

Our business could be adversely affected by incidents that could cause an interruption in our operations or impose a significant financial liability on us.

Disruption of our operations due to internal or external system or service failures, accidents or incidents involving employees or third parties working in high-risk locations, or natural disasters, health crisis, epidemics or pandemics, including the COVID-19

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pandemic, or other crises could adversely affect our financial performance and condition. The COVID-19 pandemic could potentially impact our global supply chain network for any of our segments. A fire, flood, earthquake, or other natural disaster, health crises, epidemic, pandemic or other crisis at or affecting physical facilities, that support key revenue generating operations, or a procurement system systems, or contractual delay deliveries could potentially interrupt the revenues from our operations.

Investments in inventory and facilities could cause losses if certain work is disrupted or discontinued.

We have made investments in inventory, facilities, and lease commitments to support specific business programs, work requirements, and service offerings. A slowing or disruption of these business programs, work requirements, or service offerings that results in operating below intended levels could cause us to suffer financial losses.

We are dependent on access to and the performance of third party third-party package delivery companies.

Our ability to provide efficient distribution of the products we sell to our customers is an integral component of our overall business strategy, both domestic and international. We do not maintain our own delivery networks, and instead rely on third-party package delivery companies. We cannot assure guarantee that we will always be able to ensure access to preferred shipping and delivery companies or that these companies will continue to meet our needs or provide reasonable pricing terms. In

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addition, if the package delivery companies on which we rely on experience delays resulting from inclement weather or other disruptions, we may be unable to maintain products in appropriate stock of inventory and/or deliver products to our customers on a timely basis, which may adversely affect our results of operations and financial condition.

Uncertain government budgets and shifting government priorities could delay contract awards and funding and adversely affect our ability to continue work under our government contracts. Additionally, federal procurement directives could result in our loss of work on current programs to small business set-asides and large multiple award contracts.

Our government business is subject to funding delays, terminations (including at the government's convenience), reductions, in-sourcing, extensions and moratoriums associated with the government's budgeting and contracting process. The federal procurement environment is unpredictable and could adversely affect our ability to perform work under new and existing contracts. We have experienced delays in contract awards and funding on our contracts in recent years that have adversely affected our ability to continue existing work and to replace expiring work. Additionally, our government business is subject to the risk that one or more of our potential contracts or contract extensions may be diverted by the

contracting agency to a small or disadvantaged or minority-owned business pursuant to set-aside programs administered by the U.S. Small Business Administration, or may be bundled into large multiple award contracts for very large businesses. These risks can potentially have an adverse effect on our revenue growth and profit margins.

Changes to DoD business practices could have a material effect on DoD's procurement process and adversely impact our current programs and potential new awards.

The defense industry has experienced, and we expect will continue to experience, significant changes to business practices resulting from greater DoD focus on affordability, efficiencies, business systems, recovery of costs, and a re-prioritization of available defense funds to key areas for future defense spending. The DoD continues to adjust its procurement practices, requirements criteria, and source selection methodology in an ongoing effort to reduce costs, gain efficiencies, and enhance program management and control. We expect the DoD's focus on business practices to impact the contracting environment in which we operate as we and others in the industry adjust our practices to address the DoD's initiatives and the reduced level of spending by the DoD. Depending on how these initiatives are implemented, they could have an impact on our current programs, as well as new business opportunities with the DoD. As a result of certain of these initiatives, we experienced, and may continue to experience, a higher number of audits and/or lengthened periods of time required to close open audits. Such additional or lengthier audits could have a material adverse effect on our business, financial condition and results of operations.

Legal and Regulatory Risks

Our business could be adversely affected by government audits or investigations.

Government agencies, including the Defense Contract Audit Agency, the Defense Contract Management Agency and the Department of Labor, routinely audit and investigate government contractors. These agencies review a contractor's performance under its contracts, cost structure and compliance with applicable laws, regulations and standards. The government also may review the adequacy of, and a contractor's compliance with, its internal control systems and policies, including the

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contractor's purchasing, property, estimating, compensation and management information systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed and any such costs already reimbursed must be refunded.

The scope and rigor of government agency audits and investigations have increased in recent years, resulting in a greater likelihood that an audit or investigation may result in an adverse outcome. We have been subject to unfavorable findings and recommendations from various government agencies from time to time. We expect that government agencies will continue to rigorously audit and investigate us and there may be adverse or disputed findings, resulting in corrective action plans and/or settlements.

If an audit or investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with the government. In addition, we could suffer serious harm to our reputation if allegations of impropriety were made. Performance of international work can expose us to risks associated with the Foreign Corrupt Practices Act and Export Control Act compliance.

We are subject to numerous government rules and regulations that could expose us to potential liabilities or work loss.

We must comply with and are affected by laws and regulations relating to the award, administration and performance of government contracts. A violation of laws or regulations could result in the imposition of fines and penalties or the termination of contracts or debarment from working or bidding on government contracts.

In some instances, these government contract laws and regulations impose terms or rights that are significantly more favorable to the government than those typically available to commercial parties in negotiated transactions. For example, the government may terminate any government contract or subcontract at its convenience, as well as for performance default.

A termination for default could expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders. A termination for default could also impact our past performance and ability to obtain new or additional work. In addition, the government could terminate a prime contract under which we are a subcontractor, irrespective of the quality of services provided by us as a subcontractor.

Additionally, our contract work that is performed by our subcontractors is subject to government compliance, performance requirements and financial risks. If any of our subcontractors fail to timely meet their contractual obligations or have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor may be jeopardized.

The aviation industry is highly regulated by the FAA and similar regulatory agencies in other countries. Aviation engines, engine accessories and components that we sell **components and repair services** for must meet certain airworthiness standards established by the FAA or the equivalent agencies in certain other countries. We also operate repair facilities that are licensed by the FAA and equivalent agencies of certain other countries to perform such services. New and more stringent regulations may be adopted in the future that could have an adverse effect on us.

Lastly, border tariffs and new trade deals could have significant effects on our customers and, in turn, on our suppliers, which may impact our business.

Due to the nature of our work, we could potentially be exposed to legal actions arising from our operations.

Our work includes many manual tasks, including warehousing, shipping, and packing of truck parts inventory, and maintaining and repairing military aircraft components and non-military vehicles, aircraft and equipment, and maintaining and overhauling U.S. Navy ships, equipment. Some of our work efforts involve the handling of hazardous materials. These services may pose certain challenges that could cause us to be exposed to legal and other liabilities arising from performance issues, work related incidents or employee misconduct that result in damages, injury or death to third parties. Such events could cause us to suffer financial losses and adversely affect our financial condition. See Item 3, "Legal Proceedings" below.

Environmental and pollution risks could potentially impact our financial results.

Our operations are subject to and affected by a variety of existing federal, state, and local environmental protection laws and regulations. In addition, we could be affected by future laws or regulations, including those imposed in response to concerns over climate change, other aspects of the environment, or natural resources. We expect to incur future capital and operating costs to comply with current and future environmental laws and regulations, and such costs could be substantial, depending on

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the future proliferation of environmental rules and regulations and the extent to which we discover currently unknown environmental conditions.

Some of our contract work includes the use of chemical solvents and the handling of hazardous materials to maintain, repair, and refurbish vehicles, aircraft engines, and equipment. This exposes us to certain environmental and pollution risks. Various federal, state, and local environmental laws and regulations impose restrictions on the discharge of pollutants into the environment and establish standards for the transportation, storage, and disposal of toxic and hazardous wastes. Substantial fines, penalties, and criminal sanctions may be imposed for noncompliance, and certain environmental laws impose joint and several "strict liability" for remediation of spills and releases of oil and hazardous substances. Such laws and regulations impose liability upon a party for environmental cleanup and remediation costs and damage without regard to negligence or fault on the part of such party and could expose us to liability for the conduct of or conditions caused by third parties.

Costs associated with compliance with Federal, State, and local provisions regulating the discharge of materials or that otherwise relate to the protection of the environment have not had a material adverse effect on our capital expenditures, earnings, or competitive position. However, we cannot predict the likelihood of such a material adverse effect should we experience the occurrence of a future environmental or pollution event.

The adoption of new environmental laws and regulations, stricter enforcement of existing laws and regulations, imposition of new cleanup requirements, discovery of previously unknown or more extensive contamination, litigation involving environmental impacts, our inability to recover related costs under our government contracts, or the financial insolvency of other responsible parties could cause us to incur costs that could have a material adverse effect on our financial position, results of operations, or cash flows.

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Technology Risks

Technology security and cyber-attack cybersecurity threats and risks could potentially impact our financial results.

We face the threat cybersecurity risk related to our computer systems of and data, which may include unauthorized access, acts by computer hackers, computer viruses, malicious code, organized cyber-attacks cybersecurity attacks and other security problems and system disruptions, including possible unauthorized access to our and our clients' proprietary customers' information. We also rely on third-parties to host certain enterprise systems and manage and host our data and that of our customers. Our ability to monitor such third parties' security measures and the full impact of the systemic risk is limited. If our systems, data, or classified information, any third party service that we use is unavailable to us for any reason, our customers may experience service interruptions, which could significantly impact our operations, reputation, business, and financial results. Lack of access to our data and that of our clients, or failure of our systems or those of our third-party service providers, may result in interruptions in our service, all of which may cause a loss in customers, refunds of product fees, and/or material harm to our reputation and operating results.

Some of our contract work includes data management and technology services associated with Social Security Administration and military medical and health records. This exposes us to certain information and technology security risks. If there is a security breach of sensitive data in our custody or for which we provide services, we could possibly be held liable for damages to third parties related to such security breach and incur costs to prevent future incidents. We also provide refurbishment, maintenance and training services support to international clients directly and through the DoD. Foreign nations with interests that conflict with the international clients we support could be motivated to conduct a cyber-attack to access information on these programs.

We maintain a cybersecurity risk management program to monitor and mitigate cybersecurity threats and an incident response plan for emerging threats. Costs To date, costs associated with preventing or remediating information management security breaches or complying with related laws and regulations have not had a material adverse effect on our capital expenditures, earnings or competitive position. Additionally, we have obtained insurance that provides coverage for certain cybersecurity incidents. However, Despite these efforts, we can make no assurances that we will be able to mitigate, detect, prevent, timely and adequately respond, or fully recover from the occurrence negative effects of cybersecurity incidents or other cybersecurity compromises, and such cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption, or unavailability of personal information, critical data and confidential or proprietary information (our own or that of third parties) and the disruption of

business operations. The potential consequences of a future security breach event material cybersecurity incident include financial loss, reputational damage, damage to our IT systems, data loss, litigation with third parties, theft of intellectual property, fines, customer attrition, diminution in the value of our investment in research and development, and increased cybersecurity protection and remediation costs due to the increasing sophistication and proliferation of threats, which in turn could potentially have such an adverse effect adversely affect our competitiveness and results of operations. Any imposition of liability, particularly liability that is not covered by insurance or is in excess of insurance coverage, could materially harm our operating results and financial condition.

Financial Risks

There can be no assurance we will continue to pay dividends at current levels or in the future.

The payment of cash dividends and repurchases of our common stock are subject to limitations under applicable law and our bank loan credit agreement, and to the discretion of our board of directors, considered in the context of then current conditions, including our earnings, other operating results, and capital requirements. Declines in asset values or increases in liabilities, including liabilities associated with benefit plans and assets and liabilities associated with taxes, can reduce stockholders' equity. A deficit in stockholders' equity could limit our ability under Delaware law to pay dividends.

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Our debt exposes us to certain risks.

As of December 31, 2022 December 31, 2023, we had \$286.429 million of total debt outstanding (net of unamortized debt issuance costs). The amount of our existing debt, combined with our ability to incur significant amounts of debt in the future, could have important consequences, including:

- Increasing our vulnerability to adverse economic or industry conditions;
- Requiring us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, strategic initiatives, and general corporate purposes;
- Increasing our vulnerability to, and limiting our flexibility in planning for, or reacting to, changes in our business or the industries in which we operate;
- Exposing us to the risk of higher interest rates on borrowings under our Credit Facility, credit facility, which are is subject to variable rates of interest;
- Placing us at a competitive disadvantage compared to our competitors that have less debt; and
- Limiting our ability to borrow additional funds.

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Market volatility and adverse capital market conditions may affect our ability to access cost-effective sources of funding and may expose us to risks associated with the financial viability of suppliers and subcontractors. suppliers.

The financial markets can experience high levels of volatility and disruption, reducing the availability of credit and other capital sources for certain issuers. We may access these markets from time to time to support certain business activities, including funding acquisitions and refinancing existing indebtedness. We may also access these markets to acquire credit support for our letters of credit. A number of factors could cause us to incur higher borrowing costs, and experience greater difficulty accessing public and private markets for debt. debt or prevent us from raising capital in the equity capital markets. These factors include disruptions or declines in the global capital markets, and/or a decline in our financial performance, outlook, or credit ratings. ratings and/or volatility in the price of shares of our common stock due to our trading volume and public float. The occurrence of any or all of these events may adversely affect our ability to fund our operations, meet contractual commitments, make future investments or desirable acquisitions, or respond to competitive challenges.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

Risk Management and Strategy

We have an information security process integrated into our overall enterprise risk management (ERM) process that is designed to identify, assess, and manage material risks and threats from cybersecurity. To protect our information systems against cybersecurity threats, we employ a range of security processes designed to identify, prevent, detect, respond to, and recover from identified vulnerabilities and cybersecurity incidents in a timely manner. These include internal reporting mechanisms, monitoring solutions, and detection tools. We also leverage the expertise and support of key cybersecurity third-party partners and tools. Our protective measures include technical and organizational safeguards, employee

training, incident response capability assessments, cybersecurity insurance, and business continuity mechanisms. We perform employee training as part of our information security processes for all employees. We regularly assess cybersecurity risks and technology threats, utilizing a qualitative risk model to identify, measure, and prioritize certain risks, and develop related security controls and safeguards.

Risk assessments are conducted when we onboard certain new services and new vendors, including third-party vendors, applications, and other technology services, and when there are significant changes to IT or security architecture. Further, we monitor key vendors to understand how such vendors manage cybersecurity risks and threats during the term of their provision services or products to us.

As part of our cybersecurity incident response framework, our incident response team focuses on responding to, containing, and recovering from a cybersecurity threat and minimizing any business impact. In the event of a cybersecurity incident, the cybersecurity team assesses, among other factors, data and personal information loss, business operations disruption, projected cost and potential for reputational harm, with support from business stakeholders and external technical, legal and law enforcement support.

Governance

Our Board of Directors ("Board") and Audit Committee have oversight responsibility for cybersecurity risks and incidents, including compliance with disclosure requirements, collaboration with law enforcement, and related effects on financial and other risks. Findings and recommendations are reported, as deemed appropriate, to the Board. Senior management including our Chief Information Security Officer (CISO) engages in regular discussions with the Board regarding cybersecurity risks, trends, and any material incidents that may arise. Furthermore, the Board receives briefings on cybersecurity matters from the CISO on our cybersecurity and information security.

Our CISO has served in various roles in information technology and information security for over 20 years, with experience in technology risk management, cybersecurity, compliance, network engineering, information systems, and business resiliency. He is a Certified Information Systems Security Professional. Our CISO manages the Company's information security and oversees our data security personnel and our incident response and business continuity management programs to assess and manage the cybersecurity element of our risk management program, including policies, cybersecurity training, security operations and

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engineering, cyber threat detection and incident response. Our CISO promptly informs and updates the Board about any information security incidents that may pose a significant risk to the Company.

To date, we have not identified any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business strategy, results of our operations, or financial condition. However, we have been the target of cybersecurity threats and expect them to continue as cybersecurity threats have been rapidly evolving in sophistication and becoming more prevalent. We cannot provide assurance that they will not be materially affected in the future by such risks or any future material incidents. For more information on our cybersecurity related risks, see Item 1A Risk Factors of this Annual Report on Form 10-K.

ITEM 2. Properties

As of December 31, 2022 December 31, 2023, we owned or leased building space (including offices, warehouses, shops, and other facilities) at 30 24 locations. Our major operations are at the following locations:

Aviation - Doral and Miramar, Florida; Independence and Augusta, Kansas; Hebron, Kentucky; Phoenix, Arizona; Montebello and Phoenix, Arizona San Bernardino, California; Memphis, Tennessee; Lydney and Southend-on-Sea, United Kingdom; and Norderstedt, Germany
Fleet - Somerset, Pennsylvania; Olive Branch, Mississippi; and Grand Prairie, Texas
Federal and Defense - Alexandria, Virginia; Ladysmith, Virginia; Texarkana, Arkansas; Kahului, Hawaii; Columbia, Maryland; Greensboro, North Carolina; Charleston, South Carolina; and Sterling Heights, Michigan
Corporate - Alexandria, Virginia

The following is a summary of the square footage our of floor space as of December 31, 2022 December 31, 2023 (in thousands):

		Owned	Leased	Total					
		Owned			Owned		Leased		Total
Aviation Segment	Aviation Segment	91	180	271					
Fleet Segment	Fleet Segment	271	592	863					
Federal and Defense Segment	Segment	148	344	492					
Corporate	Corporate	—	95	95					
Total	Total	510	1,211	1,721					

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We consider our facilities to be in good operating condition and sufficient to meet our operational needs for the foreseeable future.

ITEM 3. Legal Proceedings

We may have certain claims in the normal course of business, including legal proceedings against us and against other parties. In our opinion, the resolution of these **other** claims will not have a material adverse effect on our results of operations, financial position or cash flows. However, because the results of any legal proceedings cannot be predicted with certainty, the amount of loss, if any, cannot be reasonably estimated.

Further, from time-to-time, government agencies investigate whether our operations are being conducted in accordance with applicable contractual and regulatory requirements. Government investigations of us, whether relating to government contracts or conducted for other reasons, could result in administrative, civil or criminal liabilities, including repayments, fines or penalties being imposed upon us, or could lead to suspension or debarment from future government contracting. Government investigations often take years to complete and many result in no adverse action against us. We believe, based upon current information, that the outcome of any such government disputes and investigations will not have a material adverse effect on our results of operations, financial condition or cash flows.

ITEM 4. Mine Safety Disclosures

Not applicable.

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PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

VSE common stock, par value \$0.05 per share, is traded on the NASDAQ Global Select Market ("NASDAQ"), trading symbol, "VSEC."

Common Stock - Dividend Paid Per Share

		Dividend Paid Per Share					
		Dividend Paid Per Share				Dividend Paid Per Share	
Quarter Ended	Quarter Ended	2022	2021	Quarter Ended	2023		2022
March 31	March 31	\$0.10	\$0.09				
June 30	June 30	\$0.10	\$0.09				
September 30	September 30	\$0.10	\$0.09				
December 31	December 31	\$0.10	\$0.10				
For the Year	For the Year	\$0.40	\$0.37				

Holders

As of **February 1, 2023** **February 1, 2024**, VSE common stock, par value \$0.05 per share, was held by approximately **216** **199** stockholders of record. The number of stockholders of record is not representative of the number of beneficial holders because many of VSE's shares are held by depositories, brokers or nominees.

Dividends

Pursuant to our bank loan credit agreement, as discussed in Note (7) "Debt" to our Consolidated Financial Statements included in Item 8 of this annual report on Form 10-K, the payment of cash dividends is subject to annual restrictions. We have paid cash dividends each year since 1973.

Certain Sales and Repurchases of VSE Common Stock

During the fiscal year covered by this Form 10-K, VSE we did not sell any of its equity securities that were not registered under the Securities Act. During the fourth quarter of the fiscal year covered by this Form 10-K, no purchases of equity securities of VSE were made by or on behalf of VSE or any "affiliated purchaser" (as defined in Rule 10b-18 (a)(3) under the Exchange Act) other than 23,044 25,854 shares of our common stock that were voluntarily forfeited to VSE by participants in its 2006 Restricted Stock Plan (the "2006 Plan") to cover their personal tax liability for vesting stock awards under the 2006 Plan.

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Equity Compensation Plan Information

We have two compensation plans approved by our stockholders under which our equity securities are authorized for issuance to employees and directors: the 2006 Restricted Stock Plan, as amended (the "2006 Plan"), and the VSE Corporation 2021 Employee Stock Purchase Plan ("ESPP"). The following table sets forth the amounts of securities authorized for issuance under the 2006 Plan and the ESPP as of December 31, 2022 December 31, 2023.

Plan Category	Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average price of outstanding warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
		(a)	(b)	(c)		(a)	(b)	(c)
Equity compensation plans approved by security holders	Equity compensation plans approved by security holders	136,086	\$ 42.94	926,607				
Equity compensation plans not approved by security holders	Equity compensation plans not approved by security holders	—	\$ —	—				
Total	Total	136,086	\$ 42.94	926,607				

See Note (10) "Stock-Based Compensation Plans" to our Consolidated Financial Statements included in Item 8 of this annual report on Form 10-K for additional information regarding the 2006 Plan and the ESPP.

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Performance Graph

The following graph compares the cumulative total return on our common stock with (i) a performance index for the broad market, the NASDAQ Global Select Market, on which our common stock is traded, and (ii) a published industry index, the S&P 500 Aerospace & Defense Index, and (iii) our previous peer group comprised of the following: Heico Corporation, Dorman Products, Inc., V2X Inc., and CACI International Inc. Due to recent consolidations within our peer group, we replaced our peer group with the S&P 500 Aerospace & Defense index. Index.

The graph assumes an initial investment of \$100 on 12/31/17 and that all dividends have been reinvested. The comparisons are not intended to be indicative of future performance of our common stock.

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*\$100 invested on 12/31/17 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Performance Graph Table

		2017	2018	2019	2020	2021	2022		2018	2019	2020	2021	2022	2023
VSE	VSE	100	62.20	79.97	82.00	130.82	101.58	VSE	100.00	128.58	131.83	210.33	163.32	226.80
NASDAQ Composite	NASDAQ Composite	100	97.16	132.81	192.47	235.15	158.65	NASDAQ Composite	100.00	136.69	198.10	242.03	163.28	236.17
S&P Aerospace & Defense	S&P Aerospace & Defense	100	91.93	119.81	100.56	113.86	133.64	S&P Aerospace & Defense	100.00	130.33	109.39	123.86	145.37	155.21
Previous Peer Group	Previous Peer Group	100	125.18	179.30	199.71	220.89	228.02							

ITEM 6. [Reserved]

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ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated statements and related notes included in Item 8. "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. The following generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussions of 2021 items and year-to-year comparisons between 2022 and 2021. Discussions of 2020 items and year-to-year comparisons between 2021 and 2020 that are not included in this Form 10-K can be found under Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for fiscal year ended December 31, 2021 December 31, 2022, filed with the SEC on March 11, 2022 March 10, 2023.

Business Overview

We are a diversified leading provider of aftermarket products distribution and services company providing maintenance, repair services, parts distribution, logistics, supply chain management and consulting overhaul ("MRO") services for land, sea air and air land transportation assets to for commercial and government and commercial markets. Our operations are conducted within three two reportable segments aligned with our operating segments: Aviation Fleet and Fleet.

Recent Developments

Sale of Federal and Defense. Defense Segment

In May 2023, we announced our decision to sell our Federal and Defense segment. As a result, we have reported the results of operations for the Federal and Defense segment as discontinued operations for all periods presented. See Note (3) "Discontinued Operations" to our Consolidated Financial Statements for further information.

In February 2024, we entered into two separate agreements to sell substantially all of the Federal and Defense segment assets. See Note (18) "Subsequent Events" for further information.

Acquisition of Turbine Controls, Inc.

On February 29, 2024, we signed a definitive agreement to acquire Turbine Controls, Inc. ("TCI"), a leading provider of aftermarket MRO support services for complex engine components, as well as engine and airframe accessories, across commercial and military applications. See Note (18) "Subsequent Events" for further information.

2023 Acquisitions

In February 2023, we completed the acquisition of Precision Fuel Components, LLC ("Precision Fuel"), a provider of MRO services for engine accessories and fuel systems supporting the business and general aviation ("B&GA") market.

In July 2023, we completed the acquisition of Desser Holding Company LLC ("Desser Aerospace"), a global aftermarket solutions provider of specialty distribution and MRO services.

In September 2023, we entered into an Asset Purchase and License Agreement with Honeywell International Inc. to exclusively manufacture, sell, market, distribute, and repair certain Honeywell fuel control systems (the "Honeywell FCS Acquisition").

See Note (2) "Acquisitions" to the consolidated financial statements for further information.

Underwritten Public Offering

In July 2023, we initiated a public offering of the Company's common stock relating to the issuance and sale of 2,846,250 shares at a public offering price of \$48.50 per share. The offering closed in two transactions, and net proceeds of \$129.1 million were received by the Company, which were used to repay outstanding borrowings under our revolving credit facility and for general corporate purposes. See Note (15) "Capital Stock" to the consolidated financial statements for further information.

Business Trends

The following discussion provides a brief description of some of the key business factors impacting our results of operations detailed by segment.

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Aviation Segment

Our Aviation segment has seen favorable results due to successful investments in growth initiatives, resulting in a 65% 33% increase in annual revenue, totaling \$408 million. \$544 million in 2023. The expansion of our distribution services was driven by strong execution of new initiatives offering comprehensive "tip-to-tail" product-line solutions, and existing programs. Our repair business experienced growth from both the recovery of the commercial market and driven by increased market share in the business commercial and general aviation sector. B&GA sectors. These factors, combined with our growth initiatives, led to a 75% 29% increase in distribution revenue and a 42% 46% increase in repair revenue in 2022 2023 compared to the prior period. year. In 2022, 2023, we secured key multi-year distribution deals for both domestic and new international markets. The markets, including an expansion of our flagship distribution agreement with Pratt & Whitney Canada supporting Europe, the Middle East, and Africa. These new distribution initiatives are expected to bring in drive sustainable and recurring revenue with growth opportunities, contributing to future positive results. With continued growth

Investments in the distribution business and recovery in commercial markets, our focus is Aviation segment are focused on investing in businesses and programs that will broaden our portfolio and reach new customers, customers and geographies. The January February 2023 acquisition of Precision Fuel Components expands our product offerings and customer base, offering strategic cross-selling opportunities and market share in niche B&GA related markets. The July 2023 acquisition of Desser Aerospace supports our tip-to-tail aircraft distribution and MRO services strategy and provides a platform for international expansion. The September 2023 Honeywell FCS Acquisition allows us to exclusively manufacture and support certain of Honeywell's fuel control systems on four key engine platforms. The Aviation segment is expected to see continued growth due to progress on new initiatives and recent acquisitions, offering a favorable outlook for 2023, 2024.

Fleet Segment

Our Fleet segment continues to see growth in revenue from commercial fleet customers and e-commerce fulfillment, as the segment moves towards revenue diversification. Fleet is executing its revenue diversification strategy by acquiring new customers and expanding product options for the e-commerce fulfillment business. Commercial customer revenue continues to experience strong growth, increasing 42% 45% in 2022 2023 compared to the prior year. We anticipate continued growth as we extend our reach to meet the increasing demand from the commercial market. In 2022, 2023, commercial revenues were 40% 48% of total Fleet segment revenue compared to 18% 40% in 2020, 2022, demonstrating the continued success of our revenue diversification strategy. To support commercial revenue, Fleet opened a new distribution warehouse and e-commerce center of excellence in Olive Branch, MS (near Memphis, TN), in January 2023. The new facility, which doubles the existing warehouse space, is 450,000 square feet, enhances Fleet's geographical coverage and product offerings for customers. The launch of the this new location will allow allowed Fleet to keep up with the growing demand for e-commerce fulfillment. Additionally, we generated steady revenue from our support of the USPS United States Postal Services ("USPS") delivery vehicle fleet through supplying parts and managing inventory, with revenue increasing 4% 8% in 2022 2023 compared to the prior year. We continue to monitor USPS vehicle procurement and are ready to support both new vehicles added to the fleet and existing vehicles still in service. Our experience and understanding of the USPS's USPS' needs strategically position us to remain a key partner. We are committed to remain remaining agile and supporting the USPS during its vehicle transition. We expect continued growth within our commercial channels, coupled with stable contributions from the USPS.

Federal and Defense Segment

In 2022, our Federal and Defense segment experienced revenue growth driven by strong performance in our Naval Sea Systems Command (NAVSEA) program in providing Foreign Military Sales (FMS), with the transfer of a U.S. Navy ship to Bahrain

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being a major contributor for the revenue increase. We experienced margin impacts from an unfavorable contract mix and recognized a loss on a non-Department of Defense contract with a foreign customer that was completed in 2022. To address these challenges, the Federal and Defense segment is reshaping its presence in the federal market by investing in business development. This includes a change in leadership and a focus on maintaining core operations while expanding our client base and capabilities. We aim to enhance our services and pursue new opportunities to support long-term growth for this segment.

Results of Operations

The following table summarizes our consolidated results of operations (in thousands):

Years ended December 31,													
Years ended December 31,													
	2022	%	2021	%	2020	%	2023	2022	Change (\$)	Change (%)			
Revenues	\$949,762	100.0	\$750,853	100.0	\$661,659	100.0	\$860,488	\$669,448	\$191,040	29%			
Costs and operating expenses	894,631	94.2	729,333	97.1	606,896	91.7	772,492	615,844	156,648	25%			
Loss on sale of business entity and certain assets	—	—	—	—	(8,214)	(1.2)							
Gain on sale of property	—	—	—	—	1,108	0.2							
Goodwill and intangible asset impairment	—	—	—	—	(33,734)	(5.1)							
Operating income	55,131	5.8	21,520	2.9	13,923	2.2	87,996	53,604	34,392	64%			
Interest expense, net	17,885	1.9	12,069	1.6	13,496	2.0	31,083	17,893	13,190	74%			
Income before income taxes	37,246	3.9	9,451	1.3	427	0.2							
Income from continuing operations before income taxes							56,913	35,711	21,202	59%			
Provision for income taxes	9,187	1.0	1,485	0.2	5,598	0.8	13,761	9,052	4,709	52%			
Net income (loss)	\$28,059	2.9	\$7,966	1.1	\$(5,171)	(0.6)							
Net income from continuing operations							\$43,152	\$26,659	\$16,493	62%			

Revenues. Revenues increased \$198.9 million \$191.0 million, or 26.5% 29%, in 2022 2023 compared to 2021 2022 due to revenue growth in our Aviation segment of \$160.3 million, \$135.9 million and our Fleet segment of \$27.8 million and our Federal and Defense segment of \$10.8 million \$55.1 million. See "Segment Operating Results" section below for further information discussion of revenues by segment. See Note (3) to the consolidated financial statements for information regarding sales by type and customer type for each of our segments.

Costs and Operating Expenses. Costs and operating expenses increased \$165 million \$156.6 million, or 23% 25%, in 2022 2023 compared to 2021. 2022. Costs and operating expenses for our operating segments increase and decrease in conjunction with the level of business

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activity and revenues generated by each segment. See "Segment Operating Results" section below for further information discussion of costs and operating expenses by segment.

Operating Income. Operating income increased \$33.6 million \$34.4 million, or 156% 64%, in 2022 2023 compared to 2021 2022 attributable to increases of \$50.8 million \$34.8 million for our Aviation segment and \$3.5 million \$7.3 million for our Fleet segment, partially offset by a decrease of \$20.7 million for our Federal and Defense segment. See "Segment Operating Results" section below for further information discussion of operating income by segment. The operating income increase attributable to our segments was partially offset by an increase in corporate costs, including acquisition and integration costs incurred during the current period.

Interest Expense. Interest expense increased approximately \$5.8 million \$13.2 million, or 48.2% 74% in 2022 2023 compared to 2021 2022 primarily due to an increase in our debt facility borrowings and higher average interest rates on borrowings outstanding.

Provision for Income Taxes. The effective tax rate for continued operations was 24.7% 24.2% in 2022 2023 compared 15.7% to 25.3% in 2021. 2022. The increase decrease in our effective tax rate primarily resulted from book expense income in connection with a decline an increase in the fair market value of our corporate owned life insurance ("COLI") plan assets in 2022 vs. 2023 versus book income expense recorded in 2021. 2022. For tax purposes, current year COLI book expense income was reversed nontaxable income resulting in an unfavorable adjustment a reduction to the our effective tax rate as opposed to a favorable adjustment reported in 2021. 2022 nondeductible COLI loss that increased our effective tax rate.

Our tax rate is also affected by discrete items that may occur in any given year but may not be consistent from year to year. In addition to state income taxes, certain federal and state tax credits and permanent book-tax differences such as foreign derived intangible income ("FDII") deduction, I.R.C. Section 162(m) executive compensation limitation and unrealized investment income or loss from our COLI plan caused differences between the statutory U.S. federal income tax rate and our effective tax rate.

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Segment Operating Results

Aviation Segment Results

The results of operations for our Aviation segment are were as follows (in thousands):

Years ended December 31,						
	2022	%	2021	%	2020	%
Revenues	\$ 408,112	100.0	\$ 247,852	100.0	\$ 165,070	100.0
Costs and operating expenses	371,696	91.1	262,225	105.8	159,743	96.8
Loss on sale of business entity and certain assets	—	—	—	—	(8,214)	(5.0)
Gain on sale of property	—	—	—	—	1,108	0.7
Goodwill and intangible asset impairment	—	—	—	—	(33,734)	(20.4)
Operating income (loss)	\$ 36,416	8.9	\$ (14,373)	(5.8)	\$ (35,513)	(21.5)

Years ended December 31,				
	2023	2022	Change (\$)	Change (%)
Revenues	\$ 544,020	\$ 408,112	\$ 135,908	33 %
Costs and operating expenses	472,852	371,696	101,156	27 %

Operating income	\$ 71,168	\$ 36,416	\$ 34,752	95 %
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Revenues. Revenues increased \$160 million \$135.9 million, or 65% 33%, in 2022 2023 compared to 2021 2022. Distribution revenue increased \$129 million \$86.2 million, or 75% 29%, driven by contributions from recently initiated strong program execution on new and existing distribution contract wins contracts and contributions from the acquisition of Global Parts Desser Aerospace (which occurred in the third quarter of the prior year) July 2023). Repair revenue increased \$32 million \$49.8 million, or 42% 46%, driven by an expansion of repair capabilities, improved demand in end markets as a result of market recovery demand, and share gains with business commercial and general aviation B&GA customers.

Costs and Operating Expenses. Costs and operating expenses increased \$109 million \$101.2 million, or 42% 27%, in 2022 2023 compared to 2021 2022 primarily due to increased revenues increase as noted above and a \$2.3 million non-cash charge to write down accounts receivable and inventory related to the Russian and Ukrainian markets, partially offset by a decrease in discussed above. In addition, costs due to the absence of a \$23.7 million inventory valuation reserve recognized in the prior year. Costs and operating expenses for this segment include included expenses for amortization of intangible assets associated with acquisitions and allocated corporate costs. Expense for amortization of intangible assets was approximately increased \$2.4 million in 2023 to \$11.7 million from \$9.3 million and \$8.7 million for in 2022 and 2021, respectively. driven by newly acquired intangibles in connection with acquisitions completed in the current year. Expense for allocated corporate costs was approximately \$12.9 million for 2023 and \$8.8 million for 2022, and 2021, respectively.

Operating Income. Operating income increased \$50.8 million \$34.8 million, or 353% 95%, in 2022 2023 compared to 2021 2022 primarily due to contributions from new distribution programs, increases revenue growth and a favorable shift in higher margin repair revenue, sales mix and contributions from the Global Parts acquisition. pricing.

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Fleet Segment Results

The results of operations for our Fleet segment are were as follows (in thousands):

		Years ended December 31,																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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Federal and Defense Segment Results

The results of operations for our Federal and Defense segment are as follows (in thousands):

	Years ended December 31,					
	2022	%	2021	%	2020	%
Revenues	\$ 280,314	100.0	\$ 269,469	100.0	\$ 254,419	100.0
Costs and operating expenses	281,119	100.3	249,572	92.6	228,110	89.7
Operating (loss) income	\$ (805)	(0.3)	\$ 19,897	7.4	\$ 26,309	10.3

Revenues. Revenues increased \$11 million, or 4%, in 2022 compared to 2021 due to revenues from our Foreign Military Sales (FMS) program with the U.S. Navy, partially offset by declines in our U.S. Army work as a result of program completions.

Costs and Operating Expenses. Costs and operating expenses increased \$32 million, or 13%, in 2022 compared to 2021 due to increased revenue and a shift in our contract mix to a larger proportion of cost-plus contracts.

Operating (Loss) Income. Operating income decreased approximately \$20.7 million, or 104%, in 2022 compared to 2021 primarily due to the completion of a U.S. Army program and a shift in our contract mix to a larger portion of cost-plus contracts, which generally provide lower profit margins compared to fixed-price and T&M contract types. Additionally, we recorded a \$7.8 million loss in 2022 related to a specific fixed-price, non-DoD contract with a foreign customer. We have completed work on this contract in 2022. **amortization expense.**

Bookings and Funded Backlog

Our funded backlog represents the estimated remaining value of work to be performed under firm contracts. Bookings for our Aviation and Fleet segments occur at the time of sale. Accordingly, our Aviation and Fleet segments do not generally have funded contract backlog and backlog is not an indicator of their potential future revenues. Revenues for federal government contract work performed by our Federal and Defense segment depend on contract funding ("bookings"), and bookings generally occur when contract funding documentation is received. Funded contract backlog is an indicator of potential future revenue. While bookings and funded contract backlog generally result in revenue, we may occasionally have funded contract backlog that expires or is de-obligated upon contract completion and does not generate revenue.

Changes in funded backlog on contracts are sometimes unpredictable due to uncertainties associated with changing government program priorities and availability of funds, which is heavily dependent upon the congressional authorization and appropriation process. Delays in this process may temporarily diminish the availability of funds for ongoing and planned work.

In addition to funded backlog levels, we have contract ceiling amounts available for use on multiple award, indefinite delivery, indefinite quantity contracts (IDIQ) with DoD and federal civilian agencies. While these contracts increase the opportunities available for us to pursue future work, the actual amount of future work is indeterminate until task orders are placed on the contracts. Frequently, these task orders are competitively awarded. Additionally, these task orders must be funded by the procuring agencies before we can perform work and begin generating revenues. We do not include in backlog estimates of revenues to be derived from IDIQ contracts, but rather record backlog and bookings when task orders are awarded and funded on these contracts.

A summary of our bookings, revenues and funded contract backlog for our Federal and Defense segment is as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Bookings	\$ 294	\$ 314	\$ 270
Revenues	\$ 280	\$ 269	\$ 254
Funded Backlog	\$ 187	\$ 185	\$ 183

For the year ended December 31, 2022, Federal and Defense segment bookings decreased 6% year-over-year to \$294 million, while total funded backlog increased 1% year-over-year to \$187 million.

Financial Condition

There has been no material adverse change in our financial condition in 2022, 2023. Our bank debt outstanding borrowings under our term loan and revolving facility increased \$2 million \$144 million, and we had \$160 million \$216 million of unused bank loan commitments under the credit agreement as of December 31, 2022 December 31, 2023. In July 2023, we completed an underwritten public offering of 2,846,250 shares of the Company's common stock, generating proceeds of \$129.1 million in connection with the offering, net of issuance costs. Changes to other asset and liability accounts were primarily due to our earnings; our level of business activity; the timing and level of inventory purchases to support new distribution programs, contract delivery schedules, and subcontractor and vendor payments required to perform our contract work; the timing of government contract funding awarded; and collections from our customers.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our cash flows (in thousands):

	Year ended December 31,		
	2022	2021	2020
Net cash provided by (used in) operating activities	\$ 8,051	\$ (17,602)	\$ 35,761
Net cash (used in) provided by investing activities	(2,377)	(61,632)	20,219
Net cash (used in) provided by financing activities	(5,714)	79,374	(56,336)
Net (decrease) increase in cash and cash equivalents	\$ (40)	\$ 140	\$ (356)

	Year ended December 31,	
	2023	2022
Net cash (used in) provided by operating activities	\$ (21,829)	\$ 8,051
Net cash used in investing activities	(235,690)	(2,377)
Net cash provided by (used in) financing activities	264,971	(5,714)
Net increase (decrease) in cash and cash equivalents	\$ 7,452	\$ (40)

Cash used in operating activities was \$21.8 million in 2023 compared to cash provided by operating activities was of \$8.1 million in 2022 compared to cash used in operating activities of \$17.6 million in 2021. 2022. The change was primarily due to lower greater use of cash for inventory purchases and timing of vendor payments, partially offset by increased accounts receivable as a result of overall revenue growth and timing of collections, purchases.

Cash used in investing activities decreased \$59.3 million increased \$233.3 million in 2022 2023 compared to 2021 2022 primarily due to cash paid for acquisitions, net of cash acquired, of \$53.3 million related \$218.6 million in connection with acquisitions during the current period as discussed in Note (2) "Acquisitions" to the acquisitions of our HSS and Global Parts subsidiaries in the prior year, consolidated financial statements.

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Cash provided by financing activities was \$265.0 million in 2023 compared to cash used in financing activities was of \$5.7 million in 2022 as compared to cash provided by financing activities of \$79.4 million in 2021. 2022. The change was primarily due to \$52.0 million the receipt of proceeds received \$129.1 million in the prior year proceeds related to our public underwritten offering of our common stock in February 2021 July 2023 and overall lower higher proceeds from net borrowings of our debt during the current period primarily related to the increase in 2022, our term loan facility borrowings to fund cash paid for acquisitions.

We paid cash dividends totaling approximately \$5.1 million \$5.4 million, or \$0.40 per share, in 2022, 2023. Pursuant to our bank loan credit agreement, our payment of cash dividends is subject to annual restrictions. We have paid cash dividends each year since 1973.

Liquidity

Our internal sources of liquidity are primarily from operating activities, specifically from changes in our level of revenues and associated inventory, accounts receivable and accounts payable, and from profitability. Significant increases or decreases in revenues and inventory, accounts receivable and accounts payable can affect our liquidity. Our inventory and accounts payable levels can be affected by the timing of large opportunistic inventory purchases and by distributor agreement requirements. Our accounts receivable and accounts payable levels can be affected by changes in the level of contract work we perform and by the timing of large materials purchases and subcontractor efforts used in our contracts, and by delays in the award of contractual coverage and funding and payments. Government funding delays can cause delays in our ability to invoice for revenues earned, presenting a potential negative impact on our days sales outstanding, purchases. In addition to operating cash flows, other significant factors that affect our overall management of liquidity include capital expenditures; investments in expansion; improvement and maintenance of our operational and administrative facilities; and investments in the acquisition of businesses.

Our primary source of external financing is our **loan credit agreement**. Our **credit agreement** is with a bank group and includes a term loan **facility** and a revolving **loan** facility, with an aggregate maximum borrowing capacity **under our revolving facility of \$350 million \$350.0 million**. Under the **loan credit** agreement we may elect to increase the maximum availability of the term loan, **facility**, the revolving **loan** facility, or a combination of both, **facilities**, subject to customary lender commitment approvals. The aggregate limit of increases is **\$100 million \$25.0 million**.

In July 2023, we entered into a fifth amendment to our credit agreement which, among other things, provided for the following: (i) the extension of a new term loan in the aggregate principal amount of \$90.0 million; (ii) a reduction in our capacity to incur incremental revolving or term loan credit facilities from \$100.0 million to \$25.0 million; (iii) quarterly amortization payments for the new term loan in the amount of \$2.25 million; (iv) an increase in the maximum Total Funded Debt to EBITDA Ratio from 4.50x to 5.00x, with such ratios decreasing thereafter (as indicated in the table below); (v) the addition of a tier to the top of the pricing grid if the Total Funded Debt to EBITDA ratio exceeds 4.50x; and (vi) expressly permitting the Desser Aerospace acquisition and subsequent and simultaneous business sale to Loar Group Inc.

Testing Period	Maximum Total Funded Debt to EBITDA Ratio
June 30, 2023 through and including September 30, 2023	5.00 to 1.00
December 31, 2023 through and including June 30, 2024	4.75 to 1.00
September 30, 2024	4.50 to 1.00
December 31, 2024 through and including March 31, 2025	4.25 to 1.00
June 30, 2025	4.00 to 1.00
September 30, 2025 and thereafter	3.75 to 1.00

On **October 7, 2022** December 28, 2023, we entered into a **fourth sixth** amendment to our **loan credit** agreement which, among other things, **provides provided** for the following: (i) an **extension of the maturity date from July 23, 2024 to October 7, 2025**; (ii) a **reset of increase in** the aggregate principal amount of the term loan **from \$177.5 million to \$100.0 million \$300 million** and an extension of the maturity date of the term loan by one year to October 7, 2026; (iii) (ii) a modification to the amortization payments on the term loan from **\$3.75 million \$5.0 million** quarterly to **\$2.50 million** quarterly; (iv) **\$7.5 million** quarterly, commencing with the first quarterly amortization payment due on April 1, 2024; and (iii) an **increase in extension of the maximum total leverage ratio** maturity date of the revolving credit facility by one year to October 7, 2026. As a result of the amendment, the capacity under the revolving facility remained unchanged and we have increased availability under the revolving facility by approximately \$122.0 million.

We believe our existing balances of cash and cash equivalents, along with our cash flows from **4.25x to 4.50x**, operations and debt instruments under our credit agreement mentioned above, will provide sufficient liquidity for our business operations as well as capital expenditures, dividends, and other capital requirements associated with **such** our business operations over the next twelve months and thereafter for the foreseeable future.

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ratios decreasing thereafter as indicated in the table below; (v) a change in the benchmark rate from LIBOR to SOFR with a SOFR floor of 0.00%; and (vi) a corresponding change in pricing to account for the change from LIBOR to SOFR.

Testing Period	Maximum Total Funded Debt to EBITDA Ratio
From the Fourth Amendment Effective Date through and including June 30, 2023	4.50 to 1.00
From July 1, 2023 through and including December 31, 2023	4.25 to 1.00
From January 24, 2024 through and including June 30, 2024	4.00 to 1.00
From July 1, 2024 through and including September 30, 2024	3.75 to 1.00
From October 1, 2024 and thereafter	3.50 to 1.00

See Note (7) "Debt" to our Consolidated Financial Statements for information regarding our loan agreement.

Other Obligations and Commitments

See Note (7) "Debt" to our Consolidated Financial Statements for information regarding our long-term debt obligations. We estimate cash requirements for interest payments on our **bank loan** debt **facilities** to be approximately **\$20.6 million for 2023, \$19.8 million \$32.1 million for 2024, \$28.7 million for 2025, and \$16.2 million \$23.0 million for 2025, 2026**. The estimates do not take into account future **drawdowns draw downs** and repayments on the debt or changes in the variable interest rate, and actual interest may be different. The estimates included variable rate interest obligations estimated based on rates as of **December 31, 2022** December 31, 2023. The interest payments are estimated through the maturity date of our term loan. Interest payments under our **revolver loans revolving facility** have been excluded because a reasonable estimate of timing and amount of cash out flows cannot be determined.

See Note (12) "Leases" to our Consolidated Financial Statements for information pertaining to future minimum lease payments relating to our operating and lease obligations.

Inflation and Pricing

Our Aviation and Fleet segments have experienced broad-based inflationary impacts consistent with overall trends in the aerospace and industrial distribution market, due primarily to increased materials, labor, and services costs. The effect of these increased costs on total company net income has been mitigated with improved efficiency in our underlying business through productivity improvements and pass-through price increases. Our Federal and Defense segment has limited inflation risk as most of our contracts provide for estimates of future labor costs to be escalated for any option periods, while the non-labor costs in our contracts are typically reimbursable at cost. Given broader inflation in the economy, we are monitoring the risk inflation presents to active and future contracts.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies, Estimates and Judgments

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), which require us to make estimates and assumptions. Certain critical accounting policies affect the more significant accounts, particularly those that involve judgments, estimates and assumptions used in the preparation of our consolidated financial statements. The development and selection of these critical accounting policies have been determined by our management. Due to the significant judgment involved in selecting certain of the assumptions used in these policies, it is possible that different parties could choose different assumptions and reach different conclusions. We consider our policies relating to the following matters to be critical accounting policies.

Revenue Recognition

We account for revenue in accordance with ASC 606. The unit of account in ASC 606 is a performance obligation. At the inception of each contract with a customer, we determine our performance obligations under the contract and the contract's transaction price. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and

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is defined as the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied. The majority of our contracts have a single performance obligation as the promise to transfer the respective goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct. For product sales, each product sold to a customer typically represents a distinct performance obligation, services. Our performance obligations are satisfied over time as work progresses or at a point in time based on transfer of control of products and services to our customers.

Contract modifications are routine in the performance of our contracts. Contracts are often modified to account for changes in contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct, and therefore are accounted for as part of the existing contract.

Substantially all Fleet segment revenues from the sale of vehicle parts to customers are recognized at the point in time of the transfer of control to the customer. Sales returns and allowances for vehicle parts are not significant.

Our Aviation segment revenues result from the sale of aircraft parts and the performance of MRO services. Our Aviation segment recognizes revenues for the sale of aircraft parts at a point in time when control is transferred to the customer, which usually occurs when the parts are shipped. Our Aviation segment recognizes revenues for MRO services over time as the services are transferred to the customer. MRO services revenue recognized recognition is measured based on the cost-to-cost input method, as costs incurred reflect the work completed, and therefore, the services transferred to date. Sales returns and allowances are not significant.

Our Federal and Defense Substantially all Fleet segment revenues result from professional and technical services, which we perform for the sale of vehicle parts to customers on a contract basis. Revenue is are recognized for performance obligations over at the point in time as we of the transfer the services of control to the customer. The three primary types of contracts used Sales returns and allowances for vehicle parts are cost-type, fixed-price and time and materials. Revenues result from work performed on these contracts by our employees and our subcontractors and from costs for materials and other work-related costs allowed under our contracts.

Revenues on cost-type contracts are recorded as contract allowable costs are incurred and fees are earned. Variable consideration is included in the estimated transaction price, to the extent that it is probable that a significant reversal will not occur, when there is a basis to reasonably estimate the amount of the fee. These estimates are based on historical award experience, anticipated performance and our best judgment based on current facts and circumstances.

Revenues on fixed-price contracts are recorded as work is performed over the period. We generally recognize revenue using the time-elapsed output method for our fixed-price service offering performance obligations. For certain deliverable-based fixed-price performance obligations, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion. For such contracts, we estimate total costs at the inception of the contract based on our assumptions of the cost elements required to complete the associated tasks of the contract and assess the effects of the risks on our estimates of total costs to complete the contract. Our cost estimates are based on assumptions that include the complexity of the work, our employee labor costs, the cost of materials and the performance of our subcontractors. These cost estimates are subject to change as we

perform under the contract and as a result, the timing of revenues and amount of profit on a contract may change as there are changes in estimated costs to complete the contract. Such adjustments are recognized on a cumulative catch-up basis in the period we identify the changes.

Revenues for time and materials contracts are recorded based on the amount for which we have the right to invoice our customers, because the amount directly reflects the value of our work performed for the customer. Revenues are recorded on the basis of contract allowable labor hours worked multiplied by the contract defined billing rates, plus the direct costs and indirect cost burdens associated with materials and subcontract work used in performance on the contract. Generally, profits on time and materials contracts result from the difference between the cost of services performed and the contract defined billing rates for these services.

Revenues related to work performed on government contracts at risk, which is work performed at the customer's request prior to the government formalizing funding, is not recognized until it can be reliably estimated, and its realization is probable. **significant.**

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Inventory Valuation

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method. **Inventories for our Fleet segment consist primarily of vehicle replacement parts, and also include related purchasing, storage and handling costs.** Inventories for our Aviation segment consist primarily of aftermarket parts for distribution, and general aviation engine accessories and parts, and also include related purchasing, overhaul labor, storage and handling costs. **Inventories for our Fleet segment consist primarily of vehicle replacement parts, and also include related purchasing, storage and handling costs.** We periodically evaluate the carrying value of inventory, **giving consideration to considering** factors such as its physical condition, sales patterns and expected future demand in order to estimate the amount necessary to write down any slow moving, obsolete or damaged inventory. These estimates could vary significantly from actual amounts based **upon on** future economic conditions, customer inventory levels or competitive factors that were not foreseen or did not exist when the estimated write-downs were made.

Business Combinations

We account for business combinations under the acquisition method of accounting. The purchase price of each business acquired is allocated to the tangible and intangible assets acquired and the liabilities assumed based on information regarding their respective fair values on the date of acquisition. Any excess of the purchase price over the fair value of the separately identifiable assets acquired and liabilities assumed is allocated to goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, and market multiples, among other items. We determine the fair values of intangible assets acquired generally in consultation with third-party valuation advisors. The valuation of assets acquired and liabilities assumed requires a number of judgments and is subject to revision as additional information about the fair values becomes available. We will recognize any adjustments to provisional amounts that are identified during the period not to exceed twelve months from the acquisition date (the "measurement period") in which the adjustments are determined. Acquisition costs are expensed as incurred. The results of operations of businesses acquired are included in the consolidated financial statements from their dates of acquisition.

As part Valuation of the agreement to acquire certain subsidiaries, we may be obligated to pay contingent consideration should the acquired entity meet certain earnings objectives subsequent to the date of acquisition. As of the acquisition date, contingent consideration is recorded at fair value as determined through the use of a probability-based scenario analysis approach. Under this approach, a set of potential future subsidiary earnings is estimated based on various revenue growth rate assumptions for each scenario. A probability of likelihood is then assigned to each potential future earnings estimate and the resultant contingent consideration is calculated and discounted using a weighted average discount rate. The fair value is measured each reporting period subsequent to the acquisition date and any changes are recorded within cost and operating expenses within our consolidated statement of income. Changes in either the revenue growth rates, related earnings or the discount rate could result in a material change to the amount of the contingent consideration accrued.

Goodwill and Intangible Assets

Goodwill **is subject to a review** represents the excess of fair value of consideration paid for an acquisition over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. We recognize purchased intangible assets in connection with our business acquisitions at fair value on the acquisition date. We evaluate goodwill for our reporting units for impairment at least annually. We perform an annual review annually on the first day of goodwill for impairment during the fourth quarter, and or whenever events or other changes in circumstances indicate that the carrying value may not be fully recoverable. **The goodwill impairment test is performed at the reporting unit level.** We estimate and compare the fair value of each reporting unit to its respective carrying value including goodwill. If the fair value is less than the carrying value, the amount of impairment expense is equal to the difference between the reporting unit's fair value and the reporting unit's carrying value. Determining the fair value of a reporting unit requires the exercise of significant management judgments and the use of estimates and assumptions. We estimate the fair value of our reporting units using a weighting of fair values derived from the income approach and market approach. Under the income approach, we calculate the fair value of a reporting unit based **The analysis relies on the present value of estimated significant judgements and assumptions about expected future cash flows.** Cash flow projections are based on our estimates **flows, weighted-average cost of revenue capital, discount rates, expected long-term growth rates, and operating margins, taking into consideration industry and market conditions.** The discount rate used is based on a weighted average cost of capital adjusted for the relevant risk associated with the characteristics of the business and the projected cash flows. Under the market approach, we estimate the fair value of a reporting unit based on multiples of earnings **financial measures** derived from observable market data of comparable public companies. We evaluate companies within our industry that have operations with observable and comparable economic characteristics and are similar in nature, scope and size to the reporting unit being compared. We analyze historical acquisitions in our industry to estimate a control premium that we incorporate into the fair value estimate of a reporting unit under the market approach. The carrying value of each reporting unit includes the assets and liabilities employed in its operations and goodwill. There are no significant allocations of amounts held at the Corporate level to the reporting units.

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The results of our annual goodwill impairment tests in fiscal 2022 and 2021, respectively, indicated that the estimated fair value of each reporting unit exceeded its carrying value. There were no impairment charges recorded in the years ended December 31, 2022 and 2021.

In the second quarter of 2020, due to the significant decline in our market capitalization as well as an overall stock market decline amid market volatility as a result of the COVID-19 pandemic, we performed an interim impairment test utilizing a quantitative assessment approach. Based on the assessment, our VSE Aviation reporting unit was determined to be impaired and a \$30.9 million impairment charge was recognized. Based on our annual goodwill impairment test performed in during the fourth quarter of 2020, for which a qualitative assessment approach was utilized, it was 2023, we determined that it was more likely than not that the each reporting unit's fair value of our reporting units significantly exceeded their its carrying value, and no additional impairment was recognized. value.

Intangible assets with finite lives are amortized using the method that best reflects how their economic benefits are utilized or, if a pattern of economic benefits cannot be reliably determined, on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Accounting for Income Taxes

Income taxes are accounted for under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. This method also requires the recognition of future tax benefits, such as net operating loss and capital loss carryforwards, to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The carrying value of net deferred tax assets is based on assumptions regarding our ability to generate sufficient future taxable income to utilize these deferred tax assets within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. Deferred tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted.

Recently Issued

Recent Accounting Pronouncements

For a description of recently announced accounting standards, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements, see See "Nature of Business and Summary of Significant Accounting Policies—Recently Issued Policies—Recent Accounting Pronouncements" in Note (1) to our Consolidated Financial Statements included below in Item 8. 8 of this annual report on Form 10-K for additional information.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risks

Interest Rates

Our bank loan credit agreement provides available borrowing to us at variable interest rates. Our interest expense is impacted by the overall global economic and interest rate environment. The inflationary environment has also resulted Accordingly, an increase in central banks raising short-term interest rates. Accordingly, future interest rate changes rates could potentially put us at risk for have a material adverse impact on future earnings and our results of operations, financial position, or cash flows. To mitigate the risks associated with future interest rate movements we have employed interest rate hedges to fix the rate on a portion of our outstanding borrowings for various periods.

A hypothetical 1% increase to interest rates would have increased interest expense by approximately \$3.3 million, \$4.0 million and would have decreased our net income and operating cash flows by a comparable amount.

For additional information related to our debt and interest rate swap agreements, see Note (7) and Note (8), respectively, to our Consolidated Financial Statements contained in this report.

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ITEM 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
VSE Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of VSE Corporation (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of income, (loss), comprehensive income, (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, and the related notes and financial statement schedule included under Item 15.2 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated March 9, 2023 March 7, 2024 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the write-down of Aviation inventories

As described further in Note 1 to the consolidated financial statements, the Company records inventory within its Aviation Segment at the lower of cost or net realizable value. The Company periodically evaluates the carrying value of inventory which requires the write-down of slow-moving inventory for excess or obsolete inventory based on certain inputs and assumptions used to determine the net realizable value. These assumptions include future demand and sales patterns. Changes in these assumptions could have a significant impact on the valuation of the inventory for the Aviation Segment.

The principal considerations for our determination that the assessment of the write-down of inventories, within the Aviation Segment, is a critical audit matter are the magnitude of the inventory balance in the Aviation Segment and that the inputs and assumptions used in determining the write-down are subject to significant management judgement. The inputs and assumptions used in determining the write-down of slow-moving inventory includes the future demand and sales patterns, the identification of specific inventories associated with aircraft with declining usage trends and the impact of recently executed distribution agreements. The assessment of these inputs required a high degree of auditor judgement in evaluating the future customer demand for slow moving inventory.

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Our audit procedures related to the write-down of inventory inventories, within the Aviation Segment, included the following, among others.

- We tested the design and operating effectiveness of controls relating to the Company's inventory process, including controls over the Company's evaluation of the impact on the estimate of net realizable value based on the number of days transpiring from the date the inventory was original received, historical sales of the inventory, specific inventories identified to relate to aircraft with declining usage and the approval and evaluation of new distribution agreements.

- We assessed the recovery rates applied to slow moving inventory are consistent with management's forecasted demand.
- We assessed the identification of specific inventory with declining usage trends by evaluating external industry information.
- We conducted sensitivity analysis around the reserve assumptions applied to aged inventory included in the perpetual listing as of year-end.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2019.

Arlington, Virginia
March 9, 2023 7, 2024

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VSE Corporation and Subsidiaries
Consolidated Balance Sheets

(in thousands, except share and per share amounts)

(in thousands, except share and per share amounts)	As of December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,768	\$ 305
Receivables, net	127,958	90,599
Contract assets	8,049	7,409
Inventories	500,864	380,438
Other current assets	36,389	15,202
Current assets held-for-sale	93,002	54,925
Total current assets	774,030	548,878
Property and equipment, net	58,076	40,501

Intangible assets, net	114,130	86,558
Goodwill	351,781	217,262
Operating lease right-of-use assets	28,684	21,558
Other assets	23,637	29,019
Non-current assets held-for-sale	—	56,013
Total assets	<u>\$ 1,350,338</u>	<u>\$ 999,789</u>
Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 22,500	\$ 10,000
Accounts payable	173,036	128,504
Accrued expenses and other current liabilities	36,383	31,889
Dividends payable	1,576	1,282
Current liabilities held-for-sale	53,391	52,929
Total current liabilities	<u>286,886</u>	<u>224,604</u>
Long-term debt, less current portion	406,844	276,300
Deferred compensation	7,939	7,398
Long-term operating lease obligations	24,959	19,154
Deferred tax liabilities	6,985	4,759
Non-current liabilities held-for-sale	—	18,048
Total liabilities	<u>733,613</u>	<u>550,263</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, par value \$0.05 per share, authorized 23,000,000 shares; issued and outstanding 15,756,918 and 12,816,613 respectively	788	641
Additional paid-in capital	229,103	92,620
Retained earnings	384,702	351,297
Accumulated other comprehensive income	2,132	4,968
Total stockholders' equity	<u>616,725</u>	<u>449,526</u>
Total liabilities and stockholders' equity	<u>\$ 1,350,338</u>	<u>\$ 999,789</u>

	As of December 31,	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 478	\$ 518
Receivables, net	103,193	76,587
Unbilled receivables	38,307	31,882
Inventories	380,707	322,702
Other current assets	26,193	32,304
Total current assets	<u>548,878</u>	<u>463,993</u>
Property and equipment, net	47,969	42,486
Intangible assets, net	90,624	108,263
Goodwill	248,837	248,753
Operating lease - right-of-use assets	34,412	27,327
Other assets	29,069	27,736
Total assets	<u>\$ 999,789</u>	<u>\$ 918,558</u>
Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 10,000	\$ 14,162

Accounts payable	159,600	115,064
Accrued expenses and other current liabilities	53,722	49,465
Dividends payable	1,282	1,273
Total current liabilities	224,604	179,964
Long-term debt, less current portion	276,300	270,407
Deferred compensation	7,398	14,328
Long-term operating lease obligations	32,340	27,168
Deferred tax liabilities	9,621	9,108
Other long-term liabilities	—	250
Total liabilities	550,263	501,225
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, par value \$0.05 per share, authorized 23,000,000 shares; issued and outstanding 12,816,613 and 12,726,659 respectively	641	636
Additional paid-in capital	92,620	88,515
Retained earnings	351,297	328,358
Accumulated other comprehensive income (loss)	4,968	(176)
Total stockholders' equity	449,526	417,333
Total liabilities and stockholders' equity	\$ 999,789	\$ 918,558

The accompanying notes are an integral part of these financial statements.

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VSE Corporation and Subsidiaries Consolidated Statements of Income (Loss)

(in thousands, except share and per share amounts)

For the years ended December 31,					For the years ended December 31,		
		2022	2021	2020			
(in thousands, except share and per share amounts)					(in thousands, except share and per share amounts)		
					2023	2022	2021
Revenues:	Revenues:						
Products	Products						
Products	Products	\$ 562,482	\$ 400,935	\$ 318,324			
Services	Services	387,280	349,918	343,335			
Total revenues	Total revenues	949,762	750,853	661,659			
Costs and operating expenses:	Costs and operating expenses:						
Costs and operating expenses:	Costs and operating expenses:						
Products	Products	503,932	385,065	283,814			
Services	Services	367,897	322,161	302,458			

Selling, general and administrative expenses	Selling, general and administrative expenses	5,163	3,625	3,120			
Amortization of intangible assets	Amortization of intangible assets	17,639	18,482	17,504			
Total costs and operating expenses	Total costs and operating expenses	894,631	729,333	606,896			
		55,131	21,520	54,763			
Loss on sale of a business entity and certain assets		—	—	(8,214)			
Gain on sale of property		—	—	1,108			
Goodwill and intangible asset impairment		—	—	(33,734)			
Operating income		55,131	21,520	13,923			
Operating income (loss)							
Interest expense, net	Interest expense, net	17,885	12,069	13,496			
Interest expense, net							
Interest expense, net							
Income (loss) from continuing operations before income taxes							
Provision (benefit) for income taxes							
Net income (loss) from continuing operations							
(Loss) income from discontinued operations, net of tax							
Net income							
Income before income taxes		37,246	9,451	427			
Earnings (loss) per share:							
Earnings (loss) per share:							
Earnings (loss) per share:							
Basic							
Basic							
Basic							
Continuing operations							
Continuing operations							
Continuing operations							
Discontinued operations	Discontinued operations				(0.28)	0.11	1.51
\$							
Diluted							
Continuing operations							

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VSE Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity

(in thousands except per share data)

(in thousands)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2020	11,055	\$ 553	\$ 31,870	\$ 325,097	\$ (1,203)	\$ 356,317
Net income	—	—	—	7,966	—	7,966
Issuance of common stock	1,599	80	51,937	—	—	52,017
Stock-based compensation	73	3	4,708	—	—	4,711
Other comprehensive income, net of tax	—	—	—	—	1,027	1,027
Dividends declared (\$0.37 per share)	—	—	—	(4,705)	—	(4,705)
Balance at December 31, 2021	12,727	636	88,515	328,358	(176)	417,333
Net income	—	—	—	28,059	—	28,059
Stock-based compensation	90	5	4,105	—	—	4,110
Other comprehensive income, net of tax	—	—	—	—	5,144	5,144
Dividends declared (\$0.40 per share)	—	—	—	(5,120)	—	(5,120)
Balance at December 31, 2022	12,817	641	92,620	351,297	4,968	449,526
Net income	—	—	—	39,134	—	39,134
Issuance of common stock	2,846	142	128,968	—	—	129,110
Stock-based compensation	94	5	7,515	—	—	7,520
Other comprehensive loss, net of tax	—	—	—	—	(2,836)	(2,836)
Dividends declared (\$0.40 per share)	—	—	—	(5,729)	—	(5,729)
Balance at December 31, 2023	15,757	\$ 788	\$ 229,103	\$ 384,702	\$ 2,132	\$ 616,725

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2019	10,970	\$ 549	\$ 29,411	\$ 334,246	\$ (1,105)	\$ 363,101
Net loss	—	—	—	(5,171)	—	(5,171)
Stock-based compensation	85	4	2,459	—	—	2,463
Change in fair value of interest rate swap agreements, net of tax	—	—	—	—	(98)	(98)
Dividends declared (\$0.36 per share)	—	—	—	(3,978)	—	(3,978)
Balance at December 31, 2020	11,055	553	31,870	325,097	(1,203)	356,317
Issuance of common stock	1,599	80	51,937	—	—	52,017
Net income	—	—	—	7,966	—	7,966
Stock-based compensation	73	3	4,708	—	—	4,711
Change in fair value of interest rate swap agreements, net of tax	—	—	—	—	1,027	1,027
Dividends declared (\$0.37 per share)	—	—	—	(4,705)	—	(4,705)
Balance at December 31, 2021	12,727	636	88,515	328,358	(176)	417,333
Net income	—	—	—	28,059	—	28,059
Stock-based compensation	90	5	4,105	—	—	4,110
Change in fair value of interest rate swap agreements, net of tax	—	—	—	—	5,144	5,144

Dividends declared (\$0.40 per share)	—	—	—	(5,120)	—	(5,120)
Balance at December 31, 2022	12,817	\$ 641	\$ 92,620	\$ 351,297	\$ 4,968	\$ 449,526

The accompanying notes are an integral part of these financial statements.

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VSE Corporation and Subsidiaries Consolidated Statements of Cash Flows

(in thousands)

	For the years ended December 31,				For the years ended December 31,			
	2022	2021	2020					
(in thousands)					(in thousands)	2023	2022	2021
	(a)							(a)
Cash flows from operating activities:	Cash flows from operating activities:							
Net income (loss)	\$ 28,059	\$ 7,966	\$ (5,171)					
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:								
Net income								
Net income								
Net income								
Adjustments to reconcile net income to net cash (used in) provided by operating activities:					Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	Depreciation and amortization	25,570	25,600	24,135				
Amortization of debt issuance costs								
Deferred taxes	Deferred taxes	(1,139)	(4,356)	106				
Stock-based compensation	Stock-based compensation	4,465	3,932	2,858				
Provision for inventory	Provision for inventory	1,094	24,420	—				
Loss on sale of a business entity and certain assets		—	—	8,214				
Loss (gain) on sale of property and equipment		122	(64)	(1,051)				
Goodwill and intangible asset impairment		—	—	33,734				
Earn-out obligation fair value adjustment		—	—	(4,999)				

Gain (loss) on sale of property and equipment					
Changes in operating assets and liabilities, net of impact of acquisitions:	Changes in operating assets and liabilities, net of impact of acquisitions:				Changes in operating assets and liabilities, net of impact of acquisitions:
Receivables	Receivables	(26,606)	(9,413)	7,732	
Unbilled receivables		(6,425)	(5,542)	19,694	
Contract assets					
Inventories	Inventories	(59,099)	(80,021)	(50,172)	
Other current assets and noncurrent assets		(4,522)	(14,247)	(1,722)	
Other current assets and other assets					
Operating lease assets and liabilities, net					
Accounts payable and deferred compensation	Accounts payable and deferred compensation	36,193	33,210	3,503	
Accrued expenses and other current and noncurrent liabilities	Accrued expenses and other current and noncurrent liabilities	10,339	913	(1,100)	
Net cash provided by (used in) operating activities		8,051	(17,602)	35,761	
Net cash (used in) provided by operating activities					
Cash flows from investing activities:	Cash flows from investing activities:				Cash flows from investing activities:
Purchases of property and equipment	Purchases of property and equipment	(11,212)	(10,520)	(4,427)	
Proceeds from the sale of property and equipment	Proceeds from the sale of property and equipment	—	68	2,875	
Proceeds from payments on notes receivable	Proceeds from payments on notes receivable	8,835	2,906	1,856	
Proceeds from sale of a business entity and certain assets		—	—	19,915	
Earn-out obligation payments	Earn-out obligation payments	—	(750)		

Cash paid for acquisitions, net of cash acquired	Cash paid for acquisitions, net of cash acquired	—	(53,336)	—
Net cash (used in) provided by investing activities		(2,377)	(61,632)	20,219
Net cash used in investing activities				
Cash flows from financing activities:	Cash flows from financing activities:			
Borrowings on loan agreement		520,223	491,567	432,999
Repayments on loan agreement		(518,347)	(458,294)	(452,338)
Borrowings on bank credit facilities				
Repayments on bank credit facilities				
Proceeds from issuance of common stock	Proceeds from issuance of common stock	899	52,017	—
Earn-out obligation payments	Earn-out obligation payments	(1,250)	—	(31,701)
Payment of debt financing costs	Payment of debt financing costs	(1,113)	(808)	(636)
Payment of taxes for equity transactions	Payment of taxes for equity transactions	(1,015)	(681)	(690)
Dividends paid	Dividends paid	(5,111)	(4,427)	(3,970)
Net cash (used in) provided by financing activities		(5,714)	79,374	(56,336)
Net (decrease) increase in cash and cash equivalents		(40)	140	(356)
Cash and cash equivalents at beginning of year		518	378	734
Cash and cash equivalents at end of year		\$ 478	\$ 518	\$ 378
Net cash provided by (used in) financing activities				
Net increase (decrease) in cash and cash equivalents				
Cash and cash equivalents, beginning of period				
Cash and cash equivalents, end of period				

Cash flows from financing activities:

(a) The cash flows related to discontinued operations and held-for-sale assets and liabilities have not been segregated and remain included in the major classes of assets and liabilities. Accordingly, the Consolidated Statements of Cash Flows include the results of continuing and discontinued operations.

(a) The cash flows related to discontinued operations and held-for-sale assets and liabilities have not been segregated and remain included in the major classes of assets and liabilities. Accordingly, the Consolidated Statements of Cash Flows include the results of continuing and discontinued operations.

The accompanying notes are an integral part of these financial statements.

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Supplemental cash flow disclosures:

Cash paid for interest	\$	16,423	\$	12,146	\$	13,936
Cash paid for income taxes	\$	10,332	\$	7,536	\$	4,759

Supplemental disclosure of noncash investing and financing activities:

Notes receivable from the sale of a business entity and certain assets	\$	—	\$	—	\$	12,852
Earn-out obligation in connection with acquisitions	\$	—	\$	1,250	\$	—

VSE Corporation and Subsidiaries

Consolidated Statements of Cash Flows (continued)

(in thousands)	For the years ended December 31,		
	2023	2022	2021
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest	\$ 35,039	\$ 16,423	\$ 12,146
Income taxes	\$ 13,944	\$ 10,332	\$ 7,536
Non-cash investing and financing activities:			
Earn-out obligation in connection with acquisitions	\$ —	\$ —	\$ 1,250

The accompanying notes are an integral part of these financial statements.

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VSE Corporation and Subsidiaries Notes to Consolidated Financial Statements December 31, 2022

(1) Nature of Business and Summary of Significant Accounting Policies

Nature of Business

The term VSE Corporation (collectively, with its consolidated subsidiaries), "VSE," the "Company," "us," "we," or "our" means VSE is a diversified aftermarket products and its subsidiaries and divisions unless the context indicates operations of only VSE as the parent services company.

Our operations include aftermarket aircraft and airframe parts supply and distribution, supply chain and inventory management solutions services; MRO of aircraft components and engine accessories; vehicle fleet sustainment programs; vehicle fleet parts supply for vehicle fleets; maintenance, repair, and overhaul ("MRO") services and parts supply for aviation clients; vehicle and equipment maintenance and refurbishment; logistics; engineering; energy services; IT and health care IT solutions; and consulting services, distribution. We serve the United States Government (the "government"), including the United States Department of Defense ("DoD"), federal civilian agencies, commercial and other commercial customers, government markets. We operate in two reportable segments aligned with our operating segments: Aviation and Fleet.

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements consist of the Company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and include the assets, liabilities, results of operations of and cash flows our parent company and our wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

In May 2023, we entered into a definitive agreement to sell our Federal and Defense segment which we mutually agreed to terminate in September 2023, with neither party paying any termination fees. In February 2024, we entered into two separate agreements to sell substantially all of the Federal and Defense segment assets. See Note (3) "Discontinued Operations" and Note (18) "Subsequent Events" for further information. The consolidated financial statements reflect the Federal and Defense segment's results of operations as discontinued operations, and the related assets and liabilities as held-for-sale for all periods presented.

Certain reclassifications have been made to the prior period financial information to reflect discontinued operations presentation. Unless otherwise noted, amounts and disclosures throughout these Notes to Consolidated Financial Statements relate solely to continuing operations and exclude all discontinued operations.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates affecting the financial statements may include, but are not limited to, fair value measurements, inventory provisions, collectability of receivables, estimated profitability of long-term contracts, valuation allowances on deferred tax assets, fair value of goodwill and other intangible assets and contingencies.

Stock-Based Compensation

We issue stock-based awards as compensation to employees and directors. Stock-based awards include stock-settled bonus awards, vesting time-vested stock awards and performance share awards. We recognize stock-based compensation expense over the underlying award's requisite service period, as measured using the award's grant date fair value. Our policy is to recognize forfeitures as they occur. For performance share awards, we assess the probability of achieving the performance conditions at each reporting period end and adjust compensation expense based on the number of shares we expect to ultimately issue.

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income by the weighted average number of shares of common stock outstanding during each period. Shares issued during the period are weighted for the portion of the period that they were outstanding. Our calculation of diluted earnings per common share includes the dilutive effects for the assumed vesting of outstanding stock-based awards. As a result of incurring a net loss for the year ended December 31, 2020, potential dilutive shares There were excluded from diluted loss per share as the effect would have been anti-dilutive. The no antidilutive common stock equivalents excluded from the diluted per share calculation calculation.

The weighted-average number of shares outstanding used to compute basic and diluted EPS were not material, as follows:

Years Ended December 31,			Years Ended December 31,		
2022	2021	2020	2023	2022	2021

Basic weighted average common shares outstanding	Basic weighted average common shares outstanding	12,780,117	12,551,459	11,034,256
Effect of dilutive shares	Effect of dilutive shares	47,777	81,415	—
Diluted weighted average common shares outstanding	Diluted weighted average common shares outstanding	12,827,894	12,632,874	11,034,256

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Due to the short maturity of these instruments, the carrying values on our consolidated balance sheets approximate fair value.

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December 31, 2023, we held approximately \$6.0 million of cash in foreign bank accounts, primarily in connection with our acquisition of Desser Holding Company LLC ("Desser Aerospace"). Refer to Note (2) "Acquisitions," for details regarding our acquisitions.

Property and Equipment

Property and equipment is recorded at cost, net of accumulated depreciation and amortization. Depreciation and amortization is generally provided on the straight-line method over the estimated useful lives of the various assets. Property and equipment is generally depreciated over the following estimated useful lives: computer equipment, furniture, other equipment from three to 15 years; and buildings and land improvements from 15 to 20 years. Amortization of leasehold improvements is provided by the straight-line method over the lesser of their useful life or the remaining term of the lease.

Leases

We determine at inception whether an arrangement that provides us control over the use of an asset is a lease. Substantially all of our leases are long-term operating leases for facilities with fixed payment terms. We recognize a right-of-use ("ROU") asset and a lease liability upon commencement of our operating leases. The initial lease liability is equal to the future fixed minimum lease payments discounted using our incremental borrowing rate, on a secured basis. The lease term includes option renewal periods and early termination payments when it is reasonably certain that we will exercise those rights. The initial measurement of the ROU asset is equal to the initial lease liability plus any initial indirect costs and prepayments, less any lease incentives.

We recognize lease costs on a straight-line basis over the remaining lease term, except for variable lease payments that are expensed in the period in which the obligation for those payments is incurred.

Leases with an initial term of 12 months or less with purchase options or extension options that are not reasonably certain to be exercised are not recorded on the balance sheet. Operating lease cost is included in costs and operating expenses on our consolidated statement of income.

Concentration Concentrations of Credit Risk

Financial instruments that potentially subject us to concentration of credit risk consist primarily of our trade receivables. Our trade receivables consist of amounts due from various commercial entities and government clients. We believe that concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the customer base and their dispersion across many different geographic regions. Contracts with the government, either as a prime or subcontractor, accounted for approximately 47%, 57%, and 69% of revenues for the years ended December 31, 2022, 2021 and 2020, respectively. The credit risk, with respect to contracts with the government, is limited due to the creditworthiness of the respective governmental entity. We perform ongoing credit evaluations and monitoring of the financial condition of all our customers. We maintain an allowance for credit losses based upon several factors, including historical collection experience, current aging status of the customer accounts and financial condition of our customers.

Revenue Recognition

We account for revenue in accordance with ASC 606. The unit of account in ASC 606 is a performance obligation. At the inception of each contract with a customer, we determine our performance obligations under the contract and the contract's transaction price. A performance obligation is a promise in a contract to transfer a distinct good or service to the

customer and is defined as the unit of account. A contract's transaction price is allocated to each distinct performance obligation and

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recognized as revenue when the performance obligation is satisfied. The majority of our contracts have a single performance obligation as the promise to transfer the respective goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct. For product sales, each product sold to a customer typically represents a distinct performance obligation. Our performance obligations are satisfied over time as work progresses or at a point in time based on transfer of control of products and services to our customers.

Contract modifications are routine in the performance of our contracts. Contracts are often modified to account for changes in contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct, and therefore are accounted for as part of the existing contract.

Substantially all our Fleet segment revenues from the sale of vehicle parts to customers are recognized at the point in time of the transfer of control to the customer. Sales returns and allowances for vehicle parts are not significant.

Our Aviation segment revenues result from the sale of aircraft parts and performance of MRO services for private and commercial aircraft owners, other aviation MRO providers, and aviation original equipment manufacturers. Our Aviation segment recognizes revenues for the sale of aircraft parts at a point in time when control is transferred to the customer, which

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usually occurs when the parts are shipped. Our Aviation segment recognizes revenues for MRO services over time as the services are transferred to the customer. MRO services revenue recognized is measured based on the cost-to-cost input method, as costs incurred reflect the work completed, and therefore the services transferred to date. Sales returns and allowances are not significant.

Our Federal and Defense segment revenues result from professional and technical services, which we perform for customers on a contract basis. Revenue is recognized for performance obligations over time as we transfer the services to the customer. The three primary types of contracts used are cost-type, fixed-price and time-and-materials. Revenues result from work performed on these contracts by our employees and our subcontractors and from costs for materials and other work-related costs allowed under our contracts.

Revenues on cost-plus contracts are recorded as contract allowable costs are incurred and fees are earned. Variable consideration is included in the estimated transaction price, to the extent that it is probable that a significant reversal will not occur, when there is a basis to reasonably estimate the amount of the fee. These estimates are based on historical award experience, anticipated performance and our best judgment based on current facts and circumstances.

Revenues on fixed-price contracts are recorded as work is performed over the period. We generally recognize revenue using the time-elapsed output method for our fixed-price service offering performance obligations. For certain deliverable-based fixed-price performance obligations, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion. For such contracts, we estimate total costs at the inception of the contract based on our assumptions of the cost elements required to complete the associated tasks of the contract and assess the impact of the risks on our estimates of total costs to complete the contract. Our cost estimates are based on assumptions that include the complexity of the work, our employee labor costs, the cost of materials and the performance of our subcontractors. These cost estimates are subject to change as we perform under the contract and as a result, the timing of revenues and amount of profit on a contract may change as there are changes in estimated costs to complete the contract. Such adjustments are recognized on a cumulative catch-up basis in the period we identify the changes.

Revenues for time and materials ("T&M") contracts are recorded based on the amount for which we have the right to invoice our customers, because the amount directly reflects the value of our work performed for the customer. Revenues are recorded on the basis of contract allowable labor hours worked multiplied by the contract defined billing rates, plus the direct costs and indirect cost burdens associated with materials and subcontract work used in performance on the contract. Generally, profits on time and materials contracts result from the difference between the cost of services performed and the contract defined billing rates for these services.

Revenues related to work performed on government contracts at risk, which is work performed at the customer's request prior to the government formalizing funding, is not recognized until it can be reliably estimated, and its realization is probable.

A substantial portion of contract and administrative costs are subject to audit by the Defense Contract Audit Agency. Our indirect cost rates have been audited and approved for 2021 and prior years with no material adjustments to our results of operations or financial position. While we maintain reserves to cover the risk of potential future audit adjustments based primarily on the results of prior audits, we do not believe any future audits will have a material adverse effect on our results of operations, financial position, or cash flows.

Receivables and Unbilled Receivables Contract Assets

Receivables are recorded at amounts earned less an allowance. We review our receivables regularly to determine if there are any potentially uncollectible accounts. The majority of our receivables are from government agencies, where there is minimal credit risk.

Unbilled receivables Contract assets include unbilled amounts typically resulting from sales under contracts when the cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. The amounts may not exceed their estimated net realizable value. Unbilled receivables Contract assets are classified as current based on our contract operating cycle.

Allowance for Credit Losses

We establish allowances for credit losses on our accounts receivable and unbilled receivables, contract assets. To measure expected credit losses, we have disaggregated pools of receivable balances by segment. Within each segment, receivables exhibit similar risk characteristics. In determining the amount of the allowance for credit losses, we consider historical collectability based on past due status. We also consider current market conditions and forecasts of future economic conditions to inform potential

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adjustments to historical loss data. In addition, we also record allowance allowances for credit losses for specific receivables that are deemed to have a higher risk profile than the rest of the respective pool of receivables, such as concerns about a specific customer's inability to meet its financial obligation to us. The adequacy of these allowances is assessed quarterly through consideration of factors on a collective basis where similar characteristics exist and on an individual basis.

Inventories

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method. Inventories consist primarily of finished goods replacement parts for our Fleet and Aviation segments, and also include related purchasing, storage, and handling costs. Inventories for our Aviation segment consist primarily of aftermarket parts for distribution, and general aviation engine accessories and parts, and also include related purchasing, overhaul labor, storage, and handling costs.

We periodically evaluate the carrying value of inventory, giving consideration to considering factors such as its physical condition, sales patterns and expected future demand in order to estimate the amount necessary to write down any slow moving, obsolete or damaged inventory. These estimates could vary significantly from actual amounts based upon future economic conditions, customer inventory levels or competitive factors that were not foreseen or did not exist when the estimated write-downs were made.

During 2021, we recorded a \$24.4 million provision for inventory within cost and operating expenses primarily related to slow moving and excess quantities of Aviation segment inventory supporting certain international region distribution programs entered into prior to 2019.

Deferred Compensation Plans

We established the VSE Corporation Deferred Supplemental Compensation Plan ("DSC Plan") for the benefit of certain key management employees to be incentivized and rewarded based on overall company performance. We recognized DSC Plan expenses of \$0.4 million, \$0.3 million, \$0.4 million and \$1.0 million \$0.4 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

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We invest in corporate owned life insurance ("COLI") products and in mutual funds that are held in a Rabbi Trust to fund the DSC Plan obligations. The COLI investments are recorded at cash surrender value and the mutual fund investments are recorded at fair value. The DSC Plan assets are included in other assets on the accompanying consolidated balance sheets. Gains and losses recognized on the changes in fair value of the investments are recorded as selling, general and administrative expenses on the accompanying consolidated statements of income. We recorded a net gain of \$22 thousand and net losses gains of \$0.6 million and \$0.9 million \$22 thousand for the years ended December 31, 2022, 2021 December 31, 2023 and 2020, respectively. 2022, respectively, and a net loss of \$0.6 million for the year ended December 31, 2021.

Derivative Instruments

Derivative instruments are recorded on the consolidated balance sheets at fair value. Unrealized gains and losses on derivatives designated as cash flow hedges are report reported in other comprehensive income (loss) and reclassified into earnings in a manner that matches the timing of the earnings impact of the hedged transactions.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. This method also requires the recognition of future tax benefits, such as net operating loss carryforwards, to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The carrying value of net deferred tax assets is based on assumptions regarding our ability to generate sufficient future taxable income to utilize these deferred tax assets.

Business Combinations

We allocate the purchase price of acquired entities to the underlying tangible and identifiable intangible assets acquired and liabilities assumed based on their respective estimated fair values, with any excess recorded as goodwill. The operating results of acquired businesses are included in our results of operations beginning as of their effective acquisition dates. For contingent

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consideration arrangements, a liability is recognized at fair value as of the acquisition date with subsequent fair value adjustments recorded in operations.

Goodwill and Other Intangible Assets

Goodwill represents the purchase price paid in excess of the fair value of net tangible and intangible assets acquired in a business combination. Goodwill is tested for potential impairment at the reporting unit level annually at the beginning of the fourth quarter, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

We estimate and compare the fair value of each reporting unit to its respective carrying value including goodwill. The fair value of our reporting units is determined using a combination of the income approach and the market approach, which involves the use of estimates and assumptions, including projected future operating results and cash flows, the cost of capital, and financial measures derived from observable market data of comparable public companies. If the fair value is less than the carrying value, the amount of impairment expense is equal to the difference between the reporting unit's fair value and the reporting unit's carrying value.

Intangible assets with finite lives are amortized using the method that best reflects how their economic benefits are utilized or, if a pattern of economic benefits cannot be reliably determined, on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of Long-Lived Assets (Excluding Goodwill)

We review our long-lived assets, including amortizable intangible assets, operating lease right-of-use assets, and property and equipment, for impairment whenever events or changes in facts and circumstances indicate that their carrying values may not be fully recoverable. We assess impairment by comparing recoverable and the estimated undiscounted future cash flows of the related asset to its carrying value. If an asset is determined to be impaired, we recognize an impairment charge in the current period for the difference between the fair value amount of the asset and exceeds its estimated future undiscounted cash flows. When the carrying

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amount of the asset exceeds its estimated future undiscounted cash flows, an impairment loss is recognized to reduce the asset's carrying value. amount to its estimated fair value based on the present value of its estimated future cash flows.

Recent Adopted Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In October 2021, November 2023, the FASB Financial Accounting Standards Board ("FASB") issued ASU 2021-08, "Business Combinations Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 805) 280: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers," Improvements to Reportable Segment Disclosures, which requires contract assets public entities to disclose information about their reportable segments' significant expenses and contract liabilities acquired other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in a business combination to be recognized ASU 2023-07, as well as all existing segment disclosures and measured by the acquirer reconciliation requirements in ASC 280 on the acquisition date in accordance with ASC 606, "Revenue from Contracts with Customers," as if the acquirer had originated the contracts. The new standard an interim and annual basis. ASU 2023-07 is effective on a prospective basis for fiscal years and interim reporting periods within those fiscal years beginning after December 15, 2022 December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. This guidance is required to be adopted by us beginning with the annual period of 2024. We elected to early adopt this standard during are currently evaluating the first quarter 2022 impact that adoption of ASU 2023-07 may have on our consolidated financial statements and will apply the guidance prospectively to business combinations entered into subsequent to adoption. disclosure.

In March 2020, December 2023, the FASB issued ASU 2020-04, "Reference Rate Reform 2023-09, Income Taxes (Topic 848) 740: Facilitation Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the Effects rate reconciliation, as well as disclosure of Reference Rate Reform income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. This guidance is

required to be adopted by us in the first quarter of 2025. We are currently evaluating the impact that adoption of ASU 2023-09 may have on Financial Reporting." The amendments provide optional guidance our consolidated financial statements and disclosure.

(2) Acquisitions

Fiscal 2023

Precision Fuel Components, LLC

On February 1, 2023, our Aviation segment acquired Precision Fuel Components, LLC ("Precision Fuel") for a limited time purchase price of \$11.7 million. Precision Fuel provides MRO services for engine accessory and fuel systems supporting the business and general aviation ("B&GA") market. Our acquisition of Precision Fuel expanded our MRO capabilities and client base. Precision Fuel operating results are included in the accompanying consolidated financial statements beginning on the acquisition date. The acquisition was not material to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. We amended our loan agreement in October 2022, which is discussed in Note (7) "Debt". The change from LIBOR rates did not have a material impact on our consolidated financial statements.

(2) Acquisitions The final allocation of the purchase price resulted in net tangible assets of \$3.2 million, goodwill of \$4.8 million, and Divestitures contract and customer-related intangible asset of \$3.8 million, which is being amortized over a period of five years. During the year ended December 31, 2023, we incurred \$0.2 million of acquisition-related expenses related to the acquisition of Precision Fuel, which are included in selling, general and administrative expenses.

Acquisitions Desser Aerospace

On July 3, 2023, we completed the acquisition of Desser Holding Company LLC ("Desser Aerospace"), a global aftermarket solutions provider of specialty distribution and MRO services. We purchased Desser Aerospace for a preliminary cash consideration of \$133.7 million, which included \$9.5 million as an estimated net working capital adjustment (subject to post-closing adjustments). Concurrent with the closing of the transaction, we immediately sold, in a separate transaction, Desser Aerospace's propriety solutions businesses to Loar Group Inc. ("Loar") for a cash consideration of \$31.8 million, which included \$1.8 million as an estimated net working capital adjustment (the "Loar Sale").

The purchase price for Desser Aerospace was allocated on a preliminary basis, among assets acquired, and liabilities assumed, at fair value based on the best available information on the acquisition date, with the excess purchase price recorded as goodwill. The fair values of the non-financial assets acquired, and liabilities assumed, were determined based on preliminary estimates, assumptions, and other information compiled by management, including independent valuations utilizing established industry valuation techniques. We have not yet finalized the determination of the fair values allocated to various assets and liabilities, including, but not limited to, working capital and income taxes. Therefore, the allocation of the total consideration for the acquisition to the tangible and identifiable intangible assets acquired, and liabilities assumed, is preliminary until we obtain final information regarding their fair values, which could potentially result in changes to the Desser Aerospace opening balance sheet. Adjustments or changes to goodwill, assets or liabilities remain possible.

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During the fourth quarter of 2023, we adjusted the purchase price allocation as a result of certain measurement period adjustments to acquired assets and liabilities assumed due to updated valuation reports received from our external valuation specialist, revisions to internal estimates, and new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period adjustments included: an increase in the purchase price of \$0.6 million, a decrease in inventories of \$8.0 million, a decrease in accounts payable of \$4.6 million, and a decrease in net other tangible assets of \$1.0 million. These adjustments resulted in an increase to goodwill of \$5.0 million.

The adjusted preliminary purchase price is as follows (in thousands):

Receivables	\$	7,383
Inventories		31,112
Other current assets		515
Property and equipment		2,527
Intangible assets		21,950
Goodwill		55,681
Operating lease right-of-use-assets		6,680
Total assets acquired		125,848
Accounts payable		(10,128)
Accrued expenses and other current liabilities		(5,793)
Long-term operating lease obligations		(5,937)
Deferred tax liabilities		(4,307)
Other long-term liabilities		—
Total liabilities assumed		(26,165)
Net assets acquired, excluding cash	\$	99,683
Cash consideration, net of cash acquired	\$	101,870
Estimated post-close adjustment		(2,187)
Total	\$	99,683

Goodwill resulting from the acquisition of Desser Aerospace reflects the strategic advantage of expanding our specialty distribution and MRO services to new customers. The value attributed to goodwill and customer relationships is not fully deductible for income tax purposes. The estimated value attributed to the customer relationship intangible assets is being amortized on a straight-line basis using a weighted average useful life of 8.5 years.

The operating results of Desser Aerospace were included in our consolidated results of operations from the date of acquisition. From the date of acquisition, our consolidated revenues and operating income include \$48.5 million and \$4.8 million, respectively, for Desser Aerospace. Desser Aerospace's operating income does not include the impact of acquisition-related expenses incurred by VSE Corporation. We incurred \$3.2 million of acquisition-related expenses related to the Desser Aerospace acquisition during the year ended December 31, 2023, which are included in selling, general and administrative expenses.

The following unaudited pro forma financial information presents the combined results of operations for Desser Aerospace and VSE Corporation for the years ended December 31, 2023, and 2022, respectively. The unaudited consolidated pro forma results of operations are as follows (in thousands):

	For the years ended December 31,	
	2023	2022
Revenue	\$ 908,243	\$ 749,489
Income from continuing operations	\$ 46,265	\$ 25,541

The unaudited pro forma combined financial information presented above has been prepared from historical financial statements that have been adjusted to give effect to the acquisition of Desser Aerospace as though it had occurred on January 1,

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2022 and includes adjustments for intangible asset amortization; interest expense and debt issuance costs on long-term debt; acquisition and other transaction costs; and certain costs allocated from the former parent. The unaudited pro forma financial information is not intended to reflect the actual results of operations that would have occurred if the acquisition had occurred on January 1, 2022, nor is it indicative of future operating results.

Honeywell Fuel Control Systems

On September 27, 2023, our Aviation segment entered into an Asset Purchase and License Agreement with Honeywell International Inc. ("Honeywell"), for a purchase price of \$105.0 million, to exclusively manufacture, sell, market, distribute, and repair certain Honeywell fuel control systems (the "Honeywell FCS Acquisition"). The purchase price of this acquisition was funded by borrowings under our revolving credit facility. This agreement expands existing distribution and MRO capabilities supporting certain Honeywell fuel control systems and associated subcomponents.

The acquisition was accounted for as a business combination under ASC 805, *Business Combinations*. The purchase price for the acquisition was allocated on a preliminary basis, among assets acquired, at fair value based on the best available information on the acquisition date, with the excess purchase price recorded as goodwill. The fair values of the

non-financial assets acquired were determined based on preliminary estimates, assumptions, and other information compiled by management, including independent valuations utilizing established industry valuation techniques. We have not yet finalized the purchase price allocation related to this acquisition due to the fact that while legal control has occurred, we have not received physical possession of the prepaid inventory and property and equipment, and thus these assets will be subject to settlement adjustments upon transfer as outlined in the Asset Purchase and License Agreement with Honeywell. Therefore, the allocation of the total consideration for the acquisition is preliminary until we obtain final information regarding their fair values, which could potentially result in changes in the fair values and an adjustment to goodwill.

During the fourth quarter of 2023, we adjusted the purchase price allocation as a result of certain measurement period adjustments to acquired assets due to updated valuation report received from our external valuation specialist. The measurement period adjustments included: a decrease in intangible assets of \$1.1 million and a corresponding increase to goodwill.

The adjusted preliminary purchase price allocation is as follows (in thousands):

Other current assets ^(a)	\$	12,000
Property and equipment		2,714
Intangible assets		16,200
Goodwill		74,086
Total assets acquired	\$	105,000
Cash consideration	\$	105,000
Total consideration	\$	105,000

(a) Represents prepaid inventory consisting of finished goods acquired but not in our physical possession as of the acquisition date.

Goodwill resulting from the acquisition reflects the expected synergies from the acquisition. The value attributed to goodwill and customer relationship is deductible for income tax purposes. The estimated value attributed to the customer relationship intangible asset is being amortized on a straight-line basis using a useful life of 10 years.

We incurred \$0.3 million of acquisition-related expenses related to the Honeywell FCS Acquisition during the year ended December 31, 2023, which are included in selling, general and administrative expenses. The pro-forma impact of the acquisition is not material to the Company's results of operations.

Fiscal 2021

Global Parts Group, Inc Inc.

On July 26, 2021, our Aviation segment acquired Global Parts Group, Inc. ("Global Parts"), a privately owned company with operations in Augusta, Kansas. Global Parts provides distribution and MRO services for business and general aviation ("B&GA") & GA aircraft families. The acquisition expands our existing B&GA focus and further diversifies our existing product and

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platform offerings to include additional airframe components, while expanding our customer base of regional and global B&GA customers.

The cash

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purchase price for Global Parts was approximately \$40 \$40.0 million, net of cash acquired, which was funded using our existing bank revolving loan. The purchase price included \$2 \$2.0 million of contingent consideration. Refer to Note (17) "Fair Value Measurements," for additional information regarding the earn-out obligation.

We completed the purchase accounting valuation for this transaction in 2021 and recorded the final purchase price allocation was as follows (in thousands):

Description	Fair Value
Receivables	
Accounts receivable	\$ 6,410
Inventories	13,240
Prepaid expenses and other current assets	620
Property and equipment	368
Intangibles - customer related assets	16,000
Goodwill	10,019
Operating lease right-of-use-assets	3,043
Long-term deferred tax assets	1,775
Accounts payable	(6,112)
Accrued expenses and other current liabilities	(1,936)
Long-term operating lease liabilities obligations	(2,874)
Net assets acquired, excluding cash	\$ 40,553
Cash consideration, net of cash acquired	\$ 38,553
Acquisition date estimated fair value of earn-out obligation	2,000
Total consideration	\$ 40,553

The value attributed to the customer relationship intangible asset is being amortized on a straight-line basis using a useful life of 15 years. None of the value attributed to goodwill and customer relationships was deductible for income tax purposes. Goodwill resulting from the acquisition reflects the strategic advantage of expanding our supply chain management capabilities through the diversification of our existing product and platform offerings to new customers.

We incurred approximately \$0.5 million of acquisition-related expenses associated with our Global Parts acquisition for the year ended December 31, 2021, which are included in selling, general and administrative expenses.

Global Parts' results of operations are included in our Aviation segment in the accompanying consolidated financial statements beginning on the acquisition date of July 26, 2021. Had the acquisition occurred as of January 1, 2020, revenue and net income (loss) from consolidated operations, and basic and diluted earnings (loss) per share on a pro forma basis for the year ended December 31, 2021 and 2020 would not have been materially different than our reported amounts.

HAECO Special Services, LLC (3) Discontinued Operations

On March 1, 2021, in May 2023, we entered into a definitive agreement to sell our Federal and Defense segment acquired HAECO Special Services, LLC ("HSS") from HAECO Airframe Services, LLC, a division which we mutually agreed to terminate in September 2023, with neither party paying any termination fees. As discussed in Note (18) "Subsequent Events," in February 2024, we entered into two separate agreements to sell substantially all of HAECO Americas ("HAECO") for the purchase price of \$14.8 million. HSS is a leading provider of fully integrated MRO support solutions for military and government aircraft. HSS provides scheduled depot maintenance, contract field deployment and unscheduled drop-in maintenance for a United States DoD contract specifically for the sustainment of the U.S. Air Force ("USAF") KC-10 fleet. HSS operating results are included in our Federal and Defense segment assets.

The results of operations for the Federal and Defense segment are reported in income from discontinued operations within the accompanying consolidated financial statements beginning of operations for the years ended December 31, 2023, 2022, and 2021, and the related assets and liabilities are presented within assets and liabilities held-for-sale on the acquisition date consolidated balance sheets as of March 1, 2021, December 31, 2023, and 2022.

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The acquisition was not material results of operations from discontinued operations for the years ended December 31, 2023, 2022 and 2021, consist of the following (in thousands):

	For the years ended December 31,		
	2023	2022	2021
Revenues	\$ 252,466	\$ 280,314	\$ 269,469
Costs and operating expenses	258,125	278,779	245,250
(Loss) income from discontinued operations before income taxes	(5,659)	1,535	24,219
(Benefit) provision for income taxes	(1,641)	135	5,253
Net (loss) income from discontinued operations	\$ (4,018)	\$ 1,400	\$ 18,966

The assets and liabilities reported as held-for-sale consist of the following (in thousands):

	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 162	\$ 173
Receivables, net	10,805	14,340
Contract assets	25,109	30,898
Inventories	472	270
Other current assets	6,154	9,244
Property and equipment, net	6,102	7,467
Intangible assets, net	3,505	4,066
Goodwill	31,575	31,575
Operating lease right-of-use assets	9,097	12,854
Other assets	21	51
Total assets held-for-sale ^(a)	\$ 93,002	\$ 110,938
Liabilities		
Accounts payable	\$ 20,893	\$ 31,096
Accrued expenses and other current liabilities	19,537	21,833
Long-term operating lease obligations	8,942	13,186
Deferred tax liabilities	4,019	4,862
Total liabilities held-for-sale ^(a)	\$ 53,391	\$ 70,977

(a) Amounts have been classified as current for the current period consolidated balance sheet and as current and non-current in the consolidated balance sheet for the prior year period.

Selected financial information related to our consolidated financial statements. cash flows from discontinued operations is as follows (in thousands):

	For the years ended December 31,		
	2023	2022	2021
Depreciation and amortization	\$ 2,289	\$ 3,576	\$ 4,584
Purchases of property and equipment	\$ 295	\$ 331	\$ 540
Stock-based compensation	\$ 139	\$ 63	\$ 91

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The final allocation of the purchase price resulted in approximately \$7.0 million to the fair value of net tangible assets (including \$9.2 million of accounts receivable), \$0.7 million to goodwill, and \$7.2 million to customer relationship intangible asset, which is being amortized over approximately 4 years from the acquisition date.

We incurred approximately \$0.3 million of acquisition-related expenses associated with our HSS acquisition for the year ended December 31, 2021, which are included in selling, general and administrative expenses.

Divestitures

Prime Turbines Sale

In January 2020, VSE's subsidiary VSE Aviation, Inc. entered into two definitive agreements to sell (1) Prime Turbines LLC ("Prime Turbines") and (2) certain related inventory assets to PTB Holdings USA, LLC ("PTB"). The transaction was completed on February 26, 2020 with cash proceeds of \$20.0 million, including final working capital adjustments, and a note receivable of \$8.3 million received as consideration. As a result of the sale of the business and inventory, we derecognized the assets and liabilities of Prime Turbines and recorded a \$7.5 million loss in 2020 which is reflected within loss on sale of a business entity and certain assets in the consolidated statements of income.

CT Aerospace Asset Sale

In June 2020, VSE's subsidiary VSE Aviation, Inc. entered into an asset purchase agreement to sell CT Aerospace, LLC ("CT Aerospace") inventory and certain assets to Legacy Turbines, LLC ("Legacy Turbines") for \$6.9 million, with a note receivable received as consideration. As a result of the sale, we recorded a \$678 thousand loss in 2020, which is reflected within loss on sale of a business entity and certain assets in the consolidated statements of income.

(3) (4) Revenue Recognition

Disaggregated Revenue

Our revenues are derived from the delivery of products to our customers and from services performed for commercial customers, the DoD, and various other government agencies, customers.

A summary of revenues by customer for each of our operating segments for the years ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021 were as follows (in thousands):

Year Ended December 31, 2022		Fleet	Aviation	Federal and Defense	Total			
Commercial	\$	104,162	\$	403,155	\$	583	\$	507,900
DoD		3,286		—		224,436		227,722
Other government		153,888		4,957		55,295		214,140
Total	\$	261,336	\$	408,112	\$	280,314	\$	949,762
Year Ended December 31, 2021								
Commercial	\$	73,606	\$	245,380	\$	3,332	\$	322,318
DoD		12,689		—		220,733		233,422
Other government		147,237		2,472		45,404		195,113
Total	\$	233,532	\$	247,852	\$	269,469	\$	750,853
Year Ended December 31, 2020								
Commercial	\$	42,733	\$	163,695	\$	1,877	\$	208,305
DoD		20,744		1,093		214,560		236,397
Other government		178,693		282		37,982		216,957
Total	\$	242,170	\$	165,070	\$	254,419	\$	661,659
Year Ended December 31, 2023								
				Aviation		Fleet		Total
Commercial			\$	539,592	\$	150,835	\$	690,427
DoD				—		209		209
Other government				4,428		165,424		169,852
Total			\$	544,020	\$	316,468	\$	860,488
Year Ended December 31, 2022								
Commercial			\$	403,155	\$	104,162	\$	507,317
DoD				—		3,286		3,286
Other government				4,957		153,888		158,845
Total			\$	408,112	\$	261,336	\$	669,448
Year Ended December 31, 2021								
Commercial			\$	245,380	\$	73,606	\$	318,986
DoD				—		12,689		12,689
Other government				2,472		147,237		149,709
Total			\$	247,852	\$	233,532	\$	481,384

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A summary of revenues by type for each of our operating segments for the year years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 were as follows (in thousands):

Year Ended December 31, 2022	Fleet	Aviation	Federal and Defense	Total
Repair	\$ —	\$ 107,399	\$ —	\$ 107,399
Distribution	261,336	300,713	—	562,049
Cost Plus Contract	—	—	139,958	139,958
Fixed Price Contract	—	—	98,674	98,674
T&M Contract	—	—	41,682	41,682
Total	\$ 261,336	\$ 408,112	\$ 280,314	\$ 949,762
Year Ended December 31, 2021				
Repair	\$ —	\$ 75,725	\$ —	\$ 75,725
Distribution	233,532	172,127	—	405,659
Cost Plus Contract	—	—	93,694	93,694
Fixed Price Contract	—	—	105,495	105,495
T&M Contract	—	—	70,280	70,280
Total	\$ 233,532	\$ 247,852	\$ 269,469	\$ 750,853
Year Ended December 31, 2023		Aviation	Fleet	Total
Repair		\$ 157,154	\$ —	\$ 157,154
Distribution		386,866	316,468	703,334
Total		\$ 544,020	\$ 316,468	\$ 860,488
Year Ended December 31, 2022				
Repair		\$ 107,399	\$ —	\$ 107,399
Distribution		300,713	261,336	562,049
Total		\$ 408,112	\$ 261,336	\$ 669,448
Year Ended December 31, 2021				
Repair		\$ 75,725	\$ —	\$ 75,725
Distribution		172,127	233,532	405,659
Total		\$ 247,852	\$ 233,532	\$ 481,384
Year Ended December 31, 2020				
Repair	\$ —	\$ 82,445	\$ —	\$ 82,445
Distribution	242,170	82,625	—	324,795
Cost Plus Contract	—	—	79,064	79,064
Fixed Price Contract	—	—	138,406	138,406
T&M Contract	—	—	36,949	36,949
Total	\$ 242,170	\$ 165,070	\$ 254,419	\$ 661,659

Contract Balances

Receivables, net, represent rights to consideration, which are unconditional other than the passage of time. A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets include unbilled receivables and contract retentions but exclude billed receivables. Contract liabilities include customer advances, billings in excess of revenues and deferred revenue. Contract assets and liabilities are recorded net on a contract-by-contract basis and are generally classified as current based on our contract operating cycle.

Receivables, net and unbilled receivables as of December 31, 2022 and 2021, respectively, balances were as follows (in thousands):

	2022	2021
Receivables, net ⁽¹⁾	\$ 103,193	\$ 76,587
Unbilled receivables	38,307	31,882
Total	<u>\$ 141,500</u>	<u>\$ 108,469</u>

⁽¹⁾ Net of allowance of \$2.1 million and \$1.7 million as of December 31, 2022 and 2021, respectively.

		As of December 31,	
Financial Statement Classification		2023	2022
Billed and billable receivables	Receivables, net ^(a)	\$ 127,958	\$ 90,599
Contract assets - unbilled receivables	Contract assets	\$ 8,049	\$ 7,409
Contract liabilities	Accrued expenses and other current liabilities	\$ 2,785	\$ 963

^(a) Net of allowance of \$3.4 million and \$2.0 million as of December 31, 2023 and 2022, respectively.

Unbilled receivables increased to \$38.3 million. During fiscal 2023 and 2022, respectively, we recognized \$0.9 million and \$0.8 million of revenue that was included in a previously recorded contract liability as of December 31, 2022 from \$31.9 million as of December 31, 2021, primarily due to revenue recognized in excess of billings.

Contract liabilities, which are included in accrued expenses and other current liabilities in our consolidated balance sheet, were \$6.4 million as of December 31, 2022 and \$7.1 million as of December 31, 2021. For the year ended December 31, 2022 and 2021, we recognized revenue of \$3.9 million and \$5.1 million, respectively, that was previously included in the beginning balance of contract liabilities, the period.

Performance Obligations

Our performance obligations are satisfied either at a point in time or over time as work progresses. Revenues from products and services transferred to customers at a point in time are primarily related to the sales of vehicle and aircraft parts in our Fleet and Aviation segments. Revenue recognized at a point in time accounted for approximately 59% and 54% of our revenues for the

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year ended December 31, 2022 and 2021, respectively. Revenues from products and services transferred to customers over time are primarily related to revenues in our Federal and Defense segment and MRO services in our Aviation segment. Revenues recognized over time accounted for approximately 41% and 46% of our revenues for the year ended December 31, 2022 and 2021, respectively.

As of December 31, 2022, the aggregate amount of transaction prices allocated to unsatisfied or partially unsatisfied performance obligations was \$187 million. Performance obligations expected to be satisfied within one year and greater than one year are 97% and 3%, respectively. We have applied the practical expedient for certain our parts sales and MRO services to exclude the amount of remaining performance obligations for (i) contracts with an original expected term of one year or less or (ii) contracts for which we recognize revenue in proportion to the amount we have the right to invoice for services performed.

During the year ended December 31, 2022, revenue recognized from performance obligations satisfied in prior periods was not material.

(4) Other Current Assets

Other current assets consisted of the following as of December 31, 2022 and 2021 (in thousands):

	2022	2021
Self insurance trust assets	\$ —	\$ 5,993
Current portion of notes receivable	—	2,820
Vendor advances	14,998	14,552
Other	11,195	8,939
Total	<u>\$ 26,193</u>	<u>\$ 32,304</u>

(5) Property and Equipment

Property and equipment, net consisted of the following as of **December 31, 2022**, **December 31, 2023** and **2021**, **2022** (in thousands):

		2022	2021	2023	2022
Buildings and building improvements	Buildings and building improvements	\$30,482	\$29,596		
Computer equipment	Computer equipment	29,728	28,084		
Furniture, equipment and other	fixtures, equipment and other	48,788	39,377		
Furniture, fixtures, equipment and other (a)					
Leasehold improvements	Leasehold improvements	7,495	7,164		
Land and land improvements	Land and land improvements	4,681	4,726		
		121,174	108,947		
		95,515			
Less accumulated depreciation and amortization	Less accumulated depreciation and amortization	(73,205)	(66,461)		
Total property and equipment, net	Total property and equipment, net	\$47,969	\$42,486		
(a) Other includes construction in progress.	(a) Other includes construction in progress.				

Depreciation and amortization expense for the years ended **December 31, 2022**, **December 31, 2023**, **2022** and **2021** was \$6.8 million, \$5.3 million, and 2020 was \$7.1 million, \$6.1 million and \$5.6 million \$4.2 million, respectively.

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(6) Goodwill and Intangible Assets

Goodwill

Changes in goodwill for the years ended **December 31, 2022**, **December 31, 2023** and **2021**, **2022** by operating segment were as follows (in thousands):

		Fleet	Federal and Defense	Aviation (1)	Total	Fleet	Aviation	Total
Balance as of December 31, 2020		\$63,190	\$30,883	\$144,053	\$238,126			

Balance as of December 31, 2021				
Balance as of December 31, 2022				
Goodwill acquired	Goodwill acquired	—	608	10,019
Balance as of December 31, 2021		\$63,190	\$31,491	\$154,072
Adjustments to goodwill		—	84	—
Balance as of December 31, 2022		\$63,190	\$31,575	\$154,072
				\$248,837

(1) As of December 2022 and 2021, the Aviation segment accumulated goodwill impairment loss was \$30.9 million.

Balance as of December 31, 2023				
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Goodwill increased during the year ended December 31, 2021December 31, 2023 in connection with acquisitions completed during the period as discussed in Note (2) "Acquisitions and Divestitures." "Acquisitions." There were no impairments of goodwill during the years ended December 31, 2022December 31, 2023, 2022 and 2021. During the year ended December 31, 2020, we recognized a \$30.9 million goodwill impairment charge resulting from the negative impact of the COVID-19 pandemic on our Aviation reporting unit.

Intangible Assets

Intangible assets consisted of the following (in thousands):

		Net			Cost	Accumulated Amortization	Net Intangible Assets
		Cost	Amortization	Assets			
December 31, 2022							
December 31, 2023							
Contract and customer-related							
Contract and customer-related							
Contract and customer-related	Contract and customer-related	\$206,291	\$ (116,881)	\$ 89,410			
Trade names	Trade names	8,670	(7,456)	1,214			
Total	Total	\$214,961	\$ (124,337)	\$ 90,624			
December 31, 2021							
December 31, 2022							
December 31, 2022							

December 31, 2022				
Contract and customer-related	Contract and customer-related	\$221,796	\$ (116,385)	\$105,411
Acquired technologies		12,400	(11,915)	485
Trade names				
Trade names	Trade names	8,670	(6,303)	2,367
Total	Total	\$242,866	\$ (134,603)	\$108,263

Intangible assets with a The increase in the gross carrying value amount of 27.9 million were fully amortized contract and customer-related intangibles during the year and are no longer reflected ended December 31, 2023 relates to customer relationship intangible assets recognized in connection with acquisitions completed during the intangible asset values year as of December 31, 2022, discussed in Note (2) "Acquisitions." There were no impairment losses during the years ended December 31, 2023, 2022 and 2021. We recognized an impairment expense, included in goodwill and The weighted-average useful life for all intangible impairment, assets of \$2.8 million within the Aviation segment during the second quarter of 2020 in connection with the sale of all of the inventory of our CT Aerospace subsidiary.

Amortization expense for the years ended December 31, 2022, 2021 and 2020 was \$17.6 million, \$18.5 million and \$17.5 million, respectively, December 31, 2023 is 13.9 years.

The estimated future annual amortization expense related to intangible assets are as follows (in thousands):

Year Ending December 31,	Year Ending December 31,	
2023		\$ 13,639
2024		
2024	2024	10,059
2025	2025	9,015
2026	2026	8,190
2027	2027	6,444
2028		
Thereafter	Thereafter	43,277
Total	Total	\$ 90,624

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(7) Debt

Long-term debt consisted of the following (in thousands):

	December 31,	
	2022	2021
Bank credit facility - term loan	\$ 100,000	\$ 60,175
Bank credit facility - revolver loans	188,610	226,559
Principal amount of long-term debt	288,610	286,734
Less debt issuance costs	(2,310)	(2,165)
Total long-term debt	286,300	284,569
Less current portion	(10,000)	(14,162)
Long-term debt, net of current portion	\$ 276,300	\$ 270,407

As of December 31, 2022, the interest rate on our outstanding term debt and weighted average interest rate on our aggregate outstanding revolver debt was 6.93% and 7.01%, respectively. Interest expense incurred on bank credit facilities was approximately \$17.4 million, \$11.2 million and \$12.7 million for the years ended December 31, 2022, 2021 and 2020, respectively.

	December 31,	
	2023	2022
Bank credit facility - term loan	\$ 300,000	\$ 100,000
Bank credit facility - revolving facility	133,000	188,610
Principal amount of long-term debt	433,000	288,610
Less: debt issuance costs	(3,656)	(2,310)
Total long-term debt	429,344	286,300
Less: current portion	(22,500)	(10,000)
Long-term debt, net of current portion	\$ 406,844	\$ 276,300

We have a **loan credit** agreement with a **bank group of banks** from which we borrow amounts under the **loan** agreement to provide working capital support, fund letters of credit, and finance acquisitions. The **loan credit** agreement includes term and revolving **loan** facilities. The revolving **loan** facility provides for revolving loans and letters of credit.

On July 2, 2023, we entered into a fifth amendment to our credit agreement which provided for the following: (i) the extension of a new term loan in the aggregate principal amount of \$90.0 million, (ii) a reduction in our capacity to incur incremental revolving or term loan credit facilities from \$100.0 million to \$25.0 million; (iii) quarterly amortization payments for the new term loan in the amount of \$2.25 million; (iv) an increase in the maximum Total Funded Debt to EBITDA Ratio from 4.50x to 5.00x, with such ratios decreasing thereafter; (v) the addition of a tier to the top of the pricing grid if the Total Funded Debt to

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EBITDA ratio exceeds 4.50x; and (vi) expressly permitting the Desser Aerospace acquisition and the subsequent and simultaneous sale of the propriety solutions businesses to Loar (the "Loar Sale"). The net proceeds received under the new term loan were used to fund a portion of the cash consideration for the Desser Aerospace acquisition.

On December 28, 2023, we entered into a sixth amendment to our credit agreement which provided for the following: (i) an increase in the aggregate principal amount of the term loan to \$300 million and an extension of the maturity date by one year to October 7, 2026; (ii) a modification to the amortization payments on the term loan from \$5.0 million quarterly to \$7.5 million quarterly, commencing with the first quarterly amortization payment due on April 1, 2024; and (iii) an extension of the maturity date of the revolving credit facility by one year to October 7, 2026.

The maximum amount of credit available under the **loan credit** agreement for revolving loans and letters of credit is \$350 million. Under the loan agreement we may elect to increase the maximum availability of the term loan facility, the revolving **loan** facility, or both facilities up to an aggregate additional amount of **\$100 million** **\$25 million** subject to lender approvals. The **loan credit** agreement also provides for letters of credit aggregating up to \$25 million. As of December 31, 2022 and 2021, we had approximately \$1.0 million in letters of credit outstanding.

On October 7, 2022, we entered into the Fourth Amendment to our loan agreement which, among other things, (i) extended the maturity date from July 23, 2024 to October 7, 2025; (ii) reset the aggregate principal amount of the term loan to \$100 million, (iii) modified the quarterly amortization payments on the term loan from \$3.75 million to \$2.50 million, (iv) increased the maximum Total Funded Debt to EBITDA Ratio from 4.25x to 4.50x, with such ratios decreasing thereafter, (v) changed the benchmark rate from LIBOR to Secured Overnight Financing Rate (SOFR) with a SOFR floor of 0%; and (vi) modified pricing to account for the change from LIBOR to SOFR.

Borrowings under our **loan credit** agreement bear interest at a variable rate of interest based on Term SOFR or a base rate, plus in each case an applicable margin (based on our Total Funded Debt to EBITDA Ratio). The base rate for any day is a fluctuating rate per annum equal to the highest of (i) the Federal Funds Rate plus .50%; (ii) the Prime Rate and (iii) the sum of Term SOFR for a **one month one-month** interest period, plus the difference between the additional Term SOFR interest margin for SOFR rate loans and the additional base rate interest margin for base rate loans. The applicable margins for SOFR loans ranges from 1.50% to 3.75% and .50% to 2.75% for base rate loans. We also pay a commitment fee with respect to undrawn amounts under the revolving loan facility ranging from .25% to .50% (based on our Total Funded Debt to EBITDA Ratio) and fees on letters of credit that are issued.

As of December 31, 2023, the interest rate on our outstanding term debt and weighted average interest rate on our aggregate outstanding revolver debt was 8.21% and 8.25%, respectively. We incurred had letters of credit outstanding of \$0.8 million and deferred **\$1.1 million** **\$1.0 million** as of debt issuance costs in connection with the Fourth Amendment to our loan agreement, which are amortized to interest expense over the remaining term of the loan. Amortization of debt issuance costs was \$1.0 million, \$1.0 million, \$1.1 million for the years ended December 31, 2022, 2021 December 31, 2023 and **2020, 2022**, respectively.

Future required term **loan** and **revolver loan revolving facility** payments as of **December 31, 2022** December 31, 2023 are as follows (in thousands):

Year Ending	Term	Revolver	Total
2023	\$ 10,000	\$ —	\$ 10,000
2024	10,000	—	10,000

2025	80,000	188,610	268,610
Total	\$ 100,000	\$ 188,610	\$ 288,610

Year Ending December 31,	Term	Revolving Facility	Total
2024	\$ 30,000	\$ —	\$ 30,000
2025	30,000	—	30,000
2026	240,000	133,000	373,000
Total	\$ 300,000	\$ 133,000	\$ 433,000

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The **loan credit** agreement contains collateral requirements to secure our loan agreement obligations, restrictive covenants, a limit on annual dividends, and other affirmative and negative covenants, conditions, and limitations. Restrictive covenants include a maximum Total Funded Debt to EBITDA Ratio and a minimum Fixed Charge Coverage Ratio. We were in compliance with required ratios and other terms and conditions as of **December 31, 2022** **December 31, 2023**.

(8) Derivative Instruments and Hedging Activities

We are party to fixed interest rate swap instruments that are designated and accounted for as cash flow hedges to manage risks associated with interest rate fluctuations on a portion of our floating rate debt.

Our derivative instruments designated as cash flow hedges as of **December 31, 2022** **December 31, 2023** were (in thousands):

		Paid Receive Settlement						
		Notional	Fixed	Variable	and			
		Amount	Rate	Rate	Termination			
Notional					Notional	Paid Fixed Rate	Receive Variable Rate	Settlement and
Amount					Amount			Termination
Interest rate swap (a)		Interest rate swap (a)						
					\$150,000 2.8%	1-month term SOFR	Monthly through October 31, 2027	
Interest rate swap (1) (b)	Interest rate swap (1) (b)		1-month term SOFR	Monthly through October 31, 2027	Interest rate swap (1) (b)			
		\$150,000 2.8%			\$100,000 4.5%	1-month term SOFR	Monthly through July 31, 2026	

(1) On July 22, 2022, we executed forward-starting fixed interest rate swap, the tenor of which began on October 31, 2022.

(a) In July 2022, we executed forward-starting fixed interest rate swap, the tenor of which began on October 31, 2022.

(a) In July 2022, we executed forward-starting fixed interest rate swap, the tenor of which began on October 31, 2022.

(b) In July 2023, we executed a fixed interest rate swap that hedges the variability in interest payments on floating rate debt.	(b) In July 2023, we executed a fixed interest rate swap that hedges the variability in interest payments on floating rate debt.
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These derivative instruments are recorded on the consolidated balance sheets at fair value. Unrealized changes in the fair value on cash flow hedges are recognized in other comprehensive income (loss) and the amounts are reclassified from accumulated other comprehensive income (loss) into earnings in a manner that matches the timing of the earnings impact of the hedged

transactions. For the years ended December 31, 2023 and 2022, we reclassified \$3.8 million and \$0.3 million, respectively, from accumulated other comprehensive income to interest expense, net. We estimate that we will reclassify \$2.9 million of unrealized gains from accumulated other comprehensive income into earnings in the twelve months following December 31, 2022 December 31, 2023.

(9) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

		December 31,			
		December 31,		December 31,	
		2022	2021	2023	2022
Accrued compensation and benefits	Accrued compensation and benefits	\$23,298	\$24,395		
Contract liabilities		6,402	7,147		
Accrued customer rebates and royalties	Accrued customer rebates and royalties	6,240	4,514		
Current portion of lease liabilities	Current portion of lease liabilities	7,254	5,991		
Other	Other	10,528	7,418		
Total	Total	\$53,722	\$49,465		

(10) Stock-Based Compensation Plans

The VSE Corporation 2006 Restricted Stock Plan, as amended (the "2006 Plan"), provides VSE's employees and directors the opportunity to receive various types of stock-based compensation and cash awards. In May 2020, the stockholders approved amendments to the 2006 Plan extending its term until May 6, 2027 and authorizing an additional 500,000 The total number of shares of our common stock authorized for issuance under the 2006 Plan. As this plan was 1,875,000 and, as of December 31, 2022 December 31, 2023, we are authorized to issue up to 1,500,000 shares of our common stock and 598,637 591,337 shares remained available for issuance. As of December 31, 2022 December 31, 2023, we have outstanding stock-settled bonus awards, vesting time-vested stock awards, and performance share awards under this plan.

Stock-settled bonus awards are a fixed dollar-denominated award. On the first anniversary of the grant date, the total fixed dollar value of the award that vests is converted into shares based on our closing stock price on the date of conversion. Vesting occurs over a three-year service period in three equal tranches. As each tranche vests, Beginning with the fixed dollar value of 2023 stock-settled bonus awards, the vested portion of first vesting occurs one year after the award is converted into shares based on shares. For awards granted prior to 2023, the closing market price of our stock at first vesting occurs one year after the date of conversion. grant date. On each vesting date, 100% of the vested award

is paid in stock that is subject to a two-year stock sales restriction. stock. Expense is recognized on a straight-line basis over the requisite service period for each tranche, which results in an accelerated pattern for an award.

Employee vesting Time-vested stock awards generally vest over a three-year service period in equal installments on each anniversary of the grant date. Our directors receive a grant of vesting stock annually as part of their compensation and the stock vests immediately upon grant.

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We grant performance share awards to certain employees under the 2006 Plan. Performance share awards are rights to receive shares of our stock on the satisfaction of service requirements and performance conditions. These awards vest ratably in equal installments over a three-year period on the anniversary of each grant date, subject to meeting the minimum service requirements and the achievement of certain annual or cumulative financial metrics of our performance, with the number of shares ultimately issued, if any, ranging up to 100% 200% of the specified target shares. shares beginning in 2023. If performance is below the minimum threshold level of performance, no shares will be issued. For all performance share awards granted, the annual and cumulative financial metrics are based on our achievement of a return on equity.

During fiscal 2021, we established the Employee Stock Purchase Plan (ESPP) ("ESPP") to allow eligible employees to purchase shares of our VSE common stock at a discount of up to 15% of the fair market value on specified dates. For ESPP offerings in the year ended December 31, 2022 December 31, 2023, the purchase price was 12% off the lesser of the fair market value on the date of the offering and the fair market value on the date of purchase, thereby resulting in stock compensation expense of \$123 thousand. \$0.1 million. As of December 31, 2022 December 31, 2023, 500,000 shares of VSE common stock are authorized for issuance under the ESPP.

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Expense and Related Tax Benefits Recognized

Stock-based compensation expense and related tax benefits recognized under the 2006 Plan for the years ended December 31, was as follows (in thousands):

		2022	2021	2020	2023	2022	2021
Stock-settled bonus awards	Stock-settled bonus awards	\$1,186	\$ 820	\$1,265			
Vesting stock awards		2,089	2,273	1,593			
Time-vested stock awards							
Performance share awards	Performance share awards	1,067	784	—			
Total	Total	\$4,342	\$3,877	\$2,858			
Tax benefit recognized from stock-based compensation	Tax benefit recognized from stock-based compensation	\$1,083	\$ 967	\$ 713			

Stock-Settled Bonus Awards

In March 2022, 2023, the employees eligible for the 2022 awards, 2021 awards, 2020 awards and 2019 the 2020 awards received a total of 21,871 27,252 shares of common stock. The grant-date fair value of these awards was \$43.30 \$42.23 per share. The total compensation cost related to non-vested stock-settled bonus awards not yet recognized was approximately \$0.9 million \$1.6 million with a weighted average amortization period of 1.4 2 years as of December 31, 2022 December 31, 2023. The total fair value of stock-settled bonus awards that vested in the years ended December 31, 2022 December 31, 2023, 2022 and 2021 and 2020 was \$1.2 million, \$0.9 million, \$0.9 million and \$1.2 million \$0.9 million, respectively.

Vesting Time-Vested Stock Awards

Vesting Time-vested stock award activity for the year ended December 31, 2022 December 31, 2023 was:

		Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2021		61,351	\$ 38.80
Unvested as of December 31, 2022			
Granted	Granted	46,463	\$ 43.01
Vested	Vested	(38,509)	\$ 36.37
Forfeited	Forfeited	(5,380)	\$ 42.53
Unvested as of December 31, 2022		63,925	\$ 43.01
Unvested as of December 31, 2023			

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2022		
Granted	Granted	46,463 \$ 43.01
Vested	Vested	(38,509) \$ 36.37
Forfeited	Forfeited	(5,380) \$ 42.53
Unvested as of December 31, 2022		63,925 \$ 43.01
Unvested as of December 31, 2023		

The grant date fair value of **vesting time-vested** stock awards is based on the closing market price of our common stock on the grant date. The weighted average grant date fair value of the **vesting time-vested** stock awards granted for the years ended **December 31, 2022** **December 31, 2023**, 2022 and 2021 was \$45.78, \$43.01, and 2020 was \$43.01, \$41.90, and \$33.68, respectively. As of **December 31, 2022** **December 31, 2023** there was **\$2.0 million** **\$3.0 million** of unrecognized compensation cost related to **vesting time-vested** stock awards, which is expected to be recognized over a weighted-average period of **1.9** **2.0** years. The total fair value of **vesting time-vested** stock awards that vested in the years ended **December 31, 2022** **December 31, 2023**, 2022 and 2021 and 2020 was **\$1.2 million**, \$1.7 million, **\$1.7 million** and **\$1.6 million** **\$1.7 million**, respectively.

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Performance Share Awards

Performance Share award activity for the year ended **December 31, 2022** **December 31, 2023** was:

		Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2021		42,173	\$ 42.01
Unvested as of December 31, 2022			
Granted	Granted	51,441	\$ 43.30
Vested	Vested	(10,542)	\$ 42.01
Forfeited	Forfeited	(10,911)	\$ 42.36
Unvested as of December 31, 2022		72,161	\$ 42.88

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2022		
Granted	Granted	51,441 \$ 43.30
Vested	Vested	(10,542) \$ 42.01
Forfeited	Forfeited	(10,911) \$ 42.36
Unvested as of December 31, 2022		72,161 \$ 42.88

Unvested
as of
December
31, 2023

The actual number of shares to be issued upon vesting range between 0-100% 0-200% of the target number of shares granted. The weighted average grant date fair value of the vesting stock performance share awards granted for the year ended December 31, 2022 December 31, 2023 was \$42.01. \$42.83. As of December 31, 2022 December 31, 2023 there was \$1.2 million \$2.6 million of unrecognized compensation cost related to vesting stock performance share

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awards, which is expected to be recognized over a weighted-average period of 1.5 1.4 years. The total fair value of vesting stock performance share awards that vested in the year ended December 31, 2022 December 31, 2023 was \$0.5 million \$1.1 million.

(11) Income Taxes

We are subject to U.S. federal income tax as well as income tax in multiple state and local jurisdictions. We have concluded all With few exceptions, the statute of limitations for these jurisdictions is no longer open for audit or examinations for the years before 2018 for federal and state income taxes in the U.S. federal income tax matters as well as material state and local tax matters for years through 2017.

We file consolidated federal income tax returns that include all of our U.S. subsidiaries. The components of the provision for income taxes from continuing operations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 were as follows (in thousands):

		2022	2021	2020	2023	2022	2021
Current:	Current:						
Federal							
Federal							
Federal	Federal	\$8,880	\$3,919	\$4,086			
State	State	1,411	856	1,262			
Foreign	Foreign	35	1,066	144			
		10,326	5,841	5,492			
Deferred:	Deferred:						
Federal	Federal	(1,050)	(3,318)	(78)			
State	State	(89)	(1,038)	163			
Foreign	Foreign	—	—	21			
		(1,139)	(4,356)	106			
Provision for income taxes	Provision for income taxes	\$9,187	\$1,485	\$5,598			

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The differences between the amount of tax computed at the federal statutory rate of 21% in 2023, 2022 2021 and 2020, 2021, and the provision for income taxes from continuing operations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 were as follows (in thousands):

	2022	2021	2020
Tax at statutory federal income tax rate	\$ 7,822	\$ 1,985	\$ 89
Increases (decreases) in tax resulting from:			
State taxes, net of federal tax benefit	1,523	383	(52)
Permanent differences, net	(52)	(839)	(1,406)
Tax credits	(579)	(434)	(195)

Prior year true-up adjustment	189	83	397
Valuation allowance	338	331	6,716
Other provision adjustments	(54)	(24)	49
Provision for income taxes	<u>\$ 9,187</u>	<u>\$ 1,485</u>	<u>\$ 5,598</u>

	2023	2022	2021
Tax at statutory federal income tax rate	\$ 11,952	\$ 7,499	\$ (3,102)
Increases (decreases) in tax resulting from:			
State taxes, net of federal tax benefit	2,019	1,459	(482)
Permanent differences, net	(193)	287	(350)
Tax credits	(461)	(418)	(160)
Prior year true-up adjustment	269	(45)	19
Valuation allowance	77	324	331
Other provision adjustments	98	(54)	(24)
Provision for income taxes	<u>\$ 13,761</u>	<u>\$ 9,052</u>	<u>\$ (3,768)</u>

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The tax effect of temporary differences representing deferred tax assets and liabilities as of December 31, 2022, December 31, 2023 and 2021 2022 was as follows (in thousands):

	2022	2021
Deferred compensation and accrued paid leave	\$ 4,552	\$ 5,422
Accrued Expense	1,158	—
Inventory reserve	12,984	12,465
Operating Lease Liabilities	9,840	7,805
Stock-based compensation	942	775
Interest rate swaps	—	58
Capitalized inventory	1,128	900
US operating and capital loss carryforward	6,040	6,045
Tax credit carryforward	1,537	1,411
Foreign country operating loss carryforward	749	892
Other	278	—
	<u>39,208</u>	<u>35,773</u>
Valuation allowance ⁽¹⁾	<u>(8,337)</u>	<u>(8,257)</u>
Total gross deferred tax assets	<u>30,871</u>	<u>27,516</u>
Interest rate swaps	(1,652)	—
Depreciation	(3,017)	(3,895)
Deferred revenues	(1,087)	(1,358)
Goodwill and intangible assets	(26,226)	(24,836)
Operating Lease Right-of-Use Assets	(8,510)	(6,375)
Other	—	(160)
Total gross deferred tax liabilities	<u>(40,492)</u>	<u>(36,624)</u>
Net deferred tax liabilities	<u>\$ (9,621)</u>	<u>\$ (9,108)</u>

(1) A valuation allowance was provided against US capital loss in connection with the stock sale of Prime Turbines, certain state net operating loss, tax credit, and foreign tax loss deferred tax assets arising from carryforwards of unused tax benefits.

(2) Certain amounts from prior year have been reclassified to conform with current year presentation.

	2023	2022
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Deferred compensation and accrued paid leave	\$ 3,003	\$ 3,881
Accrued expense	1,429	1,053
Inventory reserve	13,980	12,934
Operating lease liabilities	6,249	5,544
Stock-based compensation	1,697	869
Capitalized inventory	1,335	1,128
US operating and capital loss carryforward	7,637	6,040
Disallowed interest expense	1,663	236
Tax credit carryforward	1,492	1,640
Foreign country operating loss carryforward	806	749
	39,291	34,074
Valuation allowance ^(a)	(9,906)	(8,337)
Total gross deferred tax assets	29,385	25,737
Interest rate swaps	(708)	(1,651)
Depreciation	(2,925)	(3,091)
Goodwill and intangible assets	(26,666)	(20,355)
Operating lease right-of-use assets	(5,939)	(5,313)
Other	(132)	(86)
Total gross deferred tax liabilities	(36,370)	(30,496)
Net deferred tax liabilities	\$ (6,985)	\$ (4,759)

(a) A valuation allowance was provided against US capital loss in connection with the stock sale of Prime Turbines, certain state net operating loss, tax credit, and foreign tax loss deferred tax assets arising from carryforwards of unused tax benefits.

(b) Certain amounts from prior year have been reclassified to conform with current year presentation.

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. With few exceptions, the statute of limitations for these jurisdictions is no longer open for audit or examinations for the years before 2018, 2019.

As of December 31, 2022 December 31, 2023, we have had various tax losses and tax credits that may be applied against future taxable income. The majority of such tax attributes will expire in 2026 through 2034; however, some may be carried forward indefinitely.

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[TableThe Organization for Economic Co-operation and Development has issued Pillar Two model rules introducing a new global minimum tax of Contents](#)

15% intended to be effective on January 1, 2024. While the US has not yet adopted the Pillar Two rules, many countries took steps to incorporate Pillar Two model rule concepts into their domestic laws in 2023. Considering that we do not have material operations in jurisdictions with tax rates lower than the Pillar Two minimum, we do not expect these rules will significantly increase our global tax costs. We will continue to monitor US and global legislative action related to Pillar Two for future potential impacts.

(12) Leases

Our operating lease cost included the following components was as follows for the year years ended December 31, (in thousands):

	2022	2021	2020
Operating lease cost	\$ 6,804	\$ 5,868	\$ 5,032
Short-term lease cost	204	202	622
Less: sublease income	(294)	(152)	(666)
Total lease cost, net	\$ 6,714	\$ 5,918	\$ 4,988

	2023	2022	2021
Operating lease cost ^(a)	\$ 6,480	\$ 2,714	\$ 1,731

(a) Excludes short-term lease expense, which is not material.

Our lease arrangements do not contain any material residual guarantees, variable payment provisions, or restrictive covenants. In 2020, we closed on a sale-leaseback agreement involving land and an office building utilized by our Aviation segment to conduct operations in Miami, Florida. Under the agreement, the land and building, with a net book value of \$1.3 million was sold for a sale price of \$2.6 million and leased back under a 6-year term operating lease commencing upon the closing of the transaction. The lease provides us with an option to extend the lease upon the expiration of its term in April 2026 for two additional five-year periods. In connection with the sale and leaseback transaction, we recognized a gain of \$1.1 million, net of selling expenses.

The table below summarizes future minimum lease payments under operating leases, recorded on the balance sheet, as of **December 31, 2022** **December 31, 2023** (in thousands):

Year ending December 31,	Year ending December 31,	
2023		\$ 9,217
2024		
2024		
2024	2024	9,424
2025	2025	9,192
2026	2026	7,785
2027	2027	3,666
2028		
Thereafter	Thereafter	6,843
Minimum lease payments	Minimum lease payments	46,127
Less: imputed interest	Less: imputed interest	(6,533)
Present value of minimum lease payments	Present value of minimum lease payments	39,594
Less: current portion of lease liabilities ⁽¹⁾		(7,254)
Less: current portion of lease liabilities		
(a)		
Long-term lease liabilities	Long-term lease liabilities	\$32,340

(1) Current portion of lease liabilities are presented within Accrued expenses and other current liabilities on our consolidated balance sheets. Refer to Note (9) "Accrued Expenses and Other Current Liabilities."

(a) The current portion of lease liabilities are presented within accrued expenses and other current liabilities on our consolidated balance sheets. Refer to Note (9) "Accrued Expenses and Other Current Liabilities."

(a) The current portion of lease liabilities are presented within accrued expenses and other current liabilities on our consolidated balance sheets. Refer to Note (9) "Accrued Expenses and Other Current Liabilities."

(a) The current portion of lease liabilities are presented within accrued expenses and other current liabilities on our consolidated balance sheets. Refer to Note (9) "Accrued Expenses and Other Current Liabilities."

Other supplemental operating lease information for the year ended December 31, was as follows (in thousands):

		2022	2021	2020			
		2023			2023	2022	2021
Cash paid for amounts included in the measurement of operating lease liabilities	Cash paid for amounts included in the measurement of operating lease liabilities	\$	7,372	\$ 6,309	\$3,681		
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities	\$	12,295	\$11,175	\$4,728		

The weighted-average discount rate was 5.9% and 5.4% and the weighted-average remaining lease term and the weighted-average discount rate was 5.1 5.7 years and 5.5% 6.0 years as of December 31, 2022 December 31, 2023, respectively, and 5.1 years and 4.8% as of December 31, 2021, 2022, respectively.

(13) Commitments and Contingencies

We may have certain claims in the normal course of business, including legal proceedings, 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, financial position, or cash flows. However, because the results of any legal proceedings cannot be predicted with certainty, the amount of loss, if any, cannot be reasonably estimated.

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Further, from time-to-time, government agencies audit or investigate whether our operations are being conducted in accordance with applicable contractual and regulatory requirements. Government audits or investigations, of us, whether relating to government contracts or conducted for other reasons, could result in administrative, civil or criminal liabilities, including repayments, fines or penalties being imposed, upon us, or could lead to suspension or debarment from future government contracting. Government investigations often take years to complete and many result in no adverse action against us. action. We believe, based upon current information, that the outcome of any such government disputes, audits and investigations will not have a material adverse effect on our results of operations, financial condition, or cash flows.

(14) Business Segments and Customer Information

Segment Information

Management The sale of the Federal and Defense segment is intended to allow us to focus on a long-term strategic growth strategy focused on higher margin and higher growth aftermarket parts distribution and MRO businesses. Following the completion of the Federal and Defense segment sale transaction, management of our business operations is conducted under three two reportable operating segments:

Aviation

Our Aviation segment provides aftermarket repair MRO and distribution services to commercial, business and general aviation, cargo, military and defense, and rotorcraft customers globally. Core services include parts distribution, engine accessory maintenance, MRO services including fuel controls, avionics, pneumatics, hydraulics, wheel and brake, and rotatable exchange and supply chain services.

Fleet

Our Fleet segment provides parts, inventory management, e-commerce fulfillment, logistics, supply chain support and other services to support the commercial aftermarket medium- and heavy-duty truck market, and the United States Postal Service ("USPS"), and the DoD. Core services include vehicle parts distribution, sourcing, IT solutions, customized fleet logistics, warehousing, kitting, just-in-time supply chain management, alternative product sourcing, and engineering and technical support.

Federal and Defense

Our Federal and Defense segment provides aftermarket MRO and logistics and sustainment services to improve operational readiness and extend the life cycle of military vehicles, ships and aircraft for the DoD, federal agencies and international defense customers. Core services include base operations support; procurement; supply chain management; vehicle, maritime and aircraft sustainment services; IT services and energy consulting.

The operating segments reported below are our segments for which separate financial information is available and for which segment results are evaluated regularly by our Chief Executive Officer in deciding how to allocate resources and in assessing performance. We evaluate segment performance based on consolidated revenues and operating income. Net sales of our business segments exclude inter-segment sales as these activities are eliminated in consolidation. Corporate expenses are primarily selling, general and administrative expenses not allocated to segments. Corporate assets are primarily cash, property and equipment and investments held in separate trust.

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Our segment information is as follows (in thousands):

For the years ended December 31,					For the years ended December 31,	
					2023	2022
					2021	
					2022	2021
					2021	2020
Revenues						
Revenues:						
Aviation						
Aviation						
Aviation	Aviation	\$408,112	\$247,852	\$165,070		
Fleet	Fleet	261,336	233,532	242,170		
Federal and Defense		280,314	269,469	254,419		
Total revenues	Total revenues	\$949,762	\$750,853	\$661,659		
Operating income (loss):	Operating income (loss):					
Operating income (loss):						
Operating income (loss):						
Aviation	Aviation	\$ 36,416	\$ (14,373)	\$ (35,513)		
Fleet	Fleet	23,911	20,426	26,659		
Federal and Defense		(805)	19,897	26,309		
Corporate expenses		(4,391)	(4,430)	(3,532)		
Operating income		\$ 55,131	\$ 21,520	\$ 13,923		
Corporate/unallocated expenses (a)						
Total operating income (loss)						
Depreciation and amortization expense:						
Depreciation and amortization expense:						

Depreciation and amortization expense:	Depreciation and amortization expense:				
Aviation	Aviation	\$ 13,174	\$ 11,374	\$ 10,874	
Fleet	Fleet	8,783	9,679	10,260	
Federal and Defense		3,613	4,547	3,001	
Total depreciation and amortization	Total depreciation and amortization	\$ 25,570	\$ 25,600	\$ 24,135	
Capital expenditures:	Capital expenditures:				
Capital expenditures:					
Capital expenditures:					
Aviation	Aviation	\$ 5,961	\$ 7,468	\$ 3,445	
Fleet	Fleet	5,502	1,669	675	
Federal and Defense		26	124	148	
Corporate	Corporate	1,162	1,259	159	
Total capital expenditures	Total capital expenditures	\$ 12,651	\$ 10,520	\$ 4,427	
(a) Certain corporate costs previously allocated to the Federal and Defense business for segment reporting purposes did not qualify for classification within discontinued operations and have been reallocated to continuing operations.					
(a) Certain corporate costs previously allocated to the Federal and Defense business for segment reporting purposes did not qualify for classification within discontinued operations and have been reallocated to continuing operations.					

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December 31,		December 31,		December 31,	
		2022	2021	2023	2022
Total assets:	Total assets:				
Aviation	Aviation	\$637,615	\$580,156		
Aviation	Aviation				
Fleet	Fleet	218,138	182,089		
Federal and Defense		93,728	92,571		
Corporate	Corporate	50,308	63,742		
Assets held-for-sale					
Total assets	Total assets	\$999,789	\$918,558		

Customer Information

Our revenues are derived from the delivery of products and services performed for commercial customers and government customers. Revenues from the U.S. government, including the DoD and various other government agencies. The USPS, revenues, reported within our Fleet segment, comprised approximately 16% represented 19%, 20% 23%, and 27% 30% of our consolidated revenues in for 2023, 2022 2021 and 2020, respectively. U.S. Navy revenues, reported within our Federal and Defense segment, comprised approximately 15%, 13%, and 16% of our consolidated revenues in 2022, 2021, and 2020, respectively. Our customers also include various other commercial entities and government agencies. See Note (3) (4) "Revenue Recognition" for revenue by customer.

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. contract. Accordingly, cost and revenue tracking are 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.

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Geographical Information

Revenue by geography is based on the billing address of the customer. Our revenue by geographic area is as follows (in thousands):

		Years ended December 31,			Years ended December 31,		
		2022	2021	2020	2023	2022	2021
United States	United States	\$837,929	\$668,892	\$598,142			
	Other Countries ⁽¹⁾	111,833	81,961	63,517			
	Other Countries ^(a)						
Total revenue	Total revenue	\$949,762	\$750,853	\$661,659			

(1) (a) No individual country, other than disclosed above, exceeded 10% of our total revenue for any period presented.

presented.

(15) Capital Stock

Common Stock

Our common stock has a par value of \$0.05 per share. Proceeds from common stock issuances that are greater than \$0.05 per share are 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.

In 2021, July 2023, we completed entered into an underwriting agreement with William Blair & Company, L.L.C and RBC Capital Markets, acting as representatives of several underwriters, relating to the issuance and sale of 1,428,600 2,846,250 shares of the Company's common stock in at a public offering at a price of \$35.00 \$48.50 per share. The underwriters exercised issuance and sale of shares pursuant to the agreement was executed in two transactions, with the first transaction closing on July 24, 2023, and the second transaction, which represented shares issued and sold pursuant to the underwriters' exercise of their option to purchase an additional 170,497 shares. The transaction closed shares, closing on February 2, 2021 July 28, 2023. We received net proceeds of approximately \$52 \$129.1 million after deducting underwriting discounts, commissions and in connection with the offering, related expenses.

net of issuance costs.

(16) 401(k) Plan

We maintain a defined contribution plan under Section 401(k) of the Internal Revenue Code of 1986, as amended, that covers substantially all of our employees. Under the provisions of our 401(k) plan, employees' eligible contributions are matched at rates specified in the plan documents. Our expense associated with this plan was approximately \$7.1 million \$1.6 million, \$6.6 million \$1.7 million, and \$5.9 million \$1.4 million for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively.

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(17) Fair Value Measurements

We utilize fair value measurement guidance prescribed by GAAP to value our financial instruments. The accounting standard for fair value measurements establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows: observable inputs such as quoted prices in active markets (Level 1); inputs other than the quoted prices in active markets that are observable either directly or indirectly (Level 2); and unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions (Level 3).

The carrying amounts of cash and cash equivalents, receivables, accounts payable and amounts included in other current assets and accrued expenses and other current liabilities that meet the definition of a financial instrument approximate fair value due to their relatively short maturity. The carrying value of our outstanding debt obligations approximates its fair value. The fair value of long-term debt is calculated using Level 2 inputs based on interest rates available for debt with terms and maturities similar to our existing debt arrangements.

Non-financial assets acquired and liabilities assumed in business combinations were measured at fair value using income, market and cost valuation methodologies. See Note (2), "Acquisitions and Divestitures," "Acquisitions." The fair value measurements were estimated using significant inputs that are not observable in the market and thus represent a Level 3 measurement.

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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, 2022, December 31, 2023, and December 31, 2021, 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 December 31, 2022	Fair Value December 31, 2021
Non-COLI assets held in Deferred Supplemental Compensation Plan ⁽¹⁾	Other assets	Level 1	\$ 539	\$ 598
Interest rate swaps	Other assets	Level 2	\$ 6,620	\$ —
Interest rate swaps	Accrued expenses and other current liabilities	Level 2	\$ —	\$ 234
Earn-out obligation - short-term	Accrued expenses and other current liabilities	Level 3	\$ —	\$ 1,000
Earn-out obligation - long-term	Other long-term liabilities	Level 3	\$ —	\$ 250

(1) Non-COLI assets held in our deferred supplemental compensation plan consist of equity funds with fair value based on observable inputs such as quoted prices for identical assets in active markets and changes in fair value are recorded as selling, general and administrative expenses.

Contingent Consideration

In connection with the acquisition of Global Parts in July 2021, we were required to make earn-out obligation payments of up to \$2.0 million should Global Parts meet certain financial targets during the twelve months following the acquisition and meet a certain milestone event on or before March 2023. Final settlement of the obligation was made during the third quarter of fiscal 2022.

Changes in earn-out obligation measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2022 and 2021 are as follows (in thousands):

	Current portion	Long-term portion	Total
Balance as of December 31, 2020	\$ —	\$ —	\$ —
Acquisition date fair value of contingent consideration	1,750	250	2,000
Earn-out payments	(750)	—	(750)
Balance as of December 31, 2021	1,000	250	1,250
Reclassifications from long-term to current	250	(250)	—
Earn-out payments	(1,250)	—	(1,250)
Balance as of December 31, 2022	\$ —	\$ —	\$ —

Amounts Recorded at Fair Value	Financial Statement Classification	Fair Value Hierarchy	Fair Value December 31, 2023	Fair Value December 31, 2022
Non-COLI assets held in Deferred Supplemental Compensation Plan ^(a)	Other assets	Level 1	\$ 594	\$ 539

Interest rate swaps	Other assets	Level 2	\$	2,840	\$	6,620
(a) Non-COLI assets held in our deferred supplemental compensation plan consist of equity funds with fair value based on observable inputs such as quoted prices for identical assets in active markets and changes in fair value are recorded as selling, general and administrative expenses.						

(18) Subsequent Events

Sale of Federal and Defense Segment

In February 2024, we entered into two separate agreements to sell substantially all the Federal and Defense operational assets ("FDS Sale") for cash proceeds of \$44.0 million, which included \$10.0 million of an estimated net working capital adjustment (subject to post-closing adjustments). The FDS Sale excluded our Alexandria, VA headquarters and the Greensboro MRO facility. We estimate incurring a non-cash impairment loss of approximately \$4.2 million related to the cancellation of a contract at the Greensboro MRO facility.

Acquisition of Precision Fuel Components, LLC Turbine Controls, Inc.

On February 1, 2023February 29, 2024, we signed a definitive agreement to acquire Turbine Controls, Inc. ("TCI"), a leading provider of aftermarket MRO support services for complex engine components, as well as engine and airframe accessories, across commercial and military applications. The acquisition will allow our Aviation segment acquired Precision Fuel Components, LLC ("Precision Fuel"), a privately owned company with operations out to broaden OEM Authorized MRO capabilities, expand into new markets, and serve new customers. Total consideration is approximately \$120.0 million, comprising \$110.0 million in cash and \$10.0 million in shares of Everett, Washington. Precision Fuel is a market-leading provider of MRO services for engine accessory and fuel systems supporting the B&GA market. The acquisition will expand the Aviation segment's repair capabilities across a diverse base of global rotorcraft, fixed wing, and B&GA customers and complement our existing service capabilities. The aggregate initial cash purchase price for Precision Fuel was approximately \$11.8 million, VSE common stock, subject to certain post-closing and working capital adjustments. The acquisition is expected to close in the second quarter of 2024, subject to customary closing conditions.

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

None.

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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 15(d)-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2022December 31, 2023, 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 SEC 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.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). 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 and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer; (ii) 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 issuer are being made only in accordance with authorizations of management and directors of the issuer; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our internal control over financial reporting as of December 31, 2022December 31, 2023, based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on its the assessment, management has concluded that our its internal control over financial reporting was effective as of December 31, 2022December 31, 2023.

As permitted by the SEC rules, management's assessment and conclusion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, excludes an assessment of internal control over financial reporting of Desser Aerospace, acquired on July 3, 2023. Desser Aerospace represents total assets, excluding goodwill

and intangibles related to the acquisitions, and revenues constituting 4% and 6%, respectively, of our consolidated total assets and total revenues as of and for the year ended December 31, 2023.

Grant Thornton LLP, an independent registered public accounting firm, audited our consolidated financial statements included in this report and our internal control over financial reporting, and the firm's report on our internal control over financial reporting are set forth below.

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.

Change in Internal Controls

During the fourth quarter of fiscal year 2022, 2023, there were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), that have materially affected these controls or are reasonably likely to materially affect these controls subsequent to after the evaluation of these controls.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
VSE Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of VSE Corporation (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2022, December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2022, December 31, 2023, and our report dated March 9, 2023, March 7, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Desser-Graham Partnership, L.P. ("Desser Aerospace"), a wholly-owned subsidiary, whose financial statements reflect total assets, excluding goodwill and intangibles related to the acquisition, and revenues constituting 4 and 6 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2023. As indicated in Management's Report, Desser Aerospace was acquired during 2023. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Desser Aerospace.

Definition and limitations of internal control over financial reporting

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.

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ITEM 9B. Other Information

None. During the three months ended December 31, 2023, no director or "officer," as defined in Rule 16a-1(f) of the Exchange Act, of the Company adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

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, 2022 December 31, 2023 in respect of the Annual Meeting of VSE's stockholders scheduled to be held on May 3, 2023 May 21, 2024 (the "Proxy Statement").

ITEM 10. Directors, Executive Officers and Corporate Governance

Information called on by Item 10 will be set forth in our Proxy Statement, which information is incorporated herein by reference.

ITEM 11. Executive Compensation

Information called on by Item 11 will be set forth in our Proxy Statement, which information is incorporated herein by reference.

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 above, the information called on by this Item 12 will be set forth in our Proxy Statement, which information is incorporated herein by reference.

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

Information called on by Item 13 will be set forth in our Proxy Statement, which information is incorporated herein by reference.

ITEM 14. Principal Accountant Fees and Services

Information called on by Item 14 will be set forth in our Proxy Statement, which information is incorporated herein by reference.

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PART IV

ITEM 15. Exhibits and 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

The following financial statement schedule is included herein:

[Schedule II - Valuation and Qualifying Accounts](#)

All other schedules have been omitted because they are not applicable, not required, or the information has been otherwise supplied in the financial statements or notes to the financial statements.

3. Exhibits

See "Exhibit Index" hereinafter contained and incorporated by reference.

ITEM 16. Form 10-K Summary

None.

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VSE Corporation and Subsidiaries

Schedule II - Valuation and Qualifying Accounts

	Balance at Beginning of Year	Additions Charged to Statement of Income Accounts	Deductions	Balance at End of Year
(in thousands)				
Allowance for credit losses on accounts receivable				
Year ended December 31, 2022	1,677	2,177	1,742	2,112
Year ended December 31, 2021	1,493	572	388	1,677
Year ended December 31, 2020	396	1,767 ⁽¹⁾	670	1,493
Valuation allowance for deferred tax assets				
Year ended December 31, 2022	8,257	78	—	8,335
Year ended December 31, 2021	7,926	331	—	8,257
Year ended December 31, 2020	1,165	6,761 ⁽²⁾	—	7,926

⁽¹⁾ Increase in 2020 primarily due to allowances booked as a result of the financial impact from the COVID-19 pandemic.

⁽²⁾ Increase in 2020 primarily due to full valuation allowance established against capital loss DTA in connection with the Prime Turbines stock sale and full valuation allowance against foreign tax loss DTA.

	Year Ended December 31,		
	2023	2022	2021
Allowance for credit losses (in thousands):			
Allowance as of beginning of year	\$ 2,019	\$ 1,677	\$ 1,493
Additions charged to costs and operating expenses	1,484	2,084	572
Additions charged to other accounts ^(a)	—	—	—
Deductions	—	—	—
Allowance as of end of year	<u>\$ 3,449</u>	<u>\$ 2,019</u>	<u>\$ 1,677</u>
Valuation allowance for deferred tax assets (in thousands):			
	Year Ended December 31,		
	2023	2022	2021

Allowance as of beginning of year	\$	8,337	\$	8,257	\$	7,926
Additions charged to costs and operating expenses		75		80		331
Additions charged to other accounts ^(a)		1,494		—		—
Deductions		—		—		—
Allowance as of end of year	\$	9,906	\$	8,337	\$	8,257

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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
3.1	Restated Certificate of Incorporation of VSE Corporation dated as of March 4, 1996 (filed herewith)	*
3.2	Certificate of Amendment of the Restated Certificate of Incorporation of VSE Corporation dated as of May 2, 2006 (Exhibit 3.1 to Form 10-Q dated August 1, 2006)	*
3.3	Certificate of Amendment of the Restated Certificate of Incorporation of VSE Corporation dated as of May 4, 2022 (Exhibit 3.1 to Form 10-K dated March 10, 2023)	Exhibit No. 3.1 *
3.4	By-Laws of VSE Corporation as amended through October 22, 2022 (Exhibit 3.4 to Form 10-Q dated July 27, 2023)	*
3.5	Amendment No. 3 to the By-Laws of VSE Corporation as amended through October 1, 2022 (Exhibit 3.2 to Form 10-K dated March 10, 2023)	Exhibit No. 3.2 *
4.1	Specimen Stock Certificate as of May 19, 1983 (Exhibit 4 to Registration Statement No. 2-83255 dated April 22, 1983 on Form S-2)	* + P
4.2	Description of VSE Corporation Securities Registered Pursuant to Section 12 of the Securities Act of 1934 (filed herewith)	* +
10.1	Executive Employment Agreement dated as of September 24, 2019, by and between VSE Corporation and Robert Moore (Exhibit 10.1 to Form 8-K dated September 27, 2019)	* +
10.2	Executive Employment Agreement dated as of July 28, 2021, by and between VSE Corporation and Farinaz S. Tehrani (Exhibit 10.1 to Form 8-K dated July 30, 2021)	* +
10.3	Amended & Restated Executive Employment Agreement dated as of December 7, 2021, by and between VSE Corporation and John A. Cuomo (Exhibit 10.1 to Form 8-K dated December 9, 2021)	* +
10.4	Amended & Restated Executive Employment Agreement dated as of December 7, 2021, by and between VSE Corporation and Stephen D. Griffin (Exhibit 10.2 to Form 8-K dated December 9, 2021)	* +
10.5	Amended & Restated Executive Employment Agreement dated as of December 7, 2021, by and between VSE Corporation and Benjamin E. Thomas (Exhibit 10.3 to Form 8-K dated December 9, 2021)	* +
10.6	Executive Employment Agreement dated as of December 7, 2021, by and between VSE Corporation and Chad Wheeler (Exhibit 10.4 to Form 8-K dated December 9, 2021)	* +
10.7	Separation and Release Agreement (dated as of December 31, 2022, by and between VSE Corporation and Robert A. Moore)	Exhibit 10.2 +
10.8	Separation and Release Agreement dated as of April 26, 2021, by and between VSE Corporation and Thomas M. Kiernan (Exhibit 10.1 to Form 10-Q dated April 29, 2021)	* +
10.9	Fourth Amended and Restated Business Loan and Security Agreement dated January 5, 2018 among VSE Corporation and its wholly owned subsidiaries, Citizens Bank N.A. and a syndicate of eight other banks (Exhibit 10.1 to Form 8-K dated January 8, 2018)	*
10.10	First Amendment to Fourth Amended and Restated Business Loan and Security Agreement dated November 26, 2019 among VSE Corporation and its wholly owned subsidiaries, Citizens Bank N.A. and a syndicate of nine other banks (Exhibit 10.1 to Form 8-K dated December 2, 2019)	*

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10.11	Second Amendment to Fourth Amended and Restated Business Loan and Security Agreement dated June 29, 2020 among VSE Corporation and its wholly owned subsidiaries, Citizens Bank N.A. and certain other banks (Exhibit 10.1 to Form 10-Q dated July 31, 2020.)	*
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10.12	Third Amended and Restated Business Loan and Security Agreement dated July 23, 2021 among VSE Corporation and its wholly owned subsidiaries, Citizens Bank N.A. and certain other banks (Exhibit 10.1 to Form 10-Q dated July 29, 2021)	*	
10.13	Fourth Amendment to the Fourth Amended and Restated Business Loan and Security Agreement, dated as of October 7, 2022, by and among the Company, as a borrower, various subsidiaries of the Company, party thereto as borrowers or guarantors, the lenders from time to time, party thereto and Citizens Bank, N.A., as administrative agent (Exhibit 10.1 to Form 10-Q dated October 27, 2022)	*	
10.14	Fifth Amendment to the Fourth Amended and Restated Business Loan and Security Agreement, dated as of July 2, 2023, by and among the Company, as a borrower, various subsidiaries of the Company, party thereto as borrowers or guarantors, the lenders from time to time, party thereto and Citizens Bank, N.A., as administrative agent (Exhibit 10.1 to Form 10Q dated July 27, 2023)	*	
10.14 10.15	Sixth Amendment to the Fourth Amended and Restated Business Loan and Security Agreement, dated as of December 28, 2023, by and among the Company, as a borrower, various subsidiaries of the Company, party thereto as borrowers or guarantors, the lenders from time to time, party thereto and Citizens Bank, N.A., as administrative agent	Exhibit 10.1	
10.16	Lease Agreement by and between Metropark 7 LLC and VSE Corporation (Exhibit 10.2 to Form 8-K dated November 4, 2009)	*	
10.15 10.17	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) and restated effective November 1, 2023	* +	Exhibit 10.2
10.16 10.18	VSE Corporation 2006 Restricted Stock Plan, as amended in February 2020 March 2023 (Appendix A to Definitive Proxy Statement on Schedule 14A filed on March 20, 2023)	Exhibit 10.1 *	
10.17 10.19	VSE Corporation 2021 Employee Stock Purchase Plan (Appendix A to the Registrant's Proxy Statement on Schedule 14A (Commission File No. 000-03676) filed on April 2, 2021	* +	
21.1	Subsidiaries of the Registrant	Exhibit 21	
23.1	Consent of Grant Thornton 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 97.1	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) Clawback Policy	*	Exhibit 97.1
101.INS	XBRL Instance Document		
101.SCH	XBRL Taxonomy Extension Schema Document		
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document		
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document		
101.LAB	XBRL Taxonomy Extension Label Linkbase Document		
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document		
104	The cover page from VSE Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 has been formatted in Inline XBRL.		

* Document has been filed as indicated and is incorporated by reference herein.

+ Indicates management contract or compensatory plan or arrangement.

P Indicates exhibit was submitted to the Securities and Exchange Commission as a paper filing prior to the time that electronic filing on EDGAR became mandatory.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VSE CORPORATION

Date: March 9, 2023 7, 2024

By: /s/ John A. Cuomo
John A. Cuomo
Chief Executive Officer and President

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

Name	Title	Date
<u>/s/ John A. Cuomo</u> John A. Cuomo	Director, Chief Executive Officer and President (Principal Executive Officer)	March 9, 2023 7, 2024
<u>/s/ Stephen D. Griffin</u> Stephen D. Griffin	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 9, 2023 7, 2024
<u>/s/ Ralph E. Eberhart</u> Ralph E. Eberhart	Chairman/Director	March 9, 2023 7, 2024
<u>/s/ Calvin S. Koonce</u> Calvin S. Koonce	Director	March 9, 2023 7, 2024
<u>/s/ James F. Lafond</u> James F. Lafond	Director	March 9, 2023
<u>/s/ Bonnie K. Wachtel</u> Bonnie K. Wachtel	Director	March 9, 2023 7, 2024
<u>/s/ John E. Potter</u> John E. Potter	Director	March 9, 2023 7, 2024
<u>/s/ Mark E. Ferguson III</u> Mark E. Ferguson III	Director	March 9, 2023 7, 2024
<u>/s/ Edward P. Dolanski</u> Edward P. Dolanski	Director	March 9, 2023 7, 2024
<u>/s/ Anita D. Britt</u> Anita D. Britt	Director	March 9, 2023 7, 2024
<u>/s/ Lloyd E. Johnson</u> Lloyd E. Johnson	Director	March 9, 2023 7, 2024

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Exhibit 3.1

**CERTIFICATE OF AMENDMENT OF THE RESTATED
CERTIFICATE OF INCORPORATION OF
VSE CORPORATION 10.1**

Execution Version

SIXTH AMENDMENT TO FOURTH AMENDED AND RESTATED BUSINESS LOAN AND SECURITY AGREEMENT

THIS SIXTH AMENDMENT TO FOURTH AMENDED AND RESTATED BUSINESS LOAN AND SECURITY AGREEMENT (this "**Sixth Amendment**"), dated as of December 28, 2023, by and among VSE Corporation, a Delaware corporation **organized** ("**VSE**"; and together with each other Borrower party hereto, collectively, the "**Borrowers**"), the Existing Lenders (as defined below), the banks and other financial institutions or entities providing the Sixth Amendment Term Loans (as defined below) (collectively, the "**Sixth Amendment Lenders**" and together with the Existing Lenders, collectively the "**Lenders**") and Citizens Bank, National Association, as administrative agent (as successor by merger to Citizens Bank of Pennsylvania) (in such capacity, the "**Administrative Agent**").

WITNESSETH:

WHEREAS, the Borrowers, the Administrative Agent and each of the lenders party thereto immediately prior to the Sixth Amendment Effective Date (as defined below) (the "**Existing Lenders**") are parties to that certain Fourth Amended and Restated Business Loan and Security Agreement, dated as of January 5, 2018 (as amended by that certain First Amendment to Fourth Amended and Restated Business Loan and Security Agreement, dated as of November 26, 2019, that certain Second Amendment to Fourth Amended and Restated Business Loan and Security Agreement, dated as of June 29, 2020, that certain Third Amendment to Fourth Amended and Restated Business Loan and Security Agreement, dated as of July 23, 2021, that certain Fourth Amendment to Fourth Amended and Restated Business Loan and Security Agreement, dated as of October 7, 2022, that certain Fifth Amendment to Fourth Amended and Restated Business Loan and Security Agreement and First Amendment to Consent, dated as of July 3, 2023 and as amended, restated, amended and restated, supplemented or otherwise modified and in effect prior to the date hereof, the "**Existing Credit Agreement**"; the Existing Credit Agreement as amended by this Sixth Amendment, the "**Credit Agreement**"; unless otherwise defined herein, capitalized terms used herein that are not otherwise defined herein shall have the respective meanings assigned to such terms in the Credit Agreement);

WHEREAS, the Borrowers have notified the Administrative Agent that they are requesting (a) term loans (the "**Sixth Amendment Term Loans**") in an aggregate principal amount equal to \$300,000,000.00, the proceeds of which shall be used (i) to refinance the existing Term Loans, (ii) to repay outstanding Revolving Loans and (iii) to pay fees and expenses associated with the Sixth Amendment, (b) that the Lenders amend the Existing Credit Agreement to effect such amendments as may be necessary or appropriate to effect the Sixth Amendment Term Loans and (c) that the Lenders amend certain other provisions of the Existing Credit Agreement;

WHEREAS, (a) the Sixth Amendment Lenders, subject to the terms and conditions of this Sixth Amendment, are willing to provide the Sixth Amendment Term Loans on the Sixth Amendment Effective Date up to the amount of such Lender's Sixth Amendment Term Loan Commitment as set forth on Schedule 1 attached to Exhibit B hereto (each a "**Sixth Amendment Term Loan Commitment**") and (b) subject to the terms and conditions of this Sixth Amendment, the Lenders are willing to make such other amendments to the Existing Credit Agreement; and

WHEREAS, in accordance with the terms of the Existing Credit Agreement, the Administrative Agent, the Borrowers and the Lenders agree that the Existing Credit Agreement is hereby, subject to the terms and conditions of this Sixth Amendment, amended as provided below.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

1. **Sixth Amendment Term Loans; Reallocation.** This Sixth Amendment is an amendment to incur additional Indebtedness pursuant to the Existing Credit Agreement. Subject to the satisfaction of the conditions set forth in Section 3 below, each Sixth Amendment Lender agrees, effective as of the Sixth Amendment Effective Date, to provide the Sixth Amendment Term Loan to the Borrower up to the Term Loan Commitment Amount of such Lender set forth under the heading "Sixth Amendment Term Loan Commitment" in Schedule 1 attached to Exhibit B hereto. From and after the Sixth

Amendment Effective Date, (i) the Sixth Amendment Term Loan Commitment of each Lender shall be a "Term Facility Commitment Amount" for all purposes under the Credit Agreement and (ii) the Sixth Amendment Term Loans of the Lenders shall be "Loans", for all purposes under the Credit Agreement and the

other Loan Documents. In connection with this Sixth Amendment, the outstanding Revolving Loans and participation interests shall be reallocated by causing such fundings and repayments (which shall not be subject to any processing and/or recordation fees) among the Lenders of the Revolving Loans as necessary such that, after giving effect to this Sixth Amendment, each Lender will hold Revolving Loans and participation interests based on its Percentage of Revolving Loans set forth on Schedule 1 attached to Exhibit B hereto. The Borrower shall be responsible for any costs arising under the Credit Agreement resulting from such reallocation and repayments.

2. Amendments to the Existing Credit Agreement and other Loan Documents. From and after the Sixth Amendment Effective Date:

1. the Existing Credit Agreement is amended pursuant to this Sixth Amendment to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement attached as Exhibit A to this Sixth Amendment;
2. Schedule 1, Exhibit 2 and Exhibit 6 to the Existing Credit Agreement are hereby amended and restated in their entirety to read as set forth on Exhibit B attached hereto;
3. Except as set forth in clause (b), all other Exhibits and Schedules to the Existing Credit Agreement shall not be amended, modified, supplemented or otherwise affected; and
4. The parties acknowledge that the references to a facility size of \$535,000,000 appearing in each of the Loan Documents has been increased to \$650,000,000.

3. Conditions Precedent to Effectiveness. This Sixth Amendment shall become effective (the "Sixth Amendment Effective Date") upon satisfaction of the following conditions:

1. Executed Sixth Amendment. The Administrative Agent shall have received counterparts of this Sixth Amendment, executed by a duly authorized officer of each party hereto, in form and substance reasonably satisfactory to the Administrative Agent and the Lenders.
2. Executed Notes. The Administrative Agent shall have received, for the account of each Lender requesting a promissory note, a duly executed Note.
3. Borrowing Notice. The Borrowers shall have provided to the Administrative Agent a customary borrowing request in form and substance acceptable to the Administrative Agent at least three (3) Business Days (or such shorter period as may be agreed to by the Administrative Agent) in advance of the Sixth Amendment Effective Date.
4. Solvency. The Administrative Agent shall have received a certification from the chief financial officer (or another officer with similar duties) of VSE to the solvency of the Borrowers, on a combined basis (after giving effect to the transactions contemplated by this Sixth Amendment).
5. Patriot Act. The Administrative Agent and the Lenders shall have received, (x) at least three (3) Business Days prior to the Sixth Amendment Effective Date (or such shorter period as may be agreed to by the Administrative Agent), (x) all documentation and other information that the Lenders reasonably determine is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act and (y) at least two (2) Business Days prior to the Sixth Amendment Effective Date, any Borrower that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall deliver a Beneficial Ownership Certification in relation to such Borrower.

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6. Legal Opinions of Counsel. The Administrative Agent shall have received on behalf of the Lenders a written opinion of Jones Day, in form and substance reasonably satisfactory to the Administrative Agent and dated as of the Sixth Amendment Effective Date.
 7. Borrowers' Authority Documents. The Administrative Agent shall have received the following (which may be in the form of customary bring-down deliverables, including a certification as to there having been no changes to the relevant documents delivered to the Administrative Agent on the Restatement Date):
 - (1) Articles of Incorporation/Charter Documents. Copies of the articles of incorporation or other charter documents of each Borrower certified by an Officer of such Borrower as of the Sixth Amendment Effective Date to be true and correct and in force and effect as of such date.

- (2) Resolutions. Copies of resolutions of the board of directors or comparable managing body of each Borrower approving and adopting this Sixth Amendment and the transactions contemplated herein and therein and authorizing execution and delivery hereof and thereof, certified by an officer of such Borrower as of the Sixth Amendment Effective Date to be true and correct and in force and effect as of such date.
- (3) Bylaws/Operating Agreement. A copy of the bylaws, operating agreement or limited liability company agreement of each Borrower certified by an Officer of such Borrower as of the Sixth Amendment Effective Date to be true and correct and in force and effect as of such date.

(iv) Good Standing. Copies of certificates of good standing, existence or its equivalent with respect to each Borrower certified as of a recent date by the appropriate governmental authorities of the state of incorporation.

8. Sixth Amendment Effective Date Certificate. The Borrowers shall have delivered a certificate of an Officer certifying that (i) no Event of Default under the Credit Agreement has occurred and is continuing after giving effect to this Sixth Amendment and the Sixth Amendment Term Loans and (ii) the representations and warranties set forth in Section 4 hereof are true and correct as set forth therein.

9. Fees and Expenses.

(1) All fees and expenses required to be paid on the Sixth Amendment Effective Date pursuant to this Sixth Amendment shall have been paid, to the extent, with respect to such expenses, documented in reasonable detail at least one (1) Business Day prior to the Sixth Amendment Effective Date (or such shorter period as may be reasonably agreed to by the Borrowers), including, without limitation, the legal fees and expenses of external counsel to the Administrative Agent.

(2) The Borrowers will pay, or cause to be paid, the fees set forth in that certain Mandate Letter, dated as of November 29, 2023, (the "Sixth Amendment Mandate Letter"), among the Administrative Agent and the Borrowers, as set forth in the Sixth Amendment Mandate Letter.

4. Representations and Warranties. Each Borrower hereby represents and warrants to the Administrative Agent and each Lender as follows:

1. the execution, delivery and performance by each of the Borrowers of this Sixth Amendment has been duly authorized by all necessary corporate or limited liability company, as applicable, action, and do not and will not:

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- (1) violate any provision of the organizational documents of such Borrower or any other VSE Entity;
- (2) violate any provision of any law or any governmental rule or regulation applicable to such Borrower or any other VSE Entity, or any order, judgment, decree or order of any court or other Government Authority binding on such Borrower or any other VSE Entity except for such violation which, considered in the aggregate, would not reasonably be expected to have a Material Adverse Effect; or
- (3) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Material Contract of such Borrower or any other VSE Entity other than those that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

b. each Borrower has all requisite corporate, partnership or limited liability company power and authority to enter into this Sixth Amendment and to perform its respective obligations under this Sixth Amendment and the Credit Agreement;

c. this Sixth Amendment has been duly executed and delivered by each Borrower that is a party hereto and is the legally valid and binding obligation of such Borrower, enforceable against such Borrower in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or the availability of equitable remedies;

d. the representations and warranties of such Borrower contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects (without duplication of any materiality qualifier therein) as of the date of this Sixth Amendment, except to the extent such representations and warranties relate to an earlier date in which case such representations and warranties are true and correct in all material respects (without duplication of any materiality qualifier therein) as of such earlier date.

5. No Modification. Except as expressly set forth herein, nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Credit Agreement or any of the other Loan Documents or constitute a course of conduct or dealing among the parties. Except as expressly

stated herein, the Administrative Agent and Lenders reserve all rights, privileges and remedies under the Loan Documents. Except as amended or consented to hereby, the Credit Agreement and the other Loan Documents remain unmodified and in full force and effect. All references in the Loan Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as modified hereby. This Sixth Amendment shall constitute a Loan Document.

6. Counterparts. This Sixth Amendment may be executed in any number of counterparts and by virtue different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Sixth Amendment by facsimile transmission or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.
7. Successors and Assigns. The provisions of this Sixth Amendment shall be binding upon and inure to the benefit of the General Corporation parties hereto and their respective successors and assigns; provided that, except as permitted by the Credit Agreement, none of the Borrowers may assign or transfer any of its rights or obligations under this Sixth Amendment without the prior written consent of the Administrative Agent.
8. Governing Law. This Sixth Amendment shall be governed by, and construed in accordance with, the internal laws of the State of Delaware (the "Corporation"), does hereby certify that: New York (without regard to the conflicts of laws principles thereof).

FIRST:

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9. Severability. The Restated Certificate illegality or unenforceability of Incorporation any provision of VSE Corporation dated this Sixth Amendment or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Sixth Amendment or any instrument or agreement required hereunder.
10. Captions. The captions and headings of this Sixth Amendment are for convenience of reference only and shall not affect the interpretation of this Sixth Amendment.
11. Reaffirmation. Each of the Borrowers as debtor, grantor, pledgor, guarantor, assignor, or in other any other similar capacity in which such Borrower grants liens or security interests in its property or otherwise acts as accommodation party or guarantor, as the case may be, hereby (i) ratifies and reaffirms all of March 4, 1996, its payment and performance obligations, contingent or otherwise, under each of the Loan Documents to which it is a party (after giving effect hereto) and (ii) to the extent such Borrower granted liens on or security interests in any of its property pursuant to any such Loan Document as security for or otherwise guaranteed the Borrowers' Obligations under or with respect to the Loan Documents, ratifies and reaffirms such guarantee and grant of security interests and liens and confirms and agrees that such security interests and liens hereafter secure all of the Obligations as amended by hereby. Each of the Certificate Borrowers hereby consents to this Sixth Amendment and acknowledges that each of the Loan Documents remains in full force and effect and is hereby ratified and reaffirmed. The execution of this Sixth Amendment dated shall not operate as a waiver of May 2, 2006 (the "Certificate any right, power or remedy of Incorporation") is duly amended by deleting therefrom the current Article FOURTH, in its entirety, and inserting in substitution thereof Administrative Agent or Lenders, constitute a new Article FOURTH, as follows: waiver of any provision of any of the Loan Documents or serve to effect a novation of the Obligations.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

FOURTH: The total number of shares of capital stock that the Corporation shall have authority to issue is Twenty-Three Million (23,000,000) shares of common stock having a par value of \$0.05 per share.

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SECOND: The directors of the Corporation adopted resolutions which set forth the foregoing amendment, declared that this amendment is advisable and directed that this amendment be submitted for action by the Corporation's stockholders.

THIRD: The foregoing amendment has been duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, VSE Corporation has caused this Certificate of Amendment to be executed by its duly authorized President, Chief Executive Officer and Secretary in accordance with Section 103(a)(2) each of the General Corporation Law undersigned has executed this Sixth Amendment as of the State of

Delaware, date set forth above.

DATED: JUNE 3, 2022 VSE CORPORATION **BORROWERS:**

VSE CORPORATION, a Delaware corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

ENERGETICS, LLC, a Maryland limited liability company

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

WHEELER FLEET SOLUTIONS, CO., a Pennsylvania corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

VSE AVIATION SERVICES, INC., a Florida corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

VSE AVIATION SERVICES, LLC, a Kansas limited liability company

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

6

VSE AVIATION, INC., a Delaware corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

VSE AVIATION, INC., a Florida corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

GLOBAL PARTS GROUP, INC., a Kansas corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

VSE AVIATION SERVICES, CO., a Kansas corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani

Title: Secretary and Chief Legal Officer

ARENA SOLUTIONS GROUP, LLC, a Delaware limited liability company

By: /s/ Sam Singh

Name: Sam Singh

Title: Treasurer

DIAMOND GP, LLC, a Delaware limited liability company

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani

Title: Secretary and Chief Legal Officer

DESSER-GRAHAM PARTNERSHIP, L.P., a Delaware limited partnership

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani

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Title: Secretary and Chief Legal Officer

DESSER HOLDING COMPANY, LLC, a Delaware limited liability company

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani

Title: Secretary and Chief Legal Officer

DESSER TIRE & RUBBER CO., LLC, a Delaware limited liability company

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani

Title: Secretary and Chief Legal Officer

AERO-CEE BAILEY'S HOLDING COMPANY, a Delaware corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani

Title: Secretary and Chief Legal Officer

AERO WHEEL & BRAKE SERVICE CORPORATION, a California corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani

Title: Secretary and Chief Legal Officer

CEE BAILEY'S AIRCRAFT PLASTICS, a California corporation

By: /s/ Farinaz S. Tehrani

Name: Farinaz S. Tehrani
Title: Secretary and Chief Legal Officer

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ADMINISTRATIVE AGENT AND LENDERS:

CITIZENS BANK, N.A. (as successor by merger to Citizens Bank of Pennsylvania), as Administrative Agent

By: /s/ John A. Cuomo
Sidarous
Name: John A. Cuomo
Sidarous
Title: Chief Executive Officer and President Managing Director

ATTEST: CITIZENS BANK, N.A., as a Lender

By: /s/ John Sidarous
Name: John Sidarous
Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Eric H. Williams
Name: Eric H. Williams
Title: Senior Vice President

ROYAL BANK OF CANADA, as a Lender

By: /s/ Sean Hakimi
Name: Sean Hakimi
Title: Authorized Signatory

TD BANK, N.A., as a Lender

By: /s/ Lawrence C. Deihle
Name: Lawrence C. Deihle
Title: Vice President

TRUIST BANK, as a Lender

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By: /s/ Anika Kirs
Name: Anika Kirs
Title: Director

WELLS FARGO BANK, N.A., as a Lender

By: /s/ Timothy Favinger
Name: Timothy Favinger
Title: Director

CAPITAL ONE, NATIONAL ASSOCIATION, as a Lender

By: /s/ Brian Keane
Name: Brian Keane
Title: Authorized Signatory

MANUFACTURERS AND TRADERS TRUST COMPANY, as a Lender

By: /s/ Davis Clark
Name: Davis Clark
Title: Vice President

FIRST-CITIZENS BANK & TRUST COMPANY, as a Lender

By: /s/ Eduard J. Vernède
Name: Eduard J. Vernède
Title: Managing Director

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Exhibit A

AMENDMENTS TO THE EXISTING CREDIT AGREEMENT

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Exhibit B

AMENDMENTS TO SCHEDULE 1, EXHIBIT 2 AND EXHIBIT 6 TO THE EXISTING CREDIT AGREEMENT

1

EXECUTION VERSION

*Conformed through the First Amendment dated as of November 26, 2019
the Second Amendment dated as of June 29, 2020
the Third Amendment dated as of July 23, 2021
the Fourth Amendment dated as of October 7, 2022
the Fifth Amendment dated as of July 3, 2023
and the Sixth Amendment dated as of December 28, 2023*

**FOURTH AMENDED AND RESTATED
BUSINESS LOAN AND SECURITY AGREEMENT**

dated as of January 5, 2018
(and amended pursuant to the amendments referenced above)

by and among

VSE CORPORATION and other
"Borrower" parties hereto from time to time, collectively as Borrowers,

CITIZENS BANK, NATIONAL ASSOCIATION,
and certain other "Lender" parties hereto from time to time, collectively as Lenders,

CITIZENS BANK, NATIONAL ASSOCIATION,
as Administrative Agent

M&T BANK,
PNC BANK, NATIONAL ASSOCIATION,
ROYAL BANK OF CANADA,
TD BANK, N.A.,
TRUIST BANK
and
WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Co-Syndication Agents

CITIZENS BANK, NATIONAL ASSOCIATION,
M&T CAPITAL MARKETS,
PNC CAPITAL MARKETS LLC,
RBC CAPITAL MARKETS¹,
TD BANK, N.A.,
TRUIST SECURITIES, INC.
and
WELLS FARGO SECURITIES, LLC,
as Joint Lead Arrangers and Joint Book Running Managers

and

CAPITAL ONE, NATIONAL ASSOCIATION
as Documentation Agent

¹ RBC Capital Markets is a brand name for the capital markets businesses of Royal Bank of Canada and its affiliates.

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/s/	
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S.	
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Farinaz S. Tehrani, Chief Legal Officer and Corporate Secretary

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**to the
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VSE Corporation

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Exhibit 10.1

V

FOURTH AMENDED AND RESTATED BUSINESS LOAN AND SECURITY AGREEMENT

THIS FOURTH AMENDED AND RESTATED BUSINESS LOAN AND SECURITY AGREEMENT is executed as of January 5, 2018, and is by and among (a) CITIZENS BANK, NATIONAL ASSOCIATION (AS SUCCESSOR BY MERGER TO CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank), together with its successors and assigns ("Citizens Bank"), acting in the capacity of Lender, Swing Line Lender, and as Administrative Agent for the Lenders; (b) certain other "Lender" parties to this Fourth Amended and Restated Business Loan and Security Agreement from time to time; and (c) VSE CORPORATION, **2006 RESTRICTED STOCK PLAN, AS AMENDED**

1. Purpose

The purpose of the VSE Corporation 2006 Restricted Stock Plan (the "Plan") is to promote the ability of VSE Corporation, a Delaware corporation, (the "Company"), and certain other "Borrower" parties to recruit this Fourth Amended and retain employees Restated Business Loan and non-employee directors Security Agreement from time to time.

WITNESSETH THAT:

WHEREAS, pursuant to a certain Third Amended and enhance Restated Business Loan and Security Agreement dated as of January 28, 2015 (as heretofore amended, modified or restated from time to time, the growth "Existing Loan Agreement") by and profitability among certain of the Company by providing Borrowers, the incentive Administrative Agent and certain of long-term awards the Lenders, certain of the Borrowers obtained loans and Share issuances for continued employment certain other financial accommodations (collectively, the "Existing Loan") from certain of the Lenders in the original aggregate maximum principal amount of Three Hundred Million and directorship No/100 Dollars (\$300,000,000.00);

WHEREAS, on the Restatement Date, the Borrowers, the Administrative Agent and the attainment Lenders agreed to further increase the aggregate maximum principal amount of performance objectives. On December 6, 2013 the Existing Loan from Three Hundred Million and No/100 Dollars (\$300,000,000.00) to Four Hundred Million and No/100 Dollars (\$400,000,000.00), subject to further increase (or reduction) as specified herein, and amend and restate the Board approved Existing Loan Agreement, in its entirety, as hereinafter provided;

WHEREAS, on the First Amendment Effective Date, the Borrowers have requested, and adopted certain amendments the Lenders have agreed, to provide to the Plan Borrowers (i) a new term loan in an aggregate principal amount equal to One Hundred Twenty-Three Million Three Hundred Thousand and No/100 Dollars (\$123,300,000.00) that will be used, in part, refinance in full the term loan as in effect immediately prior to the First Amendment Effective Date and (ii) additional revolving loan commitments in an aggregate principal amount equal to Fifty Million and No/100 Dollars (\$50,000,000.00);

WHEREAS, on the Fourth Amendment Effective Date, the Borrowers have requested, and the Lenders have agreed, to provide to the Borrowers a new term loan in an aggregate principal amount equal to One Hundred Million and No/100 Dollars (\$100,000,000.00) that will be used, in part, to refinance in full the term loan as in effect immediately prior to the Fourth Amendment Effective Date;

WHEREAS, on the Fifth Amendment Effective Date, the Borrowers have requested, and the Lenders have agreed, to provide to the Borrowers a new term loan in an aggregate principal amount equal to Ninety Million and No/100 Dollars (\$90,000,000.00) that will be used, together with other available funds, to finance the Desser Acquisition; and

WHEREAS, on the Sixth Amendment Effective Date, the Borrowers have requested, and the Lenders have agreed, (i) to provide the Borrowers a new term loan in an aggregate principal amount equal to Three Hundred Million and No/100 Dollars (\$300,000,000) that will be used, in part, (A) to refinance in full the term loans as in effect immediately prior to the Sixth Amendment Effective Date and (B) to repay certain outstanding revolving loans as in effect immediately prior to the Sixth Amendment Effective Date, and (ii) to extend the Maturity Date by one (1) year.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree, represent and warrant as follows:

CERTAIN DEFINITIONS

For the purposes of this Fourth Amended and Restated Business Loan and Security Agreement, the terms set forth below shall have the following definitions:

"Account Debtor" shall mean any Person who is indebted to one (1) or more of the Borrowers for the payment of any Receivable.

"Accounts" shall have the meaning attributed to such amendments became effective on May 6, 2014 when they were approved term by the Company's stockholders. On February 27, 2020 UCC, and shall include any and all of the following, whether now or hereafter existing: (a) all accounts receivable, other receivables, book debts and other

forms of obligations (including any such obligations that may be characterized as an account or contract right under the UCC, but excluding forms of obligations evidenced by Chattel Paper, or Instruments), (b) all rights in, to and under all purchase orders or receipts for goods or services, (c) all rights to any goods represented by any of the **Board approved** foregoing (including unpaid sellers' rights of rescission, replevin, reclamation and **adopted certain additional amendments** stoppage in transit and rights to returned, reclaimed or repossessed goods), (d) all rights to payment due for property sold, leased, licensed, assigned or otherwise disposed of, for a policy of insurance issued or to be issued, for a secondary obligation incurred or to be incurred, for energy provided or to be provided, for the use or hire of a vessel under a charter or other contract, arising out of the use of a credit card or charge card, or for services rendered or to be rendered in connection with any other transaction (whether or not yet earned by performance), (e) all "health care insurance receivables", as such term is defined in the UCC and (f) all collateral security of any kind, given by any Person with respect to any of the foregoing.

"**ADA**" shall have the meaning attributed to such term in Section 5.14(a) of this Agreement.

"**Additional Base Rate Interest Margin**" shall be the percentage as calculated and determined pursuant to Section 1.4(b) of this Agreement and **Exhibit 7** attached hereto.

"**Additional Daily Simple RFR Interest Margin**" shall be the percentage as calculated and determined pursuant to Section 1.4(b) of this Agreement and **Exhibit 7** attached hereto.

"**Additional Eurocurrency Interest Margin**" shall be the percentage as calculated and determined pursuant to Section 1.4(b) of this Agreement and **Exhibit 7** attached hereto.

"**Additional Term SOFR Interest Margin**" shall be the percentage as calculated and determined pursuant to Section 1.4(b) of this Agreement and **Exhibit 7** attached hereto.

"**Adjusted Daily Simple RFR**" shall mean, for any day (an "**RFR Rate Day**"), a rate per annum equal to, for any Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to Sterling, the greater of (a) the sum of (i) SONIA for the day (such day, a "**Sterling RFR Determination Day**") that is five (5) RFR Business Days prior to (A) if such RFR Rate Day is an RFR Business Day, such RFR Rate Day or (B) if such RFR Rate Day is not an RFR Business Day, the RFR Business Day immediately preceding such RFR Rate Day, in each case, as such SONIA is published by the SONIA Administrator on the SONIA Administrator's Website; **provided** that if by 5:00 p.m. (London time) on the second (2nd) RFR Business Day immediately following any Sterling RFR Determination Day, SONIA in respect of such Sterling RFR Determination Day has not been published on the SONIA Administrator's Website and a Benchmark Replacement Date with respect to the **Plan**, Adjusted Daily Simple RFR for Sterling has not occurred, then SONIA for such Sterling RFR Determination Day will be SONIA as published in respect of the first preceding RFR Business Day for which **have been incorporated into** such SONIA was published on the **Plan**, SONIA Administrator's Website; **provided further** that SONIA as **set forth herein. The Plan, as amended, is subject** determined pursuant to this proviso shall be utilized for purposes of calculation of Adjusted Daily Simple RFR for no more than three (3) consecutive RFR Rate Days and (ii) the SONIA Adjustment and (b) the Floor. Any change in Adjusted Daily Simple RFR due to a change in the applicable RFR shall be effective from and including the effective date of such change in the RFR without notice to the **approval** Borrowers.

"**Adjusted Eurocurrency Rate**" shall mean, as to any Loan denominated in any applicable Alternative Currency not bearing interest based on an RFR (which, as of the **Company's stockholders**, Fourth Amendment Effective Date, shall mean Euros) for any Interest Period, an interest rate per annum equal to (a) the Eurocurrency Rate for such Currency for such Interest Period divided by (b) one minus the Eurocurrency Reserve Percentage. The Adjusted Eurocurrency Rate for each outstanding Loan shall be adjusted automatically as **set forth** of the effective date of any change in **Section 14**.

2. Definitions the Eurocurrency Reserve Percentage.

(a) "**Administrative Agent**" shall mean Citizens Bank or any of its affiliates, acting in its capacity as agent for the Lenders, or any successor Administrative Agent appointed pursuant to Section 10.10 of this Agreement.

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"**Affiliate Affected Financial Institution**" **means, with respect** shall mean (a) any EEA Financial Institution or (b) any UK Financial Institution.

"**Affiliate**" shall mean, as to any Person, any other **person that, Person which**, directly or indirectly, is in control of, is controlled by or is under common control with such Person, or which owns, directly or indirectly, ten percent (10%) or more of the outstanding equity interests of any Person. **For**

"**Affirmative Covenant**" shall mean any affirmative or similar obligation, agreement or covenant (other than a Negative Covenant) made by the Borrowers set forth in this Agreement or in any other Loan Document.

"Agreement" or "Loan Agreement" shall mean this Fourth Amended and Restated Business Loan and Security Agreement, together with the schedules and exhibits attached hereto from time to time, and any and all amendments or modifications of this Fourth Amended and Restated Business Loan and Security Agreement or the schedules and exhibits attached hereto from time to time.

"Aircraft Object" shall have the meaning provided for the term "aircraft object" in the Cape Town Treaty.

"All-In Yield" means, as to any Indebtedness, the yield thereof, whether in the form of interest rate, margin, original issue discount, upfront or commitment fees paid to the lenders thereof, an interest rate floor (with such increased amount being equated to interest margins for purposes of determining any increase to the Applicable Interest Rate), or otherwise; *provided* that original issue discount and upfront or commitment fees paid to lenders shall be equated to interest rate assuming a 4-year life to maturity (or, if less, the stated life to maturity at the time of its incurrence of the applicable Indebtedness); and *provided, further*, that "All-In Yield" shall not include arrangement fees, structuring fees or underwriting or similar fees paid solely to arrangers for or underwriters of such Indebtedness.

"Alternative Currency" means Euro, Sterling and, solely with respect to the issuances of Letters of Credit, each other currency (other than Dollars) that is approved in accordance with The Interpretive Provisions Section of this Agreement.

"Alternative Currency Loan" means a revolving Loan made to a Borrower pursuant to this Agreement in an Alternative Currency.

"Anti-Corruption Laws" means any and all laws, rules and regulations of any jurisdiction applicable to any and all VSE Entities from time to time concerning or relating to bribery or corruption.

"Applicable Indebtedness" shall have the meaning attributed to such term in the definition of "Weighted Average Life to Maturity".

"Applicable Interest Rate" shall mean, as applicable (based upon whether the Loan was advanced under the Term Facility, Revolving Facility, or Swing Line Facility) and as of any particular date of determination, (a) the Adjusted Daily Simple RFR, plus the applicable Additional Daily Simple RFR Interest Margin, (b) the Adjusted Eurocurrency Rate, plus the applicable Additional Eurocurrency Interest Margin, (c) Term SOFR plus the applicable Additional Term SOFR Interest Margin, (d) the Base Rate, plus the applicable Additional Base Rate Interest Margin, or (e) the Swing Line Rate, plus the applicable Additional Base Rate Interest Margin, in each case, as more particularly set forth in Section 1.4 of this Agreement and **Exhibit 7** attached hereto. However, if at any time, the interest rate payable pursuant to this Loan Agreement shall exceed the maximum rate of interest that may be charged under Applicable Laws, then the interest rate payable hereunder shall be reduced to the maximum percentage that may be lawfully charged under Applicable Laws.

"Applicable Laws" shall mean any and all federal, state or local laws, ordinances, statutes, rules or regulations to which any VSE Entity or the property of any VSE Entity is subject, whether domestic or international.

"Authorization" shall mean a written authorization in the form of **Exhibit 10** attached hereto.

"Available Tenor" shall mean, as of any date of determination and with respect to any then-current Benchmark for any Currency, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this

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Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to **Exhibit 3** attached hereto.

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" shall mean, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Base Rate" shall mean the highest of (a) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1%, (b) the Prime Rate and (c) the sum of Term SOFR for a one-month Interest Period, as of any applicable date of determination, plus the difference between the Additional Term SOFR Interest Margin for SOFR Rate Loans and the Additional Base Rate Interest Margin for Base Rate Loans; provided, that if the Base Rate is less than 0.00%, it shall be deemed equal to 0.00%. Any loan bearing interest at the Base Rate is referred to herein as a **"Base Rate Loan"**.

“Base Rate Loan” has the meaning attributed to such term in the definition of “Base Rate”.

“Benchmark” shall mean, initially, with respect to any (a) Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Dollars, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or then-current Benchmark for Dollars, then “Benchmark” means, with respect to such Obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Exhibit 3 attached hereto, (b) Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Sterling, Adjusted Daily Simple RFR; provided that if a Benchmark Transition Event has occurred with respect to such Adjusted Daily Simple RFR or the then-current Benchmark for such Currency, then “Benchmark” means, with respect to such Obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Exhibit 3 attached hereto and (c) Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to Euros, EURIBOR; provided that if a Benchmark Transition Event has occurred with respect to EURIBOR, or the then-current Benchmark for such Currency, then “Benchmark” means, with respect to such Obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Exhibit 3 attached hereto.

“Benchmark Replacement” shall mean, with respect to any Benchmark Transition Event for any then-current Benchmark, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrowers as the replacement for such Benchmark giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for such Benchmark for syndicated credit facilities denominated in the applicable Currency at such time and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” shall mean, with respect to any replacement of any then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrowers giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread

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adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in the applicable Currency.

“Benchmark Replacement Date” shall mean the earliest to occur of the following events with respect to the then-current Benchmark for any Currency:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the term “control,” later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” including its correlative terms “controlled by” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and “under common control” announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” shall mean with respect to the then-current Benchmark for any Currency, the occurrence of one or more of the following events with respect to such Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, the central bank for the Currency applicable to such Benchmark, an insolvency official with jurisdiction over

the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"**Benchmark Transition Start Date**" shall mean, with respect to any Benchmark for any Currency, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

"**Benchmark Unavailability Period**" means, with respect to any then-current Benchmark for any Currency, the period (if any) (x) beginning at the time that a Benchmark Replacement Date with respect to such Benchmark pursuant to clauses (a) or (b) of that definition has occurred if, at such time, no Benchmark Replacement

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has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Exhibit 3 attached hereto and (y) ending at the time that a Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Exhibit 3 attached hereto.

"**Beneficial Ownership Certification**" shall mean a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"**Beneficial Ownership Regulation**" shall mean 31 C.F.R. § 1010.230.

"**Bid and Performance Bond Limit**" shall mean Seven Million Five Hundred Thousand and No/100 Dollars (\$7,500,000.00).

"**Blocked Person**" shall mean any Person described in Section 1 of the possession, Anti-Terrorism Order (Executive Order No. 13224).

"**Borrower**" and "**Borrowers**" shall mean, individually or collectively, as the context may require, one or more of the following VSE Entities: the Primary Operating Company, the Foreign Borrowers, the entities listed on Schedule A-1 attached hereto, and each other VSE Entity which, as of any date of determination, is a "Borrower" party to this Agreement and/or, as applicable, the other Loan Documents.

"**Business Day**" shall mean any day which is neither a Saturday or Sunday nor a legal holiday or a day on which any commercial banks are authorized or required to be closed in New York City or a day on which the Federal Reserve Bank of New York is closed.

"**Cape Town Treaty**" means The Convention on International Interest in Mobile Equipment, concluded in Cape Town, South Africa on November 16, 2001 (utilizing the English-language version thereof) together with *The Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment*, concluded in Cape Town, South Africa, on November 16, 2001 (utilizing the English-language version thereof).

"**Capital Lease Obligations**" of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital or finance leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"**CERCLA**" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 et seq.).

"**Change of Control**" means the occurrence of any of the following: (i) with respect to the Primary Operating Company (a) any person or group of persons (within the meaning of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of forty-five percent (45%) or more of the issued and outstanding Voting Stock of the Primary Operating Company, or (b) during any period of twenty-four (24) consecutive calendar months, individuals who, at the beginning of such period, constituted the board of directors of the Primary Operating Company (together with any new directors whose election by the board of directors of the Primary Operating Company or whose nomination for election by the stockholders of the Primary Operating Company was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose elections or nomination for election was previously so approved) cease for any reason (other than death or disability) to constitute a majority of the directors then in

office, and (ii) with respect to every other VSE Entity, the Primary Operating Company shall cease to beneficially own and control, directly or indirectly, one hundred percent (100%), on a fully diluted basis, of the power economic and voting interests in the capital stock of such VSE Entity, except in connection with a transaction not otherwise prohibited hereunder.

“**Chattel Paper**” shall have the meaning attributed to direct such term by the UCC, and shall include “electronic chattel paper” and “tangible chattel paper”, as such terms are defined in the UCC, whether now or cause hereafter existing.

“**Citizens Bank**” shall have the direction meaning set forth in the preamble of this Agreement.

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“**Code**” shall mean the Internal Revenue Code of 1986, as amended and as in effect from time to time.

“**Collateral**” shall have the meaning attributed to such term in Section 3.1 of this Agreement.

“**Collateral Account**” shall have the meaning attributed to such term in Article 8 of this Agreement.

“**Commercial Contract**” shall mean any written contract to which a VSE Entity is a party (other than a Government Contract or Government Subcontract) which gives rise or may give rise to Receivables.

“**Commercial Tort Claims**” shall have the meaning attributed to such term by the UCC, and shall include any and all claims now existing or hereafter arising in tort with respect to which (a) the claimant is an organization, or (b) the claimant is an individual and the claim (i) arose in the course of the management claimant's business or profession, and policies (ii) does not include damages arising out of personal injury to or death of any individual.

“**Commitment Amount**” shall mean Six Hundred Fifty Million and No/100 Dollars (\$650,000,000.00), on the Sixth Amendment Effective Date; provided, however, that for purposes of making any calculation under this Agreement, the term “Commitment Amount” shall mean, as of any other date of determination, an amount equal to the sum of (a) the Revolving Facility Commitment Amount, plus (b) the aggregate outstanding principal balance of the Term Facility owing to the applicable Lender(s), and plus (c) the aggregate amount of all Incremental Revolving Facility Commitments and/or Incremental Term Facility Commitments established prior to and remaining in effect as of such Person, whether through the ownership date of voting securities, by contract or otherwise, determination.

(b) “**Commodity Exchange Act**” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“**Award Conforming Changes**” shall mean, with respect to the use or administration of an initial Benchmark or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate”, the definition of “Business Day,” the definition of “RFR Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Exhibit 3 attached hereto and other technical, administrative or operational matters) that the Administrative Agent (in consultation with the Primary Operating Company) decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“**Contribution Agreement**” shall mean that certain Second Amended and Restated Contribution Agreement dated of even date herewith, by and among the Borrowers, and delivered by the Borrowers to the Administrative Agent prior to or simultaneously with their execution and delivery of this Agreement or a Joinder Agreement (as the case may be), together with any and all permitted amendments and modifications thereof.

“**Currencies**” means an award of Restricted Stock or Restricted Stock Units granted under the Plan.

(c) Dollars and each Alternative Currency, and “**Board**” means the Company's board of directors.

(d) “**Change of Control Currency**” means any transaction of such Currencies.

“**Daily Simple RFR Loan**” shall mean any Loan that bears interest at a rate based on Adjusted Daily Simple RFR.

“**Data Breach**” shall mean any unauthorized or series unlawful access and/or use of transactions as a result Personal Information.

"Defaulting Lender" shall mean, subject to Section 10.16 of which this Agreement, any Person who was a Third Party immediately before such transaction or series of transactions owns then outstanding securities of the Company such Lender that, such Person has the ability to direct the management of the Company, as determined by the Board Administrative Agent, (a) has failed to perform any of its funding obligations hereunder, including in respect of its Loans or participations in respect of Letters of Credit or Swing Line Loans, within three (3) Business Days of the date required to be funded by it hereunder, other than with respect to a good faith dispute; (b) has notified the Borrowers and the Administrative Agent that it does not intend or expect to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit, other than with respect to a good faith dispute; (c) has failed, within three (3) Business Days after request by the Administrative Agent, to confirm in a manner satisfactory

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to the Administrative Agent that it will comply with its funding obligations, other than with respect to a good faith dispute; or (d) has, or has a direct or indirect parent company that has, after the Restatement Date, (i) become the subject of a proceeding under any Applicable Law for the relief of debtors, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Government; or (iv) become the subject of a Bail-in Action; provided, that, in each case upon the Administrative Agent having knowledge that any Lender is a Defaulting Lender, the Administrative Agent shall promptly notify the Borrowers in writing.

"Default Rate" shall mean, as of any date of determination, the sum of the Base Rate, plus the Additional Base Rate Interest Margin, plus two percent (2.00%) per annum.

"Deposit Accounts" shall have the meaning attributed to such term by the UCC, and shall include any and all demand, time, savings, passbook or similar account(s) from time to time established and maintained with a bank.

"Desser Acquisition" shall mean the acquisition by the Borrowers of 100% of the equity interests of Desser-Graham Partnership, L.P., pursuant to the Desser Acquisition Documents.

"Desser Acquisition Documents" shall mean all of the material executed documentation relating to the Desser Acquisition.

"Documents" shall have the meaning attributed to such term by the UCC, and shall include any and all documents of any type and nature, whether now or hereafter existing.

"Dollar", "Dollars" and "\$" shall mean the lawful money of the United States, and as the context may require in accordance with this Agreement, shall also mean the Dollar Equivalent of any Alternative Currency.

"Dollar Equivalent" means, at any time, (a) with respect to any amount denominated in U.S. Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent or the LC Issuer, as the case may be, at such time on the basis of the Spot Rates (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency.

"e-mail" shall have the meaning attributed to such term in Section 12.3 of this Agreement.

"EBITDA" shall mean, with respect to the VSE Entities for any period of determination, the sum of their (a) Net Income, plus (b) net interest expense and income tax provisions for such period, to the extent deducted in the calculation of net profit (or loss), plus (c) depreciation and amortization of assets for such period, to the extent deducted in the calculation of net profit (or loss), plus (d) non-cash stock compensation that does not represent a reserve for future cash payments, to the extent deducted in the calculation of net profit (or loss), plus (e) non-cash charges that do not represent a reserve for future cash payments, as approved in writing by the Administrative Agent prior to the next due date of the particular compliance certificate as required under Sections 6.3(c) of this Agreement, plus (f) any fees, expenses or charges related to any issuance of equity interests, investment, acquisition, disposition, recapitalization or the incurrence or repayment of Indebtedness permitted to be incurred by this Agreement (in each case including a refinancing thereof) (whether or not successful), including such fees, expenses or charges related to this Agreement and the other Loan Documents, minus (g) any non-cash gains to the extent included in Net Income. EBITDA shall be determined on a rolling basis, based on the four (4) consecutive Fiscal Quarters then ended. EBITDA from any Permitted Acquisitions will be included on a pro forma basis as such amounts may be deemed acceptable to the Administrative Agent in its sole but reasonable discretion. The Board may also determine that a Change of Control shall occur upon the completion of one or more proposed transactions. The Board's determination EBITDA shall be final and binding, calculated giving pro forma effect for any disposed, abandoned or discontinued operations (excluding held-for-sale discontinued operations until actually disposed of).

(e) "EEA Financial Institution" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c)

any financial institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) and/or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" shall mean any Lender who is not a Defaulting Lender, an Affiliate of any Lender who is not a Defaulting Lender, a Federal Reserve Bank or any other "Qualified Institutional Buyer", as such term is defined under Rule 144(A), promulgated under the Securities Act of 1933, as amended, any national or state banking institution or, with respect to the Term Loans, any other financial institution that purchases or makes loans in the ordinary course of business; provided that no natural Person, holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person, nor the Borrowers nor any of the Borrowers' Affiliates or Subsidiaries may be an Eligible Assignee.

"Equalization Payments" shall have the meaning attributed to such term in Section 10.13(a) of this Agreement.

"Equipment" shall have the meaning attributed to such term by the UCC, and shall include any and all of the following, whether now or hereafter existing: machinery and equipment, including processing equipment, conveyors, machine tools, data processing and computer equipment, including embedded software and peripheral equipment and all engineering, processing and manufacturing equipment, office machinery, furniture, materials handling equipment, tools, attachments, accessories, automotive equipment, trailers, trucks, forklifts, molds, dies, stamps, motor vehicles, rolling stock and other equipment of every kind and nature, trade fixtures and fixtures not forming a part of real property, together with all additions and accessions thereto, replacements therefor, all parts therefor, all substitutes for any of the foregoing, fuel therefor, and all manuals, drawings, instructions, warranties and rights with respect thereto, and all products and proceeds thereof and condemnation awards and insurance proceeds with respect thereto.

"ERISA" shall have the meaning attributed to such term in Section 5.13(a) of this Agreement.

"ERISA Affiliate" shall mean with respect to any Borrower, any Person which, together with such Borrower, is under common control, constitutes a member of such Borrower's controlled group, constitutes a member of such Borrower's affiliated service group or is otherwise required to be treated as a single employer with such Borrower pursuant to Sections 4001(a)(14) or (b) of ERISA and/or Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended.

(f) **"VSEPlan Erroneous Payment"** shall have the meaning attributed to such term in Section 10.19(a) of this Agreement.

"Erroneous Payment Deficiency Assignment" shall have the meaning attributed to such term in Section 10.19(d) of this Agreement.

"Erroneous Payment Impacted Class" shall have the meaning attributed to such term in Section 10.19(d) of this Agreement.

"Erroneous Payment Return Deficiency" shall have the meaning attributed to such term in Section 10.19(d) of this Agreement.

"Erroneous Payment Subrogation Rights" shall have the meaning attributed to such term in Section 10.19(d) of this Agreement.

"EU Bail-In Legislation Schedule" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"EURIBOR" shall have the meaning assigned thereto in the definition of "Eurocurrency Rate".

"Euro" means the lawful currency of the participating member states introduced in accordance with the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

"Eurocurrency Rate" shall mean, for any **restricted stock, restricted stock unit, stock bonus, stock option** Eurocurrency Rate Loan for any Interest Period:

(a) denominated in Euros, the greater of (i) the rate per annum equal to the Euro Interbank Offered Rate ("EURIBOR") as administered by the European Money Markets Institute (or any other Person that takes over administration of such rate) for a period equal in length to such Interest Period, as displayed on the applicable Bloomberg page (or on any successor or substitute page or service providing such quotations as determined by the Administrative Agent from time to time) at approximately 11:00 a.m. (Brussels time) on the applicable Rate Determination Date and (ii) the Floor; and

(b) if applicable and approved by the Administrative Agent and the Lenders pursuant to the Interpretive Provisions Section of this Agreement, denominated in any other Currency (other than Euros or Sterling), the rate designated with respect to such Currency at the time such currency is approved by the Administrative Agent and the Lenders pursuant to the Interpretive Provisions Section of this Agreement.

"Eurocurrency Rate Loan" shall mean any Loan bearing interest at a rate based on the Adjusted Eurocurrency Rate.

"Eurocurrency Reserve Percentage" shall mean, for any day during any Interest Period, the reserve percentage in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, special, supplemental or other **compensation plan, program** marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D) or **arrangement** established any other reserve ratio or **maintained** analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Revolving Facility Commitment Amount or the funding of the Loans.

"Event of Default" shall have the meaning attributed to such term in Section 9.1 of this Agreement.

"Excess Cash Event" shall mean (a) any sale or disposition of any of the assets of any VSE Entity (including stock, equity or any other type of ownership interests of another VSE Entity) which (i) is not in the ordinary course of business and results in Net Cash, when combined with any and all other asset dispositions (other than Inventory sales in the ordinary course of business) that have occurred during the same Fiscal Year, in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00), in the aggregate; *provided*, that within 365 days of any such non-ordinary course sale or disposition, the Borrowers shall be permitted to reinvest or commit to reinvest the Net Cash arising therefrom in assets used or useful in the business; *provided, further* that any such Net Cash must be reinvested no later than 180 days after the end of such 365-day period or (ii) is prohibited by the terms and conditions of this Agreement; (b) the issuance by any VSE Entity after the date of this Agreement of debt securities or other debt obligations (other than in connection with the Obligations and other Indebtedness permitted pursuant to Section 7.7(a) of this Agreement); (c) the receipt by or on behalf of any VSE Entity of insurance proceeds (other than insurance recoveries for business interruption loss, workers compensation or damage to tangible property, which, with respect to insurance recoveries for damage(s) to tangible property, are promptly applied toward repair or replacement of the damaged property) in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00), in the aggregate; *provided*, that within 365 days of receipt of any such insurance proceeds, the Borrowers shall be permitted to reinvest or commit to reinvest the Net Cash arising therefrom in assets used or useful in the business; *provided, further* that any such Net Cash must be reinvested no later than 180 days after the end of such 365-day period; and (d) the reversion of any pension plan assets.

"Excluded Collateral" shall have the meaning attributed to such term in Section 3.1 of this Agreement.

"Excluded Swap Obligation" shall mean, with respect to any obligor, any Swap Obligation if, and to the extent that, all or a portion of the guaranty or liability of such obligor of such Swap Obligation (or any guaranty thereof) is or becomes illegal under or otherwise violates the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such obligor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guaranty or liability of such obligor becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement

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governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty or liability is or becomes illegal.

"Existing Loan" shall have the meaning attributed to such term in the recitals to this Agreement.

"Existing Loan Agreement" shall have the meaning attributed to such term in the recitals to this Agreement.

“Facility” or “Facilities” shall mean the Revolving Facility, the Term Facility or the Swing Line Facility, individually or collectively, as the context may require.

“FATCA” shall mean sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“FDS Sale” shall mean the sale of all or any part of the Federal and Defense Business (in one or more transactions) including, without limitation, the sale of Arena Solutions Group, LLC and/or any other VSE Entities engaged solely in the Federal and Defense Business.

“Federal and Defense Business” shall mean, collectively, the following businesses and their related assets, intellectual property and past performance used, or held for use, primarily or exclusively in the operation or conduct of such businesses as conducted in the twelve months prior to the date of any applicable FDS Sale and as proposed to be conducted immediately following the closing of any applicable FDS Sale by the VSE Entities' federal and defense services business segment, including its Government Contracts: (a) supply chain management solutions to the United States government, federal agencies and international defense contractors; (b) data management solutions to the United States government, federal agencies and international defense contractors; (c) maintenance, repair and overhaul services to the United States government, federal agencies and international defense contractors; (d) design, development, prototyping, engineering services and similar services to the United States government, federal agencies and international defense contractors; (e) learning and training support services to the United States government, federal agencies and international defense contractors; and (f) energy and management consulting.

“Federal Funds Rate” shall mean, for any day, the rate per annum (rounded upward to the nearest 1/8 of 1%) determined by the Administrative Agent to be the rate per annum announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight Federal Funds transactions on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the “Federal Funds Effective Rate” as of the date hereof; provided that if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the “Federal Funds Effective Rate” for such day shall be the Federal Funds Rate for the last day on which such rate was announced.

“Fee Letter” shall mean that certain letter dated November 1, 2017 from the Administrative Agent to the Primary Operating Company relating to the Loan, which shall specifically survive and not be superseded by the execution and delivery of this Agreement.

“Fifth Amendment Effective Date” shall mean July 3, 2023.

“Fifth Amendment Term Loans” shall have the meaning set forth in Section 1.1.

“Financial Product Provider” shall mean any Lender party to this Agreement who, as of any applicable date of determination, is owed Permitted Financial Product Obligations.

“First Amendment Effective Date” shall mean November 26, 2019.

“First Amendment Term Loans” shall mean the term loans originally made to the Borrowers on the First Amendment Effective Date in an initial aggregate amount of \$123,300,000.

“Fiscal Quarter” shall mean any quarterly period designated by the VSE Entities as a fiscal quarter for financial accounting purposes.

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“Fiscal Year” shall mean any annual period designated by the VSE Entities as a fiscal year for financial accounting purposes.

“Fixed Charge Coverage Ratio” shall have the meaning attributed to such term in Section 6.15(b) of this Agreement.

“Floor” shall mean 0.00% per annum.

“Foreign Borrower” and **“Foreign Borrowers”** shall mean, as of any date of determination and individually or collectively (as the context may require), any Borrower not incorporated, formed or organized within the United States, and listed on Schedule A-2 attached hereto.

“Foreign Borrower Loan Request” shall have the meaning attributed to such term in Section 1.3 of this Agreement.

“Foreign Subsidiary” and **“Foreign Subsidiaries”** shall mean, as of any date of determination and individually or collectively (as the context may require), each and every Subsidiary of a VSE Entity that is not (a) incorporated, formed or organized within the United States, or (b) a Foreign Borrower.

“Fourth Amendment Effective Date” shall mean October 7, 2022.

“Fourth Amendment Term Loans” shall have the meaning set forth in Section 1.1.

“FRB” shall mean the Board of Governors of the Federal Reserve System of the United States.

“GAAP” shall mean generally accepted accounting principles.

“General Intangibles” shall have the meaning attributed to such term by the UCC, and shall include any and all of the following, whether now or hereafter existing: all right, title and interest in, to or under any contract, all “payment intangibles”, as such term is defined by the UCC, customer lists, licenses, copyrights, trademarks, patents, and all applications therefor and reissues, extensions or renewals thereof, rights in intellectual property, interests in partnerships, joint ventures and other business associations, licenses, permits, copyrights, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know how, software, data bases, data, skill, expertise, experience, processes, models, drawings, materials and records, goodwill (including the goodwill associated with any trademark or trademark license), all rights and claims in, to or under insurance policies (including insurance for fire, damage, loss and casualty, whether covering personal property, real property, tangible rights or intangible rights, all liability, life, key man and business interruption insurance, and all unearned premiums), uncertificated securities, choses in action, deposit, checking and other bank accounts, rights to receive tax refunds and other payments, rights to receive dividends, distributions, cash, Instruments and other property in respect of or in exchange for pledged stock and investment property, rights of indemnification, all books and records, correspondence, credit files, invoices and other papers, including all tapes, cards, computer runs and other papers and documents.

“Goods” shall have the meaning attributed to such term by the UCC, and shall include any and all Goods whether now or hereafter existing.

“Governmental Authority” shall mean the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Government” shall mean the United States government, any state government, any local government, any department, instrumentality or any agency of the United States government, any state government or any local government.

“Government Contract Assignments” shall have the meaning attributed to such term in Section 6.11 of this Agreement.

“Government Contract” and **“Government Contracts”** shall mean, individually or collectively as the context may require, (a) written contracts between any VSE Entity and the Government and (b) written

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subcontracts between any VSE Entity and a Prime Contractor which is providing goods or services to the Government pursuant to a written contract with the Government if the subcontract relates only to the scope of work being provided to the Government pursuant to the above-referenced written contract with the Government (a **“Government Subcontract”**).

“Government Subcontract” shall have the meaning attributed to such term under the definition of “Government Contract”.

“Hazardous Substance” shall mean, without limitation, any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances, pollutants or contaminants as defined in CERCLA, HMTA, RCRA or any other applicable environmental law, rule, order or regulation.

“Hazardous Wastes” shall mean, without limitation, all waste materials subject to regulation under CERCLA, RCRA or analogous state law, or any other applicable federal and/or state law now in force or hereafter enacted relating to hazardous waste treatment or disposal.

“Healthcare and Dependent Care Accounts” shall mean those accounts listed on **Schedule E** attached hereto (and any future accounts meeting the following criteria) which: (i) are used by the VSE Entities solely for purposes of deposits and distributions for healthcare and dependent care benefits payable to employees of such VSE Entities in the ordinary course of business; and (ii) are not subject to any liens or encumbrances (other than Permitted Liens).

"Hedging Contracts" shall mean interest rate swap agreements (as defined in 11 U.S.C. Section 101), interest rate cap agreements and interest rate collar agreements, or any other agreements or arrangements entered into between any Borrower and the Administrative Agent, a Lender or an Affiliate including the Plan, thereof from time to time and designed to protect such Borrower against fluctuations in interest rates or currency exchange rates.

(g) "Hedging Obligations" Committee means the Compensation Committee shall mean all present and future liabilities, repayment obligations and other obligations of any and all of the Board, Borrowers to the Administrative Agent, a Lender or an Affiliate thereof under Hedging Contracts.

(h) "HMTA" Common Stock shall mean the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101 " means Common Stock, par value \$0.05 per share, et seq.).

"Incremental Facility Assumption Agreement" shall mean an Incremental Facility Assumption Agreement in the form and substance of **Exhibit 9** attached hereto.

"Incremental Revolving Facility Commitment" shall mean the commitment of any Lender, established pursuant to Section 1.8 of this Agreement, to make additional Revolving Loans available to the Borrowers after the Restatement Date.

"Incremental Revolving Facility Commitment Amount" shall mean, as of any date of determination, (a) with respect to any Incremental Revolving Facility Lender, the aggregate maximum amount of all Incremental Revolving Facility Commitments of such Incremental Revolving Facility Lender then in effect, and (b) with respect to all Incremental Revolving Facility Lenders, the aggregate maximum amount of all Incremental Revolving Facility Commitments of such Incremental Revolving Facility Lenders then in effect.

"Incremental Revolving Facility Lender" shall mean, as of any date of determination, a Lender with an Incremental Revolving Facility Commitment then in effect.

"Incremental Revolving Facility Upfront Fee" shall have the meaning attributed to such term in Section 1.7(a) of this Agreement.

"Incremental Term Facility Commitment" shall mean the commitment of any Lender, established pursuant to Section 1.9 of this Agreement, to make additional Term Loans available to the Borrowers after the Restatement Date.

"Incremental Term Facility Commitment Amount" shall mean, as of any date of determination, (a) with respect to any Incremental Term Facility Lender, the aggregate maximum amount of all Incremental Term

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Facility Commitments of such Incremental Term Facility Lender then in effect, and (b) with respect to all Incremental Term Facility Lenders, the aggregate maximum amount of all Incremental Term Facility Commitments of such Incremental Term Facility Lenders then in effect. The Incremental Term Facility Commitment Amount of each Incremental Term Facility Lender will be reduced to Zero Dollars (\$0) and the Incremental Term Facility Commitment of any such Lender will no longer be in effect from and after the funding of the Company, additional Term Loans reflected by such outstanding Incremental Term Facility Commitments.

"Incremental Term Facility Lender" shall mean, as of any date of determination, a Lender with an Incremental Term Facility Commitment then in effect.

(i) "Incremental Term Facility Upfront Fee" Company means VSE Corporation, a Delaware corporation, including any successor thereto by merger, consolidation, acquisition shall have the meaning attributed to such term in Section 1.7(a) of all or substantially all the assets thereof, or otherwise, this Agreement.

(j) "Indebtedness" Date shall mean, without duplication, and as of Grant" means the date on which Indebtedness is to be determined, (a) Indebtedness for borrowed money or for the deferred purchase price of property or services, (b) any obligations in respect of letters of credit, banker's or other acceptances or similar obligations, (c) Lease Obligations with respect to Capital Lease Obligations, (d) all liabilities secured by any lien on any property owned by a Person, to the extent attached to such Person's interest in such property, even though such Person has not assumed or become personally liable for the payment thereof (it being understood that, unless such Person shall have assumed or become liable for the payment of such Indebtedness, the amount of such Indebtedness shall be the lesser of (i) the fair market value of the asset securing such Indebtedness and (ii) the stated principal amount of such Indebtedness), (e) obligations of third parties which are being guarantied or indemnified against by a Person, (f) any obligation under an Award is granted, employee stock ownership plan or other similar employee benefit plan, (g) any obligation to a multi-employer plan, and (g) any obligations, liabilities or indebtedness, contingent or otherwise, under or in connection with, any Hedging Obligations; but excluding trade and other accounts payable in the ordinary course of business in accordance with customary trade terms and which are not overdue by more than 30 days (as determined in accordance with customary trade practices) or which are being disputed in good faith and for which adequate reserves are being provided in accordance with GAAP.

(k) "Instrument" Eligible Employee shall have the meaning attributed to such term by the UCC, and shall include any and all of the following, whether now or hereafter existing: all certificates of deposit, and all "promissory notes," means an employee as such term is defined by the UCC, and other evidences of indebtedness (other than instruments that constitute, or are a part of a Participating Company, group of writings that constitute, Chattel Paper).

"Interest Payment Date" shall mean, (a) as determined to any Loan other than a Base Rate Loan or Daily Simple RFR Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Eurocurrency Rate Loan or SOFR Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan) or Daily Simple RFR Loan, the last Business Day of each March, June, September and December and the Maturity Date.

"Interest Period" shall mean, relative to any Eurocurrency Rate Loans or SOFR Rate Loans, (a) initially, the period beginning on (and including) the date on which such Eurocurrency Rate Loan or SOFR Rate Loan is made or continued as, or converted into, a Eurocurrency Rate Loan or SOFR Rate Loan pursuant to this Agreement (including **Exhibit 3** attached hereto) and the Notes and ending on (but excluding) the day which numerically corresponds to such date one (1), three (3) or six (6) months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), in each case as the Borrowers may select in its notice pursuant to this Agreement (including **Exhibit 3** attached hereto) and the Notes; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurocurrency Rate Loan or SOFR Rate Loan and ending one (1), three (3) or six (6) months thereafter, as selected by the Committee. Borrowers by irrevocable notice to the Administrative Agent not less than three (3) RFR Business Days prior to the last day of the then current Interest Period with respect thereto. Any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day. No tenor that has been removed from this definition pursuant to **Exhibit 3** attached hereto shall be available for specification in any Request for Advance and Certification or Interest Rate Election Form and Certification.

(l) **"Interest Rate Election Form and Certification"** Fair Market Value shall mean the form of " means **Exhibit 2** attached hereto.

"Inventory" shall have the meaning attributed to such term by the UCC, and shall include any and all of the following, whether now or hereafter existing: all inventory, merchandise, goods and other personal property for all purposes: sale or lease or are furnished or are to be furnished under a contract of service, or that constitute raw materials,

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Exhibit 10.1

(i) If trades work in process, finished goods, returned goods, or materials or supplies of Shares are reported on any kind, nature or description used or consumed or to be used or consumed or in the processing, production, packaging, promotion, delivery or shipping of the same, including all supplies and embedded software.

"Investment Property" shall have the meaning attributed to such term by the UCC, and shall include any and all of the following, whether now or hereafter existing: (a) all securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, United States Treasury obligations, certificates of deposit, and mutual fund shares; (b) all Security Entitlements, including the rights to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (c) all securities accounts; (d) all commodity contracts; and (e) all commodity accounts.

"Joinder Agreement" shall have the meaning attributed to such term in Section 1.11 of this Agreement.

"LC Issuer" shall mean Citizens Bank or any additional or successor LC Issuer which has been appointed by Citizens Bank and has accepted such appointment. The Nasdaq Global Select Market or The Nasdaq National Market System, Fair Market Value shall be determined based on LC Issuer may resign at any time by giving thirty (30) days prior written notice thereof to the last quoted sale price Administrative Agent, subject to appointment of a Share on The Nasdaq Global Select Market or, successor LC Issuer (and such appointees acceptance of appointment) as the case may be, The Nasdaq above provided.

"Lead Arranger" shall mean, collectively, Citizens Bank, National Market System, on the date of determination, or if such date is not a trading day, the next trading date in respect of all Awards granted under Section 7 Association, M&T Capital Markets, PNC Capital Markets LLC, RBC Capital Markets, TD Bank, N.A., Truist Securities, Inc., and the preceding day on which Shares were traded in respect of elections under Section 8. Wells Fargo Securities, LLC, as joint lead arrangers and joint book running managers.

(ii) If trades of Shares are reported on neither The Nasdaq Global Select Market nor The Nasdaq National Market System but Shares are listed on a stock exchange, Fair Market Value shall be determined based on the last reported sale price of a Share on the principal exchange on which Shares are listed on the date of determination, or if such date is not a trading day, the next trading date in respect of all Awards granted under Section 7 and the preceding day on which Shares were traded in respect of elections under Section 8.

(iii) If Shares are not so listed nor trades of Shares so reported, Fair Market Value shall be determined in good faith by the Committee or, in respect **"Lease Obligations"** of any matter Person shall mean all obligations of such Person to pay rent or other amounts under Section 8, by any lease of (or other arrangement conveying the Board.

(m) **"Grantee"** means an Eligible Employee right to use) real or Non-Employee Director who is granted an Award, personal property, or a combination thereof.

(n) **"Lender"** Non-Employee Director and " means an individual who is a Board member, **"Lenders"** shall mean, respectively, each and who is not an employee all of the Company, including an individual who is a Board member and who previously was an employee of the Company.

(o) "Other Available Shares" means, banking or financial institutions which, as of any date of determination, have (a) extended credit or agreed to extend credit to the sum of:

- (i) The total number of Shares owned by a Grantee that were not acquired by such Grantee Borrowers pursuant to this Agreement, or (b) agreed in writing to be bound by the terms and conditions of this Agreement. With respect to any security interest granted by any Borrower to the Administrative Agent for the benefit of the Lenders, the term "Lender" or "Lenders" shall also include any Affiliate of a Lender that is, as of any particular date of determination, a counterparty with a Borrower under a Hedging Contract.

"Letter of Credit" and "Letters of Credit" shall mean, respectively, each and all of the commercial or standby letters of credit issued pursuant to this Agreement.

"Letter of Credit Administration Fee" shall have the meaning attributed to such term in Section 2.3 of this Agreement.

"Letter of Credit Application" shall have the meaning attributed to such term in Section 2.1 of this Agreement.

"Letter of Credit Fee" shall have the meaning attributed to such term in Section 2.3 of this Agreement.

"Letter of Credit Rights" shall have the meaning attributed to such term by the UCC, and shall include any and all of the following, whether now or hereafter existing: any right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance, but specifically excludes any right of a beneficiary to demand payment or performance under a letter of credit.

"Limited Condition Acquisition" shall mean any acquisition that (a) is not prohibited hereunder, (b) is not conditioned on the availability of, or on obtaining, third-party financing and (c) is completed within twelve (12) months of the execution of the definitive purchase agreement for such acquisition.

"Loan" and "Loans" shall mean, individually or collectively as the context may require, the loan and loans made by the Lenders to the Borrowers (including any loans made pursuant to an Incremental Revolving Facility Commitment and/or Incremental Term Facility Commitment) pursuant to the terms of this Agreement, that

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are represented by the Facilities and are evidenced by, bear interest and are payable in accordance with the terms and conditions of the Notes and this Agreement.

"Loan Document" and "Loan Documents" shall mean, respectively, each and all of this Agreement, the Notes, the Stock Security Agreement, the Membership Interest Assignment, the Fee Letter, any intellectual property security agreement, any mortgage, any aircraft security agreements and each other document, instrument, agreement or certificate heretofore, now or hereafter executed and delivered by any VSE Plan Entity evidencing an Obligation or otherwise in connection with the performance of services Loan or this Agreement.

"Losses" shall have the meaning attributed to the Company or an Affiliate thereof; plus

- (ii) The excess, if any of:

- (1) The total number of Shares owned by a Grantee other than the Shares described such term in Section 2(o) (i); over 12.21 of this Agreement.

- (2) The sum of:

(A) The number of such Shares owned by such Grantee for less than six months; plus

(B) The number of such Shares owned by such Grantee that has, within "Mandatory Payment" and "Mandatory Payments" shall mean, individually or collectively as the preceding six months, been context may require, any and all mandatory payments required to be made on the subject of a withholding certification Loan pursuant to Section 9(c)(ii) 1.5 of this Agreement.

"Material Adverse Effect" shall mean (a) a material adverse change in, or any similar withholding certification under any other VSE Plan; plus

(p) "Participating Company" means a material adverse effect upon, the Company and each financial condition, operations, assets, liabilities (actual or contingent), business or properties of the Subsidiary Companies.

- (q) "Person" means an individual, VSE Entities taken as a corporation, whole, (b) a partnership, material impairment of the ability of the VSE Entities taken as a limited liability company, an association, a trust whole to perform their Obligations under this Agreement or any other entity Loan Document, or organization. (c) a material adverse effect upon the Administrative Agent's or any Lender's rights and remedies under this Agreement or any other Loan Document or with respect to all or a substantial portion of the Collateral.

(r) "Material Contract" Plan and " means "Material Contracts" shall mean, as of any date of determination and individually or collectively as the context may require, any and all contracts or agreements to which a VSE Entity is a party and pursuant to which such VSE Entity (a) is or may be entitled to receive payment(s) in excess of Two

Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00), in the aggregate, per annum, or (b) is obligated to make payment(s) or have any other obligation or liability thereunder in excess of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00), in the aggregate, per annum.

"Material Foreign Subsidiary" shall mean, as of any date of determination, any Foreign Subsidiary which owns more than five percent (5%) of the consolidated assets of the VSE Corporation 2006 Restricted Stock Plan, Entities, taken as set forth herein, a whole, or generates more than five percent (5%) of the consolidated revenues of the VSE Entities, taken as a whole. Any Foreign Subsidiary which does not, as of the Restatement Date, meet either of the foregoing thresholds, but subsequently meets either of the foregoing thresholds after the Restatement Date shall be deemed a "Material Foreign Subsidiary".

"Maturity Date" shall mean (a) with respect to the Revolving Facility and the Swing Line Facility, the earlier of October 7, 2026, or the date that all Loans outstanding under the Revolving Facility and/or the Swing Line Facility shall become due and payable in full hereunder, whether by acceleration or otherwise, (b) with respect to the Term Facility, October 7, 2026, or the date that all Loans outstanding under the Term Facility shall become due and payable in full hereunder, whether by acceleration or otherwise, or (c) such other date as may be agreed to by the Administrative Agent, the Lenders and the Borrowers in writing.

"Membership Interest Assignment" shall mean that certain Third Amended and Restated Assignment of Membership Interests as Collateral dated of even date herewith, entered into by the Primary Operating Company and certain of the other VSE Entities in favor of the Administrative Agent for the benefit of the Lenders ratably, as the same may be modified, amended or restated from time to time.

(s) **"Negative Covenants"** Restricted Stock" means Shares subject to restrictions as set forth shall mean any negative or similar restrictive covenant (including, without limitation, under Article 7) made by the Borrowers in an Award, this Agreement or in any other Loan Document.

(t) **"Net Cash"** shall mean the cash proceeds (net of cash taxes paid or payable and reasonable and customary costs paid or payable to unrelated and unaffiliated third parties in connection with a particular transaction) arising from any Excess Cash Event.

"Net Income" shall mean with respect to the VSE Entities for any period of determination, the aggregate sum of all VSE Entities' gross revenues minus total expenses, as determined in accordance with GAAP.

"Non-Borrower Affiliate" shall mean, as of any applicable date of determination and individually or collectively (as the context may require), any Foreign Subsidiary that is not required to be joined as a Foreign Borrower hereto, and specifically excludes any Restricted Stock Unit" means a unit that entitles the Grantee, upon the Vesting Date set forth in an Award, to receive one Share, Non-Borrower Affiliate.

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(u) **"Non-Consenting Lender"** Rule 16b-3" means Rule 16b-3 promulgated under shall have the 1934 Act. meaning attributed to such term in Section 10.16 of this Agreement.

(v) **"Non-Defaulting Lender"** shall mean, at any time, a Lender that is not a Defaulting Lender.

"Note" and **"Senior Executive" Notes"** means an Eligible Employee whom shall mean, respectively, each and all of the Committee has identified as a "covered employee" for purposes of Code Section 162(m). Revolver Notes, the Term Facility Notes, the Swing Line Note and other promissory notes executed, issued and delivered pursuant to this Agreement, together with all extensions, renewals, modifications, replacements, increases and substitutions thereof and therefor.

(w) **"Obligation"** Share and **"Obligations"** shall mean, respectively, any and all obligations or "Shares" means a share or shares liabilities of Common Stock.

(x) **"Subsidiary Companies"** means all business entities that, at the time in question, are subsidiaries of the Company, within the meaning of Code Section 424(f).

(y) **"Successor-in-Interest"** means the estate or beneficiary any VSE Entity to whom the right to payment under the Plan shall have passed by will any Lender or the laws of descent Administrative Agent in connection with the Loan or this Agreement, whether now existing or hereafter created or arising, direct or indirect, matured or unmatured, and distribution.

(z) **"Terminating Event"** means whether absolute or contingent, joint, several or joint and several, and no matter how the same may be evidenced or shall arise (including any of the following events:

(i) the liquidation of the Company; or

(ii) and all Hedging Obligations (other than Excluded Swap Obligations) and Hedging Contracts (whether provided by a Change of Control.

(aa) **"Third Party"** means any Person, together with such Person's Affiliates, provided that the term "Third Party" shall not include the Company Lender or an Affiliate of a Lender) to the Company, extent they are intended to hedge interest rate or currency risk on the Loans, as well as any and all ACH exposure and other liabilities

arising from cash management services provided by the Administrative Agent and/or the Swing Line Lender hereunder). Without limiting the foregoing, the term "Obligations" shall also include any and all Permitted Financial Product Obligations owing by any VSE Entity to any Financial Product Provider as of any applicable date of determination and the Erroneous Payment Subrogation Rights.

(bb) "OFAC" has the meaning attributed to such term in Section 5.24 of this Agreement.

"Ordinary Course Payments" shall mean payments made directly by any VSE Entity to another VSE Entity; provided that such payments are made (a) in the ordinary course of such VSE Entity's business, (b) for products actually delivered or services actually performed, and (c) pursuant to an "arm's length" transaction (i.e., a transaction that would otherwise be made with an unrelated and unaffiliated third party); it being understood and agreed that payments in respect of normal and customary salary, compensation and benefits, including reasonable severance amounts, for employees, officers and directors of a VSE Entity constitute "Ordinary Course Payments" except to the extent expressly prohibited or limited pursuant to this Agreement.

"Participant" shall have the meaning attributed to such term in Section 12.11(e) of this Agreement.

"Patriot Act" shall mean the U.S.A. Patriot Act (Title III of Pub. L. 107-56 (signed into law on October 26, 2001)), as amended.

"Vesting Payment Recipient" shall have the meaning attributed to such term in Section 10.19(a) of this Agreement.

"Pending Release Bonds" shall mean performance bonds related to bonded work that has been completed, but for which the bond has not yet been released by the Government due to timing differences and not as a result of a claim with respect thereto.

"Pension Plan" or "Pension Plans" shall have the meaning attributed to such term in Section 5.13(a) of this Agreement.

"Percentage" shall mean, as of any date of determination and with respect to each Lender, the percentage(s) corresponding to such Lender's name on Schedule 1 in respect of the Revolving Facility Commitment Amount and/or the Swing Line Commitment Amount (as the context may require), as the same may be modified or amended from time to time, plus, for purposes of making any calculation under this Agreement, the percentage of the aggregate outstanding principal balance of the Term Facility owing to the applicable Lender(s), plus the percentage corresponding to such Lender of the aggregate amount of all Incremental Revolving Facility Commitments and/or Incremental Term Facility Commitments or outstanding Incremental Revolving Loans or Incremental Term Loans established prior to and remaining in effect as of such date of determination.

"Permitted Acquisition" shall mean any merger or acquisition that is (a) permitted pursuant to Section 7.1(e)(ii) of this Agreement, or (b) consummated in accordance with all of the terms and conditions of any modification or amendment to this Agreement or consent letter specifically issued by the Administrative Agent, acting at the direction of the Required Lenders, for such merger or acquisition.

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"Permitted Earn-outs" shall mean any earn-outs to the extent such earn-outs are unsecured and may only be paid so long as no Event of Default shall have occurred and is continuing, and both before and after giving effect to any such payment, the VSE Entities shall be and remain in pro forma compliance with the financial covenants set forth in this Agreement (and no other default or Event of Default would result from the making of such payments).

"Permitted Financial Product Obligations" shall mean, as of any applicable date of determination, any and all fees, charges, debts, liabilities and obligations owing by any VSE Entity to any and all Financial Product Providers in connection with any cash management service, credit card facility or other bank product in an aggregate amount not to exceed Sixty Million and No/100 Dollars (\$60,000,000.00) outstanding at any time; it being understood and agreed that the aggregate amount of any and all Hedging Obligations and ACH exposure shall not be included in the foregoing calculation.

"Permitted Foreign Bank Accounts" shall mean any and all of the bank accounts described on Schedule B attached hereto, together with any and all other foreign bank accounts from time to time designated by the Borrowers to the Administrative Agent in writing pursuant to Section 6.3(c) of this Agreement; provided that each such bank account (a) has been established by and in the name of a Borrower, Foreign Borrower or Non-Borrower Affiliate, (b) is located outside of the United States of America, (c) is used solely for the collection of Receivables, payment of Ordinary Course Payments and other general operating purposes, (d) is not subject to any lien, claim, charge or encumbrance (other than (i) the security interests granted to the Administrative Agent under this Agreement or any other Loan Document, (ii) normal and customary rights of set off or similar rights (of the financial institution maintaining such account), but only if such rights may be exercised solely for past due fees, charges and expenses arising from the general administration of such bank account), (e) if required by the Administrative Agent, is subject to a control agreement or blocked account agreement, in form and substance reasonably satisfactory to the Administrative Agent, and (f) if not subject to a control agreement or blocked account agreement, in form and substance reasonably satisfactory to the Administrative Agent, does not, for thirty (30) or more consecutive days, contain funds and/or other items of value which, when aggregated with all such other bank accounts, exceed the Dollar Equivalent of Ten Million and No/100 Dollars (\$10,000,000.00) as of any applicable date of determination.

"Permitted Investments" shall mean: (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States government (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States government), in each case maturing within one (1) year from the date of acquisition thereof; (b) commercial paper having the highest rating, at the time of acquisition thereof, of Standard and Poor's or Moody's Investors Services and in either case maturing within six (6) months from the date of acquisition thereof; (c) certificates of deposit, bankers' acceptances and time deposits maturing within one hundred eighty (180) days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than Five Hundred Million and No/100 Dollars (\$500,000,000.00); (d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; (e) mutual funds investing solely in any one or more of the Permitted Investments described in clauses (a) through (d) above and (f) investments in other Persons (not triggering the joinder requirements set forth in Section 1.11 of this Agreement), in an aggregate amount not to exceed the greater of (x) Ten Million and No/100 Dollars (\$10,000,000.00) and (y) 10% of EBITDA (determined as of the most recently ended four (4) fiscal quarter period for which financial statements have been delivered pursuant to Section 6.3), in each case, determined at the time of any such investment during the term of this Agreement.

"Permitted Liens" shall mean with respect to any VSE Entity: (a) liens for taxes that are being contested in good faith and by appropriate proceedings, which such VSE Entity has the financial ability to pay, including penalties and interest; (b) deposits or pledges to secure obligations under workers' compensation, social security or similar laws, incurred in the ordinary course of business; (c) liens described on Schedule 7.7(a)(vi), attached hereto; (d) cash deposits pledged to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature made in the ordinary course of business; (e) mechanics', workmen's, repairmen's, warehousemen's, vendors', lessors' or carriers' liens or other similar liens; provided that such liens arise in the ordinary course of the VSE Entity's business and secure sums that are not past due or are separately secured by cash deposits or pledges in an amount adequate to obtain the release of such liens; (f) except as otherwise provided in this Agreement, statutory or contractual landlord's liens on the VSE Entity's tangible personal property located in such VSE Entity's demised premises; (g) zoning or other similar and customary land use restrictions, that do not materially impair the use or value of any Collateral or property of any VSE Entity; (h) judgment liens that are not prohibited by Section 7.4 of this Agreement; (i) other liens expressly permitted by the terms and conditions of this Agreement; (j) capital leases

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and liens to secure the purchase price of Equipment or Inventory in an aggregate amount not to exceed One Million and No/100 Dollars (\$1,000,000.00) at any time, excluding all purchase money Indebtedness and liens referenced on Schedule 7.7(a)(vi); and (k) liens in favor of the Administrative Agent or any Lender with respect to the Obligations.

"Person" shall mean an individual, partnership, corporation, trust, limited liability company, limited liability partnership, unincorporated association or organization, joint venture or any other entity.

"Personal Information" shall mean, with respect to any customer and/or any employee, agent or principal of a customer, such Person's name, address, telephone number, social security number, driver's license number, state-issued identification card number, financial account numbers, credit card numbers, debit card numbers, or any security code, access code, personal identification number or password that could permit access to a financial account of such Person.

"Primary Operating Company" shall mean VSE Corporation, a Delaware corporation.

"Prime Contractor" shall mean any Person (other than a VSE Entity) which is a party to any Government Subcontract.

"Prime Rate" shall mean the rate of interest from time to time established and publicly announced by Citizens Bank as its prime rate, in Citizens Bank's sole discretion, which rate of interest may be greater or less than other interest rates charged by Citizens Bank to other borrowers and which is a rate set based upon various factors, including costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.

"Prior Increase" shall mean any increase to the Revolving Facility Commitment Amount and/or the Term Facility Commitment Amount pursuant to Sections 1.8 and/or 1.9 of this Agreement after the Sixth Amendment Effective Date and prior to the date of any subsequent increase of the Revolving Facility Commitment Amount and/or the Term Facility Commitment Amount pursuant to Sections 1.8 and/or 1.9 of this Agreement.

"Proceeds" shall have the meaning attributed to that term by the UCC or under other Applicable Laws, and, in any event, shall include any and all of the following, whether now owned or hereafter acquired: (a) any and all proceeds of, or amounts (in any form whatsoever, whether cash, securities, property or other assets) received under or with respect to, any insurance, indemnity, warranty or guaranty payable from time to time, and claims for insurance, indemnity, warranty or guaranty effected or held with respect to any of the Collateral, (b) any and all payments (in any form whatsoever, whether cash, securities, property or other assets) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Government (or any Person acting under color of any Government), (c) any claim against third parties (i) for past, present or future infringement of any patent or patent license, or (ii) for past, present or future infringement or dilution of any copyright, copyright license, trademark or trademark license, or for injury to the goodwill associated with any trademark or trademark license, (d) any recoveries against third parties with

respect to any litigation or dispute concerning any of the Collateral including claims arising out of the loss or nonconformity of, interference with the use of, defects in, or infringement of rights in, or damage to, Collateral, (e) all amounts collected on, or distributed on account of, other Collateral, including dividends, interest, distributions and Instruments with respect to Investment Property and pledged stock, and (f) any and all other amounts (in any form whatsoever, whether cash, securities, property or other assets) from time to time paid or payable under or in connection with any of the Collateral (whether or not in connection with the sale, lease, license, exchange or other disposition of the Collateral).

“QFC” shall have the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“QFC Credit Support” shall have the meaning assigned to such term in Section 12.22.

“Qualified ECP Guarantor” means, in respect of any Swap Obligation, each guarantor or obligor that has total assets exceeding Ten Million and No/100 Dollars (\$10,000,000.00) at the time the relevant guarantee or liability becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Qualifying Person” shall have the meaning attributed to such term in Section 10.10 of this Agreement.

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“Rate Determination Date” means, shall mean, with respect to any Interest Period, two (2) RFR Business Days prior to the commencement of such Interest Period (or such other day as applicable; is generally treated as the rate fixing day by market practice in the applicable interbank market, as determined by the Administrative Agent; provided that to the extent that such market practice is not administratively feasible for the Administrative Agent, such other day as otherwise reasonably determined by the Administrative Agent).

“RCRA” shall mean the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901 et seq.).

“Receivable” and “Receivables” shall mean, individually or collectively as the context may require, any and all of the VSE Entities’ aggregate present and future accounts, contracts, contract rights, Chattel Paper, General Intangibles, notes, drafts, acceptances, chattel mortgages, conditional sale contracts, bailment leases, security agreements, contribution rights and other forms of obligations now or hereafter arising out of or acquired in the course of or in connection with any business the VSE Entities conduct, together with all liens, guaranties, securities, rights, remedies and privileges pertaining to any of the foregoing, whether now existing or hereafter created or arising, and all rights with respect to returned and repossessed items of Inventory.

“Register” shall have the meaning attributed to such term in Section 12.11(d) of this Agreement.

“Relevant Governmental Body” shall mean (a) with respect to a Benchmark Replacement in respect of Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Dollars, the FRB or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB or the Federal Reserve Bank of New York, or any successor thereto and (b) with respect to a Benchmark Replacement in respect of Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, any Alternative Currency, (i) the central bank for the Currency in which such Obligations, interest, fees, commissions or other amounts are denominated, or calculated with respect to, or any central bank or other supervisor which is responsible for supervising either (A) such Benchmark Replacement or (B) the administrator of such Benchmark Replacement or (ii) any working group or committee officially endorsed or convened by (A) the central bank for the Currency in which such Obligations, interest, fees, commissions or other amounts are denominated, or calculated with respect to, (B) any central bank or other supervisor that is responsible for supervising either (1) such Benchmark Replacement or (2) the administrator of such Benchmark Replacement, (C) a group of those central banks or other supervisors or (D) the Financial Stability Board or any part thereof.

“Report” and “Reports” shall have the meaning attributed to such term in Section 10.15(a) of this Agreement.

“Request for Advance and Certification” shall mean any Request for Advance and Certification in the form of Exhibit 1.

“Required Lenders” shall mean all of the Lenders who, as of any applicable date of determination, are not Defaulting Lenders, and which hold Loans and unused commitments representing, in the aggregate, at least fifty-one percent (51%) of the aggregate Commitment Amount (excluding the Swing Line Commitment Amount, but including the aggregate Incremental Revolving Facility Commitment Amount and/or Incremental Term Facility Commitment Amount then in effect); provided, however, that “Required Lenders” must include at least two (2) Lenders who, as of such date of determination, are not Defaulting Lenders and who collectively hold Loans and unused commitments representing, in the aggregate, at least fifty-one percent (51%) of the aggregate Commitment Amount (excluding the Swing Line Commitment Amount, but including the aggregate Incremental Revolving Facility Commitment Amount and/or Incremental Term Facility Commitment Amount then in effect).

“Resolution Authority” shall mean an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restatement" shall mean the settlement of the transactions contemplated by this Agreement.

"Restatement Date" shall mean the date on which the restrictions imposed on Restatement shall occur, such date being also the date of initial funding under this Agreement.

"Restricted Non-Borrower Affiliates" shall mean each and all of (i) Integrated Concepts and Research Corporation, a Share District of Restricted Stock lapse Columbia corporation; and (ii) ICRC Qualified Settlement Fund, neither of which shall be required to be joined as Borrowers hereunder.

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"Revaluation Date" shall have the meaning attributed to such term in The Interpretive Provisions Section of this Agreement.

"Revolver Notes" shall mean each and all of the promissory notes executed, issued and delivered pursuant to this Agreement in connection with the Revolving Facility, together with all extensions, renewals, modifications, replacements and substitutions thereof and therefor.

"Revolving Facility" shall mean the revolving credit facility being extended pursuant to this Agreement, in the maximum principal amount of the Revolving Facility Commitment Amount, with a sub-limit of Twenty-Five Million and No/100 Dollars (\$25,000,000.00) for Letters of Credit, a sub-limit of Fifteen Million and No/100 Dollars (\$15,000,000.00) for Swing Line Loans and a sub-limit of the Dollar Equivalent of Two Million and No/100 Dollars (\$2,000,000.00) for Alternative Currency Loans; it being understood and agreed that the maximum principal amount of the Revolving Facility shall be subject to increase pursuant to Section 1.8 of this Agreement.

"Revolving Facility Commitment Amount" shall mean an amount equal to the sum of Three Hundred Fifty Million and No/100 Dollars (\$350,000,000.00), plus the aggregate amount of any and all Incremental Revolving Facility Commitments existing as of such date of determination.

"Revolving Facility Commitment Fee" shall have the meaning attributed to such term in Section 1.7(b) of this Agreement.

"Revolving Loan(s)" shall mean any and all Loans made available to the Borrowers pursuant to the Revolving Facility.

"RFR" shall mean, for any Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, (a) Dollars, Term SOFR and (b) Sterling, SONIA.

"RFR Business Day" shall mean, for any Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, (a) Dollars, any day except for (i) a Saturday, (ii) the date a Sunday or (iii) a day on which the Grantee vests Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities, (b) Euros, any day that is a Restricted Stock Unit. TARGET Day and (c) Sterling, any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which banks are closed for general business in London; provided, that for purposes of notice requirements in Sections 1.1, 1.3, 1.4, 1.5 and 2.1, in each case, such day is also a Business Day.

(cc) **"1933 Act RFR Loan"** means shall mean a Daily Simple RFR Loan or a SOFR Rate Loan, as the context may require.

"RFR Rate Day" shall have the meaning assigned thereto in the definition of "Adjusted Daily Simple RFR".

"Sanctions" shall have the meaning attributed to such term in Section 5.24 of this Agreement.

"SEC" shall mean the Securities Act and Exchange Commission of 1933, as amended, the United States of America.

(dd) **"SEC Act"** 1934 Act means shall mean the Securities Exchange Act of 1934, 15 U.S.C.A. §78, as amended.

3. "Security Entitlements" Rights shall have the meaning attributed to be Granted such term by the UCC, and shall include any and all Security Entitlements whether now or hereafter existing.

Rights "Sixth Amendment" shall mean that may be granted under certain Sixth Amendment to Credit Agreement, dated as of the Plan, in addition to rights that may be granted under Section 8, are: Sixth Amendment Effective Date, by and among the Borrowers, the Lenders party thereto and the Administrative Agent.

(i) Rights to Restricted Stock which gives **"Sixth Amendment Effective Date"** shall mean December 28, 2023.

"Sixth Amendment Term Loans" shall have the Grantee ownership rights in the Shares pursuant to the Award, subject to a substantial risk of forfeiture, as meaning set forth in Section 7, and

- (ii) Rights to Restricted Stock Units which give the Grantee a contractual right granted under Section 7 that is denominated in Shares, each of which represents a right to receive the value of Shares upon the terms and conditions set forth in the Plan and the applicable Award. It is intended that any Restricted Stock Units issued hereunder be exempt from the provisions of Code Section 409A by qualifying for the "short-term deferral" exemption described in Treasury Regulation Section 1.409A-1(b)(4). As such, all Restricted Stock Units shall be paid out in full as soon as practicable following their Vesting Date and, in all events, shall be paid out in full no later than two and one-half months following the end of the calendar year in which the Vesting Date occurs.

4. 1.1. Shares Subject to the Plan or Awards

- (a) Not more than 1,500,000 Shares in the aggregate, including the Shares previously issued under the Plan and Shares currently available for issuance under the Plan, may be issued under the Plan pursuant to the grant of Awards or elections to receive Shares made under Section 8, subject to adjustment in accordance with Section 10. The Shares issued under the Plan may, at the Company's option, be either Shares held in treasury or Shares originally issued for such purpose.
- (b) If Restricted Stock or Restricted Stock Units are forfeited pursuant to the term of an Award, other Awards with respect to such Shares may be granted.

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5. "Administration SOFR" shall mean a rate equal to the secured overnight financing rate as published by the SOFR Administrator on the website of the Plan SOFR Administrator, currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time).

(a) "Administration SOFR Administrator. The Plan" shall mean the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Rate Loan" shall mean a Loan that bears interest at a rate based on Term SOFR (other than pursuant to clause (c) of the definition of "Base Rate"); provided, that SOFR Rate Loans may only be denominated in Dollars.

"SONIA" shall mean a rate equal to the Sterling Overnight Index Average as administered by the Committee, provided that with respect to Awards to Non-Employee Directors, the rules of this Section 5 shall apply so that all references in this Section 5 to the Committee shall be treated as references to either the Board or the Committee acting alone. SONIA Administrator.

(b) "SONIA Adjustment" Grants shall mean a percentage equal to 0.10000% per annum.

"SONIA Administrator" shall mean the Bank of England (or any successor administrator of the Sterling Overnight Index Average). Subject

"SONIA Administrator's Website" shall mean the Bank of England's website, currently at <http://www.bankofengland.co.uk>, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to the express terms time.

"SpareParts" means all appliances, parts, components, instruments, appurtenances, accessories, furnishings, seats and conditions set forth in the Plan, the Committee shall have the power, other equipment of whatever nature that may from time to time to be installed or incorporated in or attached or appurtenant to any Aircraft Object or removed therefrom.

(i) select those Employees "Spot Rates" shall have the meaning attributed to such term in The Interpretive Provisions Section of this Agreement.

"Sterling" shall mean the lawful currency of the United Kingdom.

"Stock Security Agreement" shall mean that certain Third Amended and Non-Employee Directors Restated Stock Security Agreement dated of even date herewith, entered into by certain VSE Entities party thereto in favor of the Administrative Agent for the benefit of the Lenders ratably, as the same may be modified, amended or restated from time to whom Awards time.

"Subsidiary" and "Subsidiaries" shall mean, individually or collectively as the context may require, any company, partnership, corporation or other entity in which any Person owns or controls, directly or indirectly, more than fifty percent (50%) of the equity thereof as of any date of determination.

"Subordinated Indebtedness" shall mean, any Indebtedness incurred by any Borrower which by its terms is specifically subordinated in right of payment to the prior payment of the Borrowers' Obligations and contains subordination terms reasonably acceptable to the Administrative Agent.

"Supported QFC" shall have the meaning assigned to such term in Section 12.22.

“Supporting Obligations” shall have the meaning attributed to such term by the UCC, and shall include any and all of the following, whether now or hereafter existing: any and all letter of credit rights or secondary obligations that support the payment or performance of an Account, Chattel Paper, Document, General Intangible, Instrument or Investment Property.

“Swap Obligation” means, with respect to any Borrower or any guarantor or obligor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“Swing Line Commitment” shall mean the Swing Line Lender’s obligation to make Swing Line Loans to the Borrowers in an aggregate principal amount not to exceed the Swing Line Commitment Amount.

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“Swing Line Commitment Amount” shall mean Fifteen Million and No/100 Dollars (\$15,000,000.00).

“Swing Line Commitment Period” shall mean the period commencing on the Restatement Date and ending on the Swing Line Termination Date.

“Swing Line Facility” shall mean the swing line credit facility being extended pursuant to this Agreement, in the maximum principal amount equal to the Swing Line Commitment Amount.

“Swing Line Lender” shall mean Citizens Bank or any additional or successor Swing Line Lender which has been appointed by Citizens Bank and has accepted such appointment.

“Swing Line Loan” or **“Swing Line Loans”** shall have the meaning attributed to such term in Section 1.1(b) of this Agreement.

“Swing Line Note” shall mean that certain Second Amended and Restated Swing Line Facility Promissory Note dated of even date herewith, made by the Borrowers and payable to the order of the Swing Line Lender, in the maximum principal amount of the Swing Line Commitment Amount, or so much thereof as shall be **granted under** advanced or readvanced, together with all extensions, renewals, modifications, increases, replacements and substitutions thereof or therefor.

“Swing Line Outstandings” shall mean, as of any date of determination, the **Plan**, aggregate principal amount of all Swing Line Loans then outstanding.

“Swing Line Rate” shall mean with respect to **determine the number** Swing Line Facility, the Base Rate.

“Swing Line Termination Date” shall mean the fifth (5th) Business Day prior to the Maturity Date, or such earlier date on which the Swing Line Lender shall have elected, in its sole and absolute discretion, to terminate the Swing Line Facility.

“Target” shall have the meaning attributed to such term in Section 7.1(e)(ii) of **Shares or Restricted Stock Units, as applicable, to be granted** this Agreement.

“TARGET Day” shall mean any day on which Trans-European Automated Real-time Gross Settlement Express Transfer payment system, which utilizes a single shared platform and which was launched on November 19, 2007, is open for the settlement of payments in Euros.

“Term Facility” shall mean the term credit facility being extended pursuant to this Agreement in the original principal amount equal to the Term Facility Commitment Amount.

“Term Facility Commitment Amount” shall mean Three Hundred Million Dollars (\$300,000,000) as of the Sixth Amendment Effective Date, and Zero Dollars (\$0) from and after the initial funding on the Sixth Amendment Effective Date, except as increased by the aggregate amount of all Incremental Term Facility Commitments in effect outstanding (i.e., not yet funded) pursuant to Section 1.9 of this Agreement as of the date of determination.

“Term Facility Notes” shall mean each **Award**, and **all of the promissory notes executed, issued, and delivered pursuant to the provisions of the Plan, to determine the terms and conditions of each Award, including the restrictions applicable to such Shares and the conditions upon which a Vesting Date shall occur; and**

(ii) **interpret the Plan’s provisions, prescribe, amend and rescind rules and regulations for the Plan, and make all other determinations necessary or advisable for the administration of the Plan.**

The determination of the Committee in all matters as stated above shall be final, binding and conclusive.

(c) **Meetings.** The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

(d) *Exculpation.* No Committee member shall be personally liable for monetary damages for any action taken or any failure to take any action Agreement in connection with the administration Term Facility, together with all extensions, renewals, amendments, modifications, replacements and substitutions thereof and therefor.

“Term Loans” shall mean the Sixth Amendment Term Loan.

“Term SOFR” shall mean a rate per annum equal to the greater of (a) the Plan or sum of (i) Term SOFR Reference Rate for a tenor comparable to the granting applicable Interest Period on the day (such day, the “Term SOFR Determination Day”) that is two (2) RFR Business Days prior to the first day of Awards hereunder unless (i) the Committee member has breached or failed to perform the duties of his office, and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; such Interest Period; provided, however, that if as of 5:00 p.m. (New York City time) on any Term SOFR Determination Day the provisions of this Section 5(d) shall Term SOFR Reference Rate for the applicable tenor has not apply to been published by the responsibility or liability of Term SOFR Administrator and a Committee member pursuant to any criminal statute.

(e) *Indemnification.* Service on the Committee shall constitute service as a Board member. Each Committee member shall be entitled without further act on his part to indemnity from the Company to the fullest extent permitted by applicable law and the Company’s certificate of incorporation and by-laws in connection with or arising out of any action, suit or proceeding Benchmark Replacement Date with respect to the administration of Term SOFR Reference Rate has not occurred, then Term SOFR will be the Plan or Term SOFR Reference Rate for such tenor as published by the granting of Awards thereunder in Term SOFR Administrator on the first preceding RFR Business Day for which he may be involved such Term SOFR Reference Rate for such tenor was published by reason of his being or having been a Committee member, whether or not he continues to be such Committee member at the time of the action, suit or proceeding.

(f) *Delegation of Authority.* The Committee may delegate to an officer of the Company, or a committee of two or more officers of the Company, discretion under the Plan to grant Restricted Stock or Restricted Stock Units to any Grantee other than a Grantee who, at the time of the grant:

- (i) has a base salary of \$100,000 or more;
- (ii) is subject to the short-swing profit recapture rules of Section 16(b) of the 1934 Act; or
- (iii) is a Senior Executive.

(g) *Termination of Delegation of Authority.* Any delegation of authority described in Section 5(f) shall continue in effect until the earliest of: Term SOFR

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(i) Administrator so long as such time as first preceding RFR Business Day is not more than three (3) RFR Business Days prior to such Term SOFR Determination Day plus (ii) the Committee Term SOFR Adjustment, and (b) the Floor.

“Term SOFR Adjustment” means (a) with respect to an Interest Period of one month, 0.10000%, (b) with respect to an Interest Period of three months, 0.15000% and (c) with respect to an Interest Period of six months, 0.25000%.

“Term SOFR Administrator” shall mean CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its discretion, revoke reasonable discretion).

“Term SOFR Determination Day” shall have the meaning specified in the definition of “Term SOFR”.

“Term SOFR Reference Rate” shall mean the forward-looking term rate based on SOFR published by the Term SOFR Administrator and displayed on CME’s Market Data Platform (or other commercially available source providing such delegation of authority;

- (ii) the delegate shall cease to be an employee of the Company for any reason; or
- (iii) the delegate shall notify the Committee that he declines to continue exercise such authority.

6. Eligibility

Awards quotations as may be granted only to Eligible Employees and Non-Employee Directors.

7. Restricted Stock and Restricted Stock Unit Awards

The Committee may grant Awards in accordance with selected by the Plan, provided that the Board or the Committee may grant Awards to Non-Employee Directors, or otherwise. With respect to Awards to Non-Employee Directors, the rules of this Section 7 shall apply so that either the Board or the Committee acting alone shall have all of the authority otherwise reserved in this Section 7 to the Committee.

The terms and conditions of Awards shall be set forth in writing as determined Administrative Agent from time to time by time).

"Third Amendment Effective Date" shall mean July 23, 2021.

"Total Funded Debt" shall mean, as of any date of determination, the Committee, consistent, however, with the following: sum of (a) Time of Grant. No Awards shall be granted after the seventh anniversary all Indebtedness for borrowed money of the Effective Date. VSE Entities (including all outstanding advances under the Revolving Facility, if any),

plus (b) Terms of Awards. The provisions of Awards need not be the same with respect to each Grantee. No cash or other consideration shall be any accrued Permitted Earn-outs reasonably required to be paid by the Grantee in exchange for an Award. VSE Entities within the next twelve (12) months (net of any cash reserves therefor).

(c) "Total Funded Debt to EBITDA Ratio" Awards and Agreements. Each Grantee shall be provided with an agreement specifying have the terms and conditions of an Award. In addition, a certificate shall be issued to each Grantee in respect of Restricted Stock subject to an Award. Such certificate shall be registered in the Grantee's name and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable meaning attributed to such Award. The Company may require that the certificate evidencing such Restricted Stock be held by the Company until all restrictions on such Restricted Stock have lapsed. term in Section 6.15(a) of this Agreement.

(d) "Transitional Deposit Account" Restrictions. Subject shall have the meaning attributed to the provisions such term in Article 8 of the Plan and the Award, the Committee may establish a period commencing with the Date of Grant during which the Grantee shall not be permitted to sell, transfer, pledge or assign Restricted Stock awarded under the Plan. this Agreement.

(e) "UCC" Vesting / Lapse of Restrictions. Subject to shall mean the provisions of the Plan and the Award, a Vesting Date for Restricted Stock or Restricted Stock Units subject to an Award shall occur at such time or times and on such terms and conditions Uniform Commercial Code as the Committee may determine and as are set forth in the Award; provided, however, that except as otherwise provided by the Committee, a Vesting Date shall occur only if the Grantee is an employee of a Participating Company as of such Vesting Date, and has been an employee of a Participating Company continuously from the Date of Grant. The Award may provide for Restricted Stock or Restricted Stock Units to vest in installments, as determined by the Committee. The Committee may, in its sole discretion, waive, in whole or in part, any remaining conditions to vesting with respect to such Grantee's Restricted Stock or Restricted Stock Units.

(f) Rights of the Grantee. Grantees may have such rights with respect to Shares subject to an Award as may be determined by the Committee and set forth in the Award, including the right to vote such Shares, and the right to receive dividends paid with respect to such Shares. A Grantee whose Award consists of Restricted Stock Units shall not have the right to vote or to receive dividend equivalents with respect to such Restricted Stock Units.

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(g) Termination of Grantee's Employment. A transfer of an Eligible Employee between two employers, each of which is a Participating Company, shall not be deemed a termination of employment. If a Grantee terminates employment with all Participating Companies, all Restricted Shares or Restricted Stock Units as to which a Vesting Date has not occurred shall be forfeited by the Grantee and deemed canceled by the Company.

(h) Delivery of Shares. When a Vesting Date occurs with respect to all or a portion of an Award of Restricted Stock or Restricted Stock Units, the Company shall notify the Grantee that a Vesting Date has occurred and, subject to the provisions of Section 9(c) regarding the withholding of Shares to satisfy tax liabilities, deliver to the Grantee (or the Grantee's Successor-in-Interest) a certificate for the number of Shares as to which a Vesting Date has occurred (or in the case of Restricted Stock Units, the number of Shares represented by such Restricted Stock Units) without any legend or restrictions (except those that may be imposed by the Committee, in its sole judgment, under Section 9(a)). All Awards shall be settled no later than the March 15th following the calendar year in which such Award is vested. The right to payment of any fractional Shares that may have accrued shall be satisfied in cash, measured by the product of the fractional amount times the Fair Market Value of a Share at the Vesting Date, as determined by the Committee.

(i) Death or Disability. The Committee may, in its discretion, waive the Vesting Date or any restrictions imposed on an Award in the event of the death or disability of a Participant (each as determined by the Committee, in its discretion). Exercise of such discretion by the Committee in any individual case, however, shall not be deemed to require, or to establish a precedent suggesting such exercise in any other case.

8. Non-Employee Directors Stock

(a) The Board shall administer the Plan in respect of participation by Non-Employee Directors under this Section 8. All questions of interpretation and application of the terms and conditions of the Plan in respect of this Section 8 are subject to the Board's sole discretion, which shall be binding on all Participants.

(b) All Non-Employee Directors are covered by this Plan ("Participants").

- (c) Every Non-Employee Director shall automatically participate in the Plan until the earlier of his or her retirement, resignation, non-reelection, disability or death.
- (d) Commencing as of the Effective Date, from and after the date of participation, each Participant may elect in respect of each year that all or a specified portion of his or her annual retainer fee as a director shall be allocated to and paid in Common Stock under the Plan ("Stock Portion"), with the balance of such annual retainer fee, if any, being payable in cash ("Cash Portion"). Such election shall be made in writing and provided to the Corporate Secretary by November 15 of each year or such other date as the Board may determine, provided such date is at least 15 days prior to the date on which the fair market value of the Common Stock is determined pursuant to Section 8(e). If any Participant fails to provide the above-mentioned written election by the date referenced in the preceding sentence, such Participant's annual retainer fee shall be paid fully in cash for the particular year. If not enough Shares are available to satisfy one or more Participant's Stock Portion elections in respect of a year, such elections shall be automatically adjusted, on a pro rata basis, to match the amount of Shares available hereunder, in proportion to the number of Shares each Participant would have received in respect of his or her election as if sufficient Shares were available for all elections.

(e)

- (i) Common Stock shall be allocated to Participants at its Fair Market Value as of the date of allocation except that if no Shares were traded on such date, its Fair Market Value on the preceding day on which sales of Shares were traded.
- (ii) No fractional Shares shall be allocated.

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- (iii) Any residual cash balance may be credited to Participants or distributed along with the Cash Portion in the Board's sole discretion.
- (f) The Cash Portion shall be paid to Participants to cover the estimated taxes associated with the issuance of Shares under this Section 8. Notwithstanding the foregoing, each Participant will be solely responsible for calculation and payment of his or her tax liability in respect of the Plan, irrespective of whether or not such Participant's Cash Portion is sufficient to cover the entire amount of actual taxes associated with the Participant's Stock Portion.

(g)

- (i) As soon as practicable, a stock certificate will be issued to each Participant for the number of Shares allocated to the Participant under the Plan.
- (ii) By executing a copy of this Plan, the Participant represents and warrants to the Company that
- (A) he or she will acquire and hold all the Shares issued to him or her hereunder for his or her own account for investment and not with the view toward resale or distribution except in accordance with Federal and state securities laws; and that
- (B) he or she will not directly or indirectly distribute or otherwise transfer any interest in Shares acquired under this Plan except pursuant to (1) an effective and current registration statement under the 1933 Act covering the Shares, or (2) a specific exemption from registration under the 1933 Act.
- (iii) The Company may require Participant to furnish an opinion of counsel reasonably acceptable to the Company that no registration under the 1933 Act is required.
- (iv) By executing a copy of this Plan each Participant also acknowledges that (1) the Shares issued under the Plan will be issued pursuant to exemption from the registration under the 1933 Act; (2) such Shares must be held indefinitely unless it is registered or an exemption from registration becomes available under the 1933 Act and the applicable state laws; (3) the Company is under no obligation to facilitate resale of the Shares whether by registration, Rule 144 under the 1933 Act, or otherwise; (4) if Rule 144 under the 1933 Act is available for resale of Shares, such sales will or may be subject to specific holding periods, volume restrictions, and other provisions; and (5) the Participant will bear the economic risk of the investment in the Shares for an indefinite period of time.

(v) The Board ~~same~~ may, from time to time, ~~alter, amend, suspend,~~ be enacted and in effect in the State of New York; provided, that to the extent that the UCC is used to define any term herein and such term is defined differently in different Articles or ~~discontinue any and all participation of Non-Employee Directors under this Section 8.~~

(vi)

- (A) This Plan, including this Section 8, does not create any obligation ~~Divisions of the Board to nominate UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, that if, by reason of mandatory provisions of Applicable Laws, any director for re-election by or all of the Company's stockholders attachment, perfection or the Board.~~
- (B) Participants will have no stockholder rights ~~priority of, or remedies~~ with respect to, the Shares subject to ~~Administrative Agent's lien on any Collateral is governed by the Plan until they are allocated Uniform Commercial Code as enacted and issued to Participants under this Section 8.~~
- (C) ~~None~~ in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the ~~benefits~~ provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

"UK Financial Institution" shall mean any BRRD Undertaking (as such term is defined under the Plan are subject PRA Rulebook (as amended from time to time) promulgated by the claims United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of creditors the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of Participants such credit institutions or investment firms.

"UK Resolution Authority" shall mean the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution

"Unadjusted Benchmark Replacement" shall mean the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Uncommitted Incremental Increase Limit" shall mean an aggregate of Twenty-Five Million and No/100 Dollars (\$25,000,000.00), which may be applied by the Borrowers, in their beneficiaries, nor are they subject sole discretion, to attachment, garnishment increase the Revolving Facility Commitment Amount and/or increase the Term Facility Commitment Amount, pursuant to Sections 1.8 and 1.9 of this Agreement, respectively.

"Voting Stock" shall mean the capital stock of any Person having ordinary power to vote in the election of members of the board of directors, managers, trustees or other legal process. Neither Participant nor beneficiary may assign, sell, borrow on or otherwise encumber a beneficial interest in the Plan nor controlling Persons, of such Person

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shall any such benefits be in any manner subject to (irrespective of whether, at the deeds, contracts, liabilities, engagements or torts time, capital stock of any Participant other class or beneficiary, classes of such entity shall have or might have voting power by reason of the happening of any contingency).

9. "VSE Entity" Securities Laws; Taxes and "VSE Entities" shall mean, as of any date of determination and individually or collectively (as the context may require), any and all of the Borrowers and the Non-Borrower Affiliates.

(a) "Walker Lane Lease" Securities Laws. The Committee shall have mean the power Deed of Lease dated as of November 4, 2009 (as heretofore amended, modified or restated from time to time make each grant of Awards under time), by and between MetroPark 7, LLC, a Delaware limited liability company, as the Plan subject to such conditions as it deems necessary or appropriate to comply with the then existing requirements of the 1933 Act landlord, and the 1934 Act, including Rule 16b-3 thereunder. Such conditions may include Primary Operating Company, as the delivery by the Grantee of an investment representation to the Company in connection with a Vesting Date occurring tenant, with respect to Shares subject the premises located at 6348 Walker Lane, Springfield, Virginia.

"Weighted Average Life to an Award, or Maturity" means, when applied to any Indebtedness at any date, the execution number of an agreement years obtained by dividing: (a) the Grantee to refrain from selling or otherwise disposing sum of the Shares acquired for a specified period of time or on specified terms.

(b) Taxes. Subject to the rules of Section 9(c), the Company shall be entitled, if necessary or desirable, to withhold products obtained by multiplying (i) the amount of any tax, charge each then remaining installment, sinking fund, serial maturity or assessment attributable other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the grant nearest one-twelfth) that will elapse between such date and the making of such payment by (b) the then outstanding principal amount of such Indebtedness; provided that for purposes of determining the Weighted Average Life to Maturity of any Award refinanced Term Loan or any Indebtedness that is being modified, refinanced, refunded, renewed, replaced or extended (the "Applicable Indebtedness"), the occurrence effects of a Vesting Date any prepayments made on such Applicable Indebtedness prior to the date of the applicable modification, refinancing, refunding, renewal, replacement or extension shall be disregarded.

"Write-Down and Conversion Powers" shall mean, (a) with respect to any Award. The Company shall not be required EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to deliver Shares pursuant time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any Award until it has been indemnified to its satisfaction for any such tax, charge or assessment. of those powers.

INTERPRETIVE PROVISIONS

(c) (a) Payment of Tax Liabilities; Election to Withhold Shares or Pay Cash to Satisfy Tax Liability; Certain Interpretive Provisions.

(i) In connection with the grant of any Award or the occurrence of a Vesting Date under any Award, the Company shall have the right to (A) require the Grantee to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for Shares

subject to such Award, or (B) take any action whatever that it deems necessary to protect its interests with respect to tax liabilities. The Company's obligation to make any delivery or transfer of Shares shall be conditioned on the Grantee's compliance, to the Company's satisfaction, with any withholding requirement.

- (ii) Except as otherwise provided in this Section 9(c)(ii), any tax liabilities incurred in connection with grant of any Award or the occurrence of a Vesting Date under any Award under the Plan shall be satisfied by the Company's withholding a portion of the Shares subject to such Award having a Fair Market Value approximately equal to the minimum amount of taxes required to be withheld by the Company under applicable law, unless otherwise determined by the Committee with respect to any Grantee. Notwithstanding the foregoing, the Committee may permit a Grantee to elect one or both of the following: (A) to have taxes withheld in excess of the minimum amount required to be withheld by the Company under applicable law; provided that the Grantee certifies in writing to the Company at the time of such election that the Grantee owns Other Available Shares having a Fair Market Value that is at least equal to the Fair Market Value to be withheld by the Company in payment of withholding taxes in excess of such minimum amount; and (B) to pay to the Company in cash all or a portion of the taxes to be withheld in connection with such grant or Vesting Date. In all cases, the Shares so withheld by the Company shall have a Fair Market Value that does not exceed the amount of taxes to be withheld minus the cash payment, if any, made by the Grantee. Any election pursuant to this Section 9(c)(ii) must be in writing made prior to the date specified by the Committee, and in any event prior to the date the amount of tax to be withheld or paid is determined. An election pursuant to this Section 9(c)(ii) may be made only by a Grantee or, in the event of the Grantee's death, by the Grantee's legal representative. No Shares withheld pursuant to this Section 9(c)(ii) shall be available for subsequent grants under the Plan. The Committee may add such other requirements and limitations regarding elections pursuant to this Section 9(c)(ii) as it deems appropriate.

10. Changes In Capitalization

The aggregate number of Shares and class of Shares as to which Awards may be granted or elections made under Section 8 and the number of Shares covered by each outstanding Award or

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Exhibit 10.1

election made under Section 8 shall be appropriately adjusted in the event of a stock dividend, stock split, recapitalization or other change in the number or class of issued and outstanding equity securities of the Company resulting from a subdivision or consolidation of the Shares or other outstanding equity security or a recapitalization or other capital adjustment (not including the issuance of Shares or other outstanding equity securities on the conversion of other securities of the Company which are convertible into Shares or other outstanding equity securities) affecting the Shares which is effected without receipt of consideration by the Company. The Committee shall have authority to determine the adjustments to be made under this Section 10 and any such determination by the Committee shall be final, binding and conclusive.

11. Terminating Events

The Committee shall give Grantees at least 10 days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. The Committee may, in its discretion, provide in such notice that upon the consummation of such Terminating Event, any conditions to the occurrence of a Vesting Date with respect to an Award of Restricted Stock or Restricted Stock Units (other than Restricted Stock or Restricted Stock Units that have previously been forfeited) shall be eliminated, in full or in part.

Claims for benefits under the Plan must be filed with the Committee at the following address:

VSE Corporation
6348 Walker Lane
Alexandria, VA 22310
Attention: Corporate Secretary

12. Amendment and Termination

The Plan may be terminated by the Board at any time. The Plan may be amended by the Board or the Committee at any time. No Award shall be materially and adversely affected by any such termination or amendment without the written consent of the Grantee. No Awards shall be granted after May 6, 2027 and no elections by Non-Employee Directors shall be made after May 6, 2027 to receive Shares under Section 8.

13. Construction and Certain Terms and Phrases

- (a) Unless the context of the Plan this Agreement otherwise requires, (i) (A) words of any gender include each other gender; (ii) (B) words using the singular or plural number also include the plural or singular number, respectively; (iii) (C) the terms "hereof," "herein," "hereby" and derivative or similar words refer to the this entire Plan Agreement and not to any particular provision of this Agreement; and (D) the Plan terms "Article," "Section," "Subsection," "Schedule" and (iv) the term "Section" "Exhibit" without any reference to a specified document refer to the specified Article, Section, Subsection, Schedule and Exhibit, respectively, of the Plan, this Agreement.

(b) (ii) The words "including," "include" and "includes" "includes" are not exclusive and shall be deemed to be followed by the words "without limitation"; if exclusion is intended, the word "comprising" is used instead.

(c) (iii) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms and conditions of this Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

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

(d) (v) Whenever the Plan this Agreement refers to a number of days, such number shall refer to calendar days unless business days Business Days are specified.

(e)

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(vi) All accounting terms used herein and not expressly defined herein shall have the meanings ascribed given to them under United States generally accepted accounting principles GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein, any lease that is treated as an operating lease for purposes of GAAP as of the Restatement Date shall continue to be treated as an operating lease (and any future lease, if it were in effect on the Restatement Date, that would be treated as an operating lease for purposes of GAAP as of the Restatement Date shall be treated as an operating lease), in each case for purposes of this Agreement, notwithstanding any change in GAAP after the Restatement Date.

(f) Any (vii) The Article, Section and paragraph headings of this Agreement are for convenience of reference only, and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

(viii) This Agreement and the other Loan Documents are the result of negotiations among all parties hereto, and have been reviewed by counsel to the Administrative Agent, the Borrowers and the Lenders, and are the products of all parties. Accordingly, this Agreement and the other Loan Documents shall not be construed against the Administrative Agent or the Lenders merely because of the Administrative Agent's or Lenders' involvement in their preparation.

(ix) The word "extent" in the phrase "to the extent" as used in this Agreement means the degree to which a subject or other thing extends and such phrase does not simply mean "if."

(x) No provision of this Agreement is to be construed to require, directly or indirectly, any Person to take any action, or to omit to take any action, to the extent such action or omission would violate Applicable Laws.

(b) Exchange Rates; Currency Equivalents.

(i) The Administrative Agent or the LC Issuer, as applicable, shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of any outstanding Loans denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the Borrowers hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the LC Issuer, as applicable. For purposes hereof, the term "Spot Rates" means, for a currency, the rate determined by the Administrative Agent or the LC Issuer, as applicable, to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent or the LC Issuer, as applicable, may obtain such spot rate from another financial institution designated by the Administrative Agent or the LC Issuer, as applicable, if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; and provided further that the LC Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in an Alternative Currency; it being understood and agreed that the Administrative Agent or the LC Issuer, as applicable, shall endeavor to obtain the most favorable spot buying rate, but it shall have no obligation or liability for its failure to do so; and the term "Revaluation Date" means, with respect to any federal, state, local Letter of Credit, each of the following: (a) each date of issuance of a Letter of Credit denominated in an Alternative Currency, (b) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof (solely with respect to the increased amount), (c) each date of any payment by the LC Issuer under any Letter of Credit denominated in an Alternative Currency, (d) in the case of the existing Letters of Credit, such additional dates as the existing LC Issuer shall determine, and (e) such additional dates as the Administrative Agent or foreign statute or law, including the Code, 1933 Act and the 1934 Act, LC Issuer shall determine.

(ii) Wherever in this Agreement an amount is expressed in Dollars, but a calculation may require an Alternative Currency, such amount shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise, equivalent amount thereof in the applicable Alternative

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Exhibit 10.1

14. **Effective Date**

The Plan was originally approved and adopted Currency, as determined by the Board Administrative Agent or the LC Issuer, as the case may be, at such time on February 9, 2006, and approved by the holders of majority basis of the Shares entitled to vote thereon on May 2, 2006. The Plan, as amended, was approved and adopted by the Board on March 2, 2011, and approved by the holders of a majority Spot Rate (determined in respect of the holders most recent Revaluation Date) for the purchase of such Alternative Currency with Dollars.

(c) **Additional Alternative Currencies.**

(i) The Borrowers may from time to time request that Letters of Credit be issued in a currency other than those specifically listed in the Shares entitled definition of "Alternative Currency;" provided that such requested currency is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars. In the case of any such request with respect to vote thereon on May 3, 2011. The Plan, as further amended, was approved and adopted by the Board on December 6, 2013, and by the Company's stockholders on May 6, 2014. The Plan as further amended hereby was approved and adopted by the Board on February 27, 2020, issuance of Letters of Credit, such request shall be subject to the approval of the holders Administrative Agent and the LC Issuer (and any Lender participating in such Letter of Credit, if applicable), in their sole discretion.

(ii) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., ten (10) Business Days prior to the date of the desired Letter of Credit issuance (or such other time or date as may be agreed by the Administrative Agent and the LC Issuer, in their sole discretion). In each case, the Administrative Agent shall promptly notify the LC Issuer which shall promptly, in turn, notify each Lender participating in such Letter of Credit thereof. The LC Issuer and each applicable Lender shall notify the Administrative Agent, not later than 11:00 a.m., five (5) Business Days after receipt of such request whether it consents, in its sole discretion, to the issuance of Letters of Credit, as the case may be, in such requested currency.

(iii) Any failure by the LC Issuer and/or any participant Lender to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by the LC Issuer to permit Letters of Credit to be issued in such requested currency. If the Administrative Agent and the LC Issuer (and the applicable participant Lenders, as the case may be) consent to the issuance of Letters of Credit in such requested currency, the Administrative Agent shall so notify the Borrowers and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Letter of Credit issuances. If the Administrative Agent shall fail to obtain consent to any request for an additional currency required hereunder, the Administrative Agent shall promptly so notify the Borrowers.

(d) **Change of Currency.**

(i) Each obligation of the Borrowers to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the legislative measures of the European Council). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Letter of Credit in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Letter of Credit upon the earliest date on which each Letter of Credit is renewed, extended or expired.

(ii) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(iii) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

(e) **Rates**

(a) . The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Term SOFR, any Adjusted Daily Simple RFR, the Eurocurrency Rate, the Adjusted Eurocurrency Rate or any other Benchmark, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted

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pursuant to **Exhibit 3** attached hereto, will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Term SOFR, any Adjusted Daily Simple RFR, the Eurocurrency Rate, the Adjusted Eurocurrency Rate, such Benchmark or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of a **majority** Benchmark, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrowers. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrowers, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE 1 COMMITMENT

1.1 **Maximum Loan Amount.**

(a) **Term Loans.** Subject to the terms and conditions of this Agreement, (i) each Lender funding a Sixth Amendment Term Loan severally agrees to make available to the Borrowers on the Sixth Amendment Effective Date such Lender's Percentage of a term loan in Dollars (the "**Sixth Amendment Term Loan**") in the aggregate principal equal to the Term Facility Commitment Amount for the purposes hereinafter set forth; (ii) as set forth more fully in Section 1.1(c), the Lenders will make the Revolving Loans to the Borrowers and (iii) as set forth more fully in Section 1.1(b), the Swing Line Lender will make the Swing Line Loan to the Borrowers. Amounts repaid or prepaid on the Term Loan may not be reborrowed. The proceeds of the **Shares** Sixth Amendment Term Loan shall be used (i) to prepay, in full, the aggregate principal amount of the Fourth Amendment Term Loan and Fifth Amendment Term Loan outstanding as of the Sixth Amendment Effective Date and (ii) to repay certain Revolving Loans outstanding as of the Sixth Amendment Effective Date. From and after the Sixth Amendment Effective Date, the obligations with respect to the Fourth Amendment Term Loan and Fifth Amendment Term Loan shall be reduced to \$0. It is understood and agreed that from and after the Sixth Amendment Effective Date, all references to the Term Loans shall mean the term loans made to the Borrowers on the Sixth Amendment Effective Date. The Loans, including the Swing Line Loan, shall bear interest and be payable in accordance with the terms and conditions of this Agreement and the Notes. The Notes shall be executed and delivered to each respective Lender on the date hereof and thereafter, from time to time, as and when requested by the Administrative Agent, acting at the direction of any Lender.

(b) **Swing Line Loans.** Subject to the terms and conditions of this Agreement, the Swing Line Lender shall make swing line loans (each, a "**Swing Line Loan**") and collectively, the "**Swing Line Loans**") to the Borrowers from time to time during the Swing Line Commitment Period, in the aggregate principal amount at any one time outstanding not to exceed the Swing Line Commitment Amount; provided, however, that at no time may the aggregate outstanding principal amount of the Swing Line Loans, plus the aggregate outstanding principal amount of the Revolving Facility (including the aggregate face amount of all Letters of Credit outstanding and the outstanding principal balance of any Alternative Currency Loans), exceed the Revolving Facility Commitment Amount. During the Swing Line Commitment Period, the Borrowers may use the Swing Line Commitment by borrowing, repaying Swing Line Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions of this Agreement. At the request of the Swing Line Lender, the Administrative Agent may, at any time, on behalf of the Borrowers (which hereby irrevocably direct the Administrative Agent to act on their behalf) request each Lender having a Percentage of the Revolving Facility, including the Lender then acting as the Swing Line Lender, to make, and each such Lender, including the Lender then acting as the Swing Line Lender, shall make an advance under the Revolving Facility, in an amount equal to such Lender's Percentage of the Revolving Facility, of the amount of the Swing Line Outstandings as of the date such request is made. In such event, each such Lender shall make the requested proceeds available to the Administrative Agent for the account of the Swing Line Lender in accordance with the funding provisions set forth in this Agreement. The proceeds of the Revolving Facility advanced pursuant to this Section 1.1(b) shall be immediately applied to repay the Swing Line Outstandings.

(c) **Revolving Loans.** Subject to the terms and conditions of this Agreement, each Lender severally agrees to make the Revolving Loans to the Borrowers, with the maximum amount of each Lender's obligation being equal to such Lender's Percentage of the Revolving Facility Commitment Amount.

1.2 **Use of Proceeds.** The Loans shall be used by the Borrowers only for the following purposes: (a) to refinance certain existing Indebtedness of the Borrowers; (b) to finance any Permitted Acquisitions (including the purchase price, together with customary transaction costs and expenses payable to unrelated and unaffiliated

third parties relating thereto); and (c) for working capital support, letters of credit, capital expenditures and general corporate purposes. Each Borrower agrees that it will not use or permit the Loan proceeds to be used for any other purpose without the prior written consent of the Administrative Agent.

1.3 Alternative Currency Loans; Loans to Foreign Borrowers. Subject to the terms and provisions of this Agreement, the Borrowers may at any time, and from time to time, request and obtain Alternative Currency Loans of up to the Dollar Equivalent of Two Million and No/100 Dollars (\$2,000,000.00), in the aggregate, outstanding at any time, pursuant to this Agreement (it being understood and agreed that the amount of any outstanding Alternative Currency Loans will reduce availability under the Revolving Facility); *provided, however*, that with respect to any Loan or Alternative Currency Loan requested to be funded directly to any Foreign Borrower which has not previously been approved to receive a Loan or Alternative Currency Loan pursuant to this Section 1.3, the following conditions precedent shall have first been satisfied: (a) the Borrowers shall have provided to the Administrative Agent written notice of their desire to have a Loan or Alternative Currency Loan made to such Foreign Borrower (each, a "**Foreign Borrower Loan Request**"), (b) the Administrative Agent shall have promptly notified the Lenders of the Foreign Borrower Loan Request and requested the Lenders' consent therefor, and (c) all of the Lenders shall have consented to such Foreign Borrower Loan Request within ten (10) Business Days of the Lenders' receipt of such Foreign Borrower Loan Request from the Administrative Agent. Without limiting the conditions to obtain Loan advances set forth in Section 1.4 of this Agreement, neither the Administrative Agent nor any Lender shall be obligated to honor any Foreign Borrower Loan Request unless all of the Lenders shall have first consented to such Foreign Borrower receiving the Loan or Alternative Currency Loan pursuant to the applicable Foreign Borrower Loan Request. From and after the date, if any, on which all Lender-consent shall have been issued for a Foreign Borrower to receive a Loan or an Alternative Currency Loan, no further consent shall be necessary for such Foreign Borrower to receive any other Loan or Alternative Currency Loan. Any Lender may, with notice to the Administrative Agent and the Borrowers, fulfill its Commitment hereunder by causing an Affiliate of such Lender to act as the Lender in respect of such Foreign Borrower (and such Lender shall, to the extent of Loans and Alternative Currency Loans made to and participations in Letters of Credit issued for the account of such Foreign Borrower, be deemed for all purposes hereof to have pro tanto assigned such Loans and participations to such Affiliate).

1.4 Advances; Payments.

(a) **Agreement to Advance and Readvance; Procedure.** So long as no Event of Default shall have occurred and be continuing, or would result therefrom, and no act, event or condition shall have occurred and be continuing which with notice or the lapse of time, or both, shall constitute an Event of Default, and subject to the terms and conditions of this Agreement, the Lenders (and the Swing Line Lender, as the case may be) shall (i) advance and readvance the proceeds of the Revolving Facility and the proceeds of the Swing Line Facility (as applicable) from time to time in accordance with the terms and conditions of this Agreement and (ii) advance all of the proceeds of the Term Facility on the Restatement Date (with no further obligation to advance or readvance any proceeds of the Term Facility after the Restatement Date), each to the Borrowers upon the Borrowers' execution and delivery of this Agreement and all other documents, instruments and agreements required by the Administrative Agent and the Lenders in connection herewith. In addition to any and all other conditions to advances set forth in this Agreement, on the date of each request for an advance and as of the date of advance, the Borrowers shall be deemed to have remade and redated each and all of the representations and warranties set forth in this Agreement, and with respect to those representations and warranties qualified by "materiality", such representations and warranties shall be true and correct in all respects, and with respect to those representations and warranties not qualified by "materiality", such representations and warranties shall be true and correct in all material respects, in each case as of such date, unless such representation or warranty specifically refers to an earlier date or the Borrowers are unable to remake and redate any such representation or warranty, in which case the Borrowers shall have previously disclosed the same to the Administrative Agent and the Lenders in writing, and such inability does not constitute or give rise to an Event of Default. Except with respect to advances made pursuant to Section 1.4(c)(iii) below, requests for advances with respect to the Revolving Facility shall be in the form of **Exhibit 1** attached hereto, and requests for advances with respect to the Swing Line Facility shall be in the form of **Exhibit 1(a)** attached hereto. Requests for advances of Loan proceeds with respect to the Revolving Facility and the Swing Line Facility may be made via facsimile on any given Business Day if the Borrowers provide the Administrative Agent, in advance, with a written list of the names of the specific officers authorized to request disbursements by facsimile. Upon request by the Administrative Agent, the Borrowers shall confirm, in an original writing, each facsimile request for advance made by any Borrower. Notwithstanding the foregoing, (a) the Lenders shall have no obligation to make any advance with respect to the Revolving Facility after the Maturity Date or any advance with respect to the Term Facility after the Restatement Date, other than pursuant to Section 1.9 of this Agreement (if applicable); and (b) the Swing Line Lender shall have no obligation to make any advance with respect to the Swing Line Facility after the Swing Line Termination Date.

(b) **Interest Rate Election; Certain Advance Procedures and Limits.** Amounts advanced in connection with the Loans shall bear interest at the Applicable Interest Rate, which shall either be on a Base Rate

basis, an Adjusted Daily Simple RFR basis, an Adjusted Eurocurrency Rate basis or a Term SOFR basis, as more fully set forth below, and in the Exhibits attached hereto, except that (i) Swing Line Loans shall only be made available to the Borrowers on a Base Rate basis, (ii) Alternative Currency Loans denominated in Euros shall only be made available to the Borrowers on an Adjusted Eurocurrency Rate basis, (iii) Alternative Currency Loans denominated in Sterling shall only be made available to the Borrowers on an Adjusted Daily Simple RFR basis and (iv) Loans denominated in Dollars shall only be made available on an Adjusted Base Rate or Term SOFR basis. Advances bearing interest on a Base Rate basis shall be in minimum and incremental amounts of One Hundred Thousand and No/100 Dollars (\$100,000.00), and shall be made available on a same-day basis, if requested by 12:00 Noon, New York, NY time, on any Business Day. Advances bearing interest on a Term SOFR basis, an Adjusted Daily Simple RFR basis or an Adjusted Eurocurrency Rate basis shall also be in minimum and incremental amounts of One Hundred Thousand and No/100 Dollars (\$100,000.00), and shall be made available not less than three (3) RFR

Business Days, nor more than five (5) RFR Business Days, if requested by 10:00 a.m., New York, NY time. The Borrowers' right to request Adjusted Daily Simple RFR, Adjusted Eurocurrency Rate or Term SOFR based interest, as well as certain additional terms, conditions and requirements relating thereto, are set forth below and in the Exhibits, and each Borrower expressly acknowledges and consents to such additional terms and conditions. During the period from the Sixth Amendment Effective Date through the date the Administrative Agent receives the quarterly compliance certificate and quarterly financial statements for the calendar quarter ending March 31, 2024, the (A) Additional Base Rate Interest Margin shall be 1.75%, (B) the Additional Term SOFR Interest Margin, the Letter of Credit Fee rate, the Additional Eurocurrency Interest Margin and the Additional Daily Simple RFR Interest Margin shall each be 2.75%, and (C) the Revolving Facility Commitment Fee rate shall be 0.50%. Thereafter, the applicable Additional Base Rate Interest Margin, Additional Daily Simple RFR Interest Margin, Additional Eurocurrency Interest Margin, Revolving Facility Commitment Fee rate, Letter of Credit Fee rate and Additional Term SOFR Interest Margin shall be (i) based on the VSE Entities' Total Funded Debt to EBITDA Ratio, calculated in accordance with Section 6.15 of this Agreement, and (ii) determined in accordance with Exhibit 7 attached hereto. Interest rate adjustments shall be applicable hereunder on a prospective basis. The Additional Base Rate Interest Margin, Additional Daily Simple RFR Interest Margin, Additional Eurocurrency Interest Margin, Revolving Facility Commitment Fee rate, Letter of Credit Fee rate and Additional Term SOFR Interest Margin shall be calculated by and become effective on the first day after the Administrative Agent's receipt of the quarterly compliance certificate and quarterly financial statements required by this Agreement; it being understood, however, that, notwithstanding anything in this Agreement to the contrary, in the event the quarterly compliance certificate and quarterly financial statements are not submitted when due, the Borrowers shall not be entitled to vote thereon any reduction in the Additional Base Rate Interest Margin, Additional Daily Simple RFR Interest Margin, Additional Eurocurrency Interest Margin, Revolving Facility Commitment Fee rate, Letter of Credit Fee rate and/or Additional Term SOFR Interest Margin for the ensuing period, and at the stockholders meeting option of the Administrative Agent, all amounts outstanding shall bear interest on a Base Rate basis, an Adjusted Daily Simple RFR basis, an Adjusted Eurocurrency Rate basis or a Term SOFR basis (as the case may be), plus the highest applicable Additional Base Rate Interest Margin, Additional Daily Simple RFR Interest Margin, Additional Eurocurrency Interest Margin or Additional Term SOFR Interest Margin (as applicable) set forth in Exhibit 7 attached hereto. The Administrative Agent may also, at its option, impose the Default Rate in addition to (and not in lieu of) the increased margins.

(c) Repayment; Interest; Automatic Advances/Payments. All sums advanced in connection with the Loans shall be repaid in accordance with the terms and conditions set forth below and in the other Loan Documents:

(i) Repayment of Loan.

A. Term Facility. The Borrowers shall repay the outstanding principal amount of the Term Facility in quarterly installments, each in an amount equal to \$7,500,000 (as such installments may hereafter be adjusted as a result of Mandatory Payments made pursuant to Section 1.5 of this Agreement or prepayments made pursuant to Section 1.4(f) of this Agreement), with the remaining principal balance due on the Maturity Date, unless accelerated sooner pursuant to this Agreement. Each such payment with respect to any fiscal quarter shall be made on the first Business Day following the end of such fiscal quarter (beginning with a payment due on April 1, 2024 in connection with the fiscal quarter ending March 31, 2024).

B. Revolving Facility. Unless sooner accelerated pursuant to the terms of this Agreement, the Borrowers shall repay on the Maturity Date the aggregate principal amount of the Revolving Facility outstanding on such date.

C. Swing Line Facility. Unless sooner accelerated pursuant to the terms and conditions of this Agreement, the Borrowers shall repay on the Maturity Date the aggregate principal amount of the Swing Line Facility outstanding on such date.

(ii) Interest.

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A. So long as no Event of Default or any act, event or condition which with notice or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing, the Borrowers shall have the right to elect that specified amounts advanced under the Revolving Facility or the Term Facility (to the extent denominated in Dollars) bear interest at Term SOFR plus the applicable Additional Term SOFR Interest Margin in effect at the commencement of the particular Interest Period. The Borrowers must elect a Term SOFR based interest rate in accordance with the specific procedures set forth in this Agreement, and any amounts bearing interest on a Term SOFR basis shall be subject to the terms and conditions of the Loan Documents applicable to amounts bearing interest on such basis, including the prepayment limitations and provisions regarding the payment of associated costs, as more fully set forth in Exhibit 3 attached hereto. The Borrowers may not revoke any Term SOFR election without the Administrative Agent's written consent. Upon the expiration of an applicable Interest Period, unless the Borrowers are then entitled to again elect a Term SOFR based rate and the Administrative Agent has received an Interest Election Form and Certification from the Borrowers, the rate of interest applicable to any amounts for which a Term SOFR based rate is expiring shall, from and after the end of the applicable Interest Period, bear interest at the Base Rate, plus the applicable Additional Base Rate Interest Margin; it being understood and agreed, however, that such amount may, at any time thereafter, bear interest at the Term SOFR based rate, plus the applicable Additional Term SOFR Interest Margin, provided that (i) the Borrowers are then entitled to elect a Term SOFR based rate, and (ii) the Administrative Agent has received an appropriate Interest Election Form and Certification from the Borrowers. Upon (i) the expiration of any Interest Period therefor, the Borrower may continue any Eurocurrency Rate Loans as Eurocurrency Rate Loans and (ii) the occurrence of the Interest Payment Date therefor, continue any Daily Simple RFR Loans as Daily Simple RFR Loans

B. Interest accrued on a Base Rate basis and Adjusted Daily Simple RFR basis shall be payable in quarterly installments, in arrears, commencing on March 31, 2018, and continuing on the last Business Day of each and every calendar quarter thereafter and on the Maturity Date. Base Rate interest shall be calculated on a 365/366-day year basis and the actual number of days elapsed.

C. Interest accrued on a Term SOFR basis and a Eurocurrency basis shall be due and payable on the last Business Day of the applicable Interest Period (whether such last day shall occur by reason of acceleration, declaration, extension or otherwise), and if such applicable Interest Period is longer than three (3) months, also on each Business Day which is three (3) months, or a multiple thereof, after the first day of such applicable Interest Period and the last day of such applicable Interest Period. Term SOFR, Adjusted Daily Simple RFR and Adjusted Eurocurrency Rate interest shall be calculated on a 365/366-day year basis and the actual number of days elapsed.

(iii) Automatic Advances/Payments. The Borrowers hereby authorize the Administrative Agent, on any Business Day, to transfer funds from the Collateral Account or any other designated account of the Borrowers to pay down the Obligations and to make Loans or Swing Line Loans available to the Borrowers to cover shortages or overdrafts in the Collateral Account or such other designated account of the Borrowers. All such transfers are subject to the availability of Loan proceeds under the Revolving Facility (with respect to advances) and the availability of funds in the Collateral Account or such other designated account(s) of the Borrowers (with respect to paydowns). The Administrative Agent may, in its discretion, make such transfers (or direct any Lender maintaining a Deposit Account of a Borrower to wire transfer to the Administrative Agent any funds on deposit thereon to facilitate any such transfer by the Administrative Agent), but shall have no liability for its failure to do so. Subject to the terms of any cash management agreement between the Borrowers and the Administrative Agent, the Borrowers may, at any time, terminate the authority granted by the Borrowers to the Administrative Agent herein upon not less than two (2) Business Days prior written notice to the Administrative Agent.

(d) Application of Payments. All payments made or to be **held** made upon any Obligations shall be payable in lawful currency of the United States (or, in the case of Alternative Currency Loans, in the applicable currency) and in immediately available funds. Except as otherwise expressly provided in this Agreement, the Notes or any other Loan Document, if at any time insufficient funds are received by and available to the Administrative Agent to pay in full all amounts of principal, interest, fees and other amounts then due pursuant to this Agreement or any of the other Loan Documents (as the case may be), such funds shall be applied as follows:

(i) first, to expenses and costs of collection, if any, incurred by the Administrative Agent in connection with the Loans, including all court costs and the reasonable fees and expenses of its agents and legal counsel, the repayment of all advances made by the Administrative Agent hereunder or under any other Loan Document on **May 6, 2020** behalf of the Borrowers and any other reasonable costs or expenses incurred by the Administrative Agent in connection with the exercise of any right or remedy hereunder;

(ii) second, to fees and late charges owing by any Borrower to the Administrative Agent pursuant to this Agreement or any other Loan Document, and then to fees and late charges

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owing by any Borrower to the Lenders (ratably in accordance with their Percentage) pursuant to this Agreement or any other Loan Document;

(iii) third, to accrued and unpaid interest hereunder (applied first to the Swing Line Facility and then pro rata to the Revolving Facility, the Term Facility and scheduled payments that are part of the Hedging Obligations);

(iv) fourth, to the outstanding principal amount of the Obligations and termination payments under Hedging Contracts (applied first to Swing Line Outstandings (if any), then pro rata to the unpaid and outstanding principal amount of the Revolving Facility and the Term Facility and all termination payments that are part of the Hedging Obligations, and then pro rata to Permitted Financial Product Obligations); and

(v) fifth, to any Person lawfully entitled thereto.

(e) Adjustments. If, as a result of any restatement of or other adjustment to the financial statements of the VSE Entities or for any other reason, the Borrowers or the Administrative Agent shall determine that (i) the Total Funded Debt to EBITDA Ratio, as calculated by the Borrowers as of any applicable date, was inaccurate and (ii) a proper calculation of the Total Funded Debt to EBITDA Ratio would have resulted in a higher Additional Term SOFR Interest Margin, Additional Daily Simple RFR Interest Margin, Additional Eurocurrency Interest Margin, Additional Base Rate Interest Margin, Revolving Facility Commitment Fee or Letter of Credit Fee for the applicable period, the Borrowers shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of each Lender (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrowers under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not otherwise limit the rights of the Administrative Agent or any Lender hereunder. The Borrowers' obligations under this paragraph shall survive the termination of this Agreement and the repayment of all Obligations hereunder.

(f) Prepayment. Amounts outstanding which bear interest on a Base Rate basis may be prepaid, in whole or in part, at any time, without penalty or premium; provided such prepayment amounts are in amounts not less than One Hundred Thousand and No/100 Dollars (\$100,000.00) and in increments of One Hundred Thousand and No/100 Dollars (\$100,000.00), or, in each case, such lesser amount as may then be outstanding. Amounts outstanding which bear interest on a Term SOFR, Adjusted Daily Simple

RFR or Adjusted Eurocurrency Rate basis may also be prepaid, in whole or in part, at any time, without penalty or premium, subject, however, to **Exhibit 3** attached hereto. Partial prepayments under this clause (f) shall be applied to amounts due under the Loans as the Borrowers shall direct.

(g) **Preference Period.** If, after receipt of any payment hereunder or under any of the other Loan Documents, the Administrative Agent or the Lenders are compelled or reasonably agree, for settlement purposes, to surrender such payment to any Person for any reason (including, without limitation, a determination that such payment is void or voidable as a preference or fraudulent conveyance, an impermissible setoff, or a diversion of trust funds), then this Agreement and the other Loan Documents shall continue in full force and effect or be reinstated, as the case may be, and the Borrowers shall be liable for, and shall indemnify, defend and hold harmless the Administrative Agent and the Lenders with respect to the full amount so surrendered. The provisions of this Section shall survive the cancellation or termination of this Agreement and shall remain effective notwithstanding the payment of the Obligations, the release of any security interest, lien or encumbrance securing the Obligations or any other action which the Administrative Agent or any Lender may have taken in reliance upon its receipt of such payment.

1.5 Additional Mandatory Payments; Reduction of Commitment. In addition to all other sums payable by the Borrowers pursuant to any of the Notes, this Agreement or any other Loan Document, the Borrowers shall also make Mandatory Payments on the Notes (with such Mandatory Payments applied first to the Term Facility until the Term Facility shall have been paid and satisfied in full, and then to amounts outstanding under the Revolving Facility, as provided herein below); it being understood and agreed that such Mandatory Payments shall also be subject to Section 1.4(d) of this Agreement as set forth below, upon the occurrence of any Excess Cash Event. The amount of such Mandatory Payment shall be equal to the Net Cash arising from such Excess Cash Event(s). All such mandatory prepayments shall be applied to amounts due under the Loans as provided hereinabove in inverse order of maturities and such mandatory prepayments shall not relieve the Borrowers of their obligation to pay periodic installments of principal and/or interest hereunder as and when the same would otherwise be due hereunder. If any Mandatory Payment shall be applied to borrowings under the Revolving Facility in accordance with this Section 1.5 of this Agreement (i.e., the Term Facility shall have been paid and satisfied in

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full), the Revolving Facility Commitment Amount shall, unless waived in writing by the Administrative Agent, be reduced by an amount equal to the amount of such Mandatory Payment, such reduction to become effective simultaneously with the occurrence of the Excess Cash Event. Notwithstanding the foregoing, (i) in the event any Mandatory Payment required to be paid pursuant to this Section 1.5 is not sufficient to pay in full all amounts of principal, interest, fees and other amounts then due pursuant to this Agreement, such payment shall also be subject to the application of payment provisions pursuant to Section 1.4(d) of this Agreement, and (ii) any Mandatory Payment of Net Cash arising from the FDS Sale may be applied to the Term Facility and/or the Revolving Facility at the Borrowers' discretion, and if any such Mandatory Payment is applied to borrowings under the Revolving Facility, there shall be no corresponding reduction of the Revolving Facility Commitment Amount.

1.6 Field Audits. The Administrative Agent has the right at any time and in its discretion upon reasonable prior notice and during normal business hours to conduct field audits with respect to the Collateral and each VSE Entity's Receivables, inventory, business and operations. All field audits shall be at the cost and expense of the Administrative Agent; provided that, any and all field audits conducted following an Event of Default shall be at the Borrowers' cost and expense.

1.7 Certain Fees. In addition to principal, interest and other sums payable under the Notes, the Borrowers shall pay the following fees:

(a) **Upfront Fee.** The Borrowers shall pay to the Administrative Agent, for the account of each Lender party to this Agreement as of the Restatement Date, an upfront fee in the amounts, and at the times, pursuant to the Fee Letter, and as may be further agreed upon in writing by the Primary Operating Company and the Administrative Agent from time to time. Additionally, the Borrowers shall pay to the Administrative Agent (i) for the account of each Incremental Revolving Facility Lender, an upfront fee (an "Incremental Revolving Facility Upfront Fee"), for the Incremental Revolving Facility Commitment made by such Incremental Revolving Facility Lender pursuant to this Agreement in an amount to be determined at the time such Incremental Revolving Facility Commitment is accepted by the Borrowers and (ii) for the account of each Incremental Term Facility Lender, an upfront fee (each, an "Incremental Term Facility Upfront Fee") for the Incremental Term Facility Commitment made by such Incremental Term Facility Lender pursuant to this Agreement in an amount to be determined at the time such Incremental Term Facility Commitment is accepted by the Borrowers. Any Incremental Revolving Facility Upfront Fee and/or Incremental Term Facility Upfront Fee shall be due and payable in full on the effective date of the **Plan** particular increase to the Revolving Facility Commitment Amount and/or Term Facility Commitment Amount, as applicable.

(b) **Commitment Fee.** So long as any amounts remain outstanding in connection with the Revolving Facility, or the Lenders have any obligation to make any advance in connection therewith, the Borrowers shall pay to the Administrative Agent for the benefit of the Lenders ratably, a quarterly commitment fee (the "Revolving Facility Commitment Fee"), at an annual rate corresponding to the Total Funded Debt to EBITDA Ratio for the immediately preceding Fiscal Quarter, as set forth on **Exhibit 7** attached hereto, calculated on the difference between (i) the Revolving Facility Commitment Amount (including any increases thereto pursuant to Section 1.8 of this Agreement), and (ii) without duplication (i.e., with no consideration for the Swing Line Outstandings if such outstandings have already been included in the outstanding principal balance of the Revolving Facility), the sum of the average daily outstanding principal balance of the Revolving Facility and Swing Line Outstandings during the applicable three (3)-month period, **plus** the aggregate face amount of all Letters of Credit outstanding at any time during the applicable three (3)-month period. The Revolving Facility Commitment Fee shall be calculated on the basis of the actual number of days elapsed and a three hundred sixty (360)-day year, shall be due for any three (3)-month period during which the Lenders shall have any obligation in connection with the Facility, and shall be payable in arrears, commencing on March 31, 2018, and continuing on the last Business Day of every third (3rd)

calendar month thereafter for so long as this Agreement remains in effect, and on the date on which the Plan, as amended, is approved by VSE's stockholders as contemplated by Obligations have been paid and satisfied in full.

(c) **Other Fees.** The Borrowers shall pay to the immediately preceding sentence (the "Effective Date).

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The Plan Administrative Agent such other fees in the amounts, and all determinations made and actions taken at the times, pursuant to the Plan Fee Letter, and as may be further agreed upon in writing by the Primary Operating Company and the Administrative Agent from time to time.

(d) **Letter of Credit Fees.** The Borrowers shall pay any and all Letter of Credit fees as and when such fees become due and payable pursuant to this Agreement.

(e) **Out-of-Pocket Fees and Expenses.** The Borrowers shall be governed liable for and shall timely pay all reasonable and documented out-of-pocket costs and expenses (including reasonable and documented out-of-pocket attorneys' fees and expenses of counsel for the Administrative Agent, and of other special and local counsel and other experts, if any, engaged by the Administrative Agent) from time to time incurred by the Administrative

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Agent or the Lead Arranger in connection with (i) the syndication of the Loan or (ii) the drafting of, administration of, preservation of rights in and enforcement of this Agreement, the other Loan Documents and the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, the Borrowers shall be liable for all of the Administrative Agent's reasonable and documented out-of-pocket costs and expenses (including reasonable and documented out-of-pocket attorneys' fees and expenses of counsel for the Administrative Agent) associated with any and all amendments, waivers or consents prepared, negotiated, executed, issued or delivered in connection with this Agreement. Notwithstanding any judgment rendered by a court of competent jurisdiction related to the Loans, this section shall not be merged into such judgment, but shall survive the same and shall be binding and conclusive on the parties for all time. Post-judgment attorneys' fees and costs incurred related to the enforcement of such judgment related to this Agreement or any other Loan Document shall be recoverable hereunder in the same or separate actions.

1.8 **Increases to the Revolving Facility Commitment Amount.**

(a) The Borrowers may, by written notice to the Administrative Agent from time to time after the Restatement Date, request Incremental Revolving Facility Commitments in an amount not to exceed the Uncommitted Incremental Increase Limit (less the amount of any Prior Increases and Incremental Term Facility Commitments being simultaneously requested) from one or more Incremental Revolving Facility Lenders, which, in the first instance, shall only include existing Lenders; provided that (i) no Lender shall have any obligation to become an Incremental Revolving Facility Lender (and the Lenders shall have no obligation to increase the Revolving Facility Commitments by the amount requested by the Borrowers), and (ii) if the full amount of the Incremental Revolving Facility Commitments being requested are not subscribed for by existing Lenders within ten (10) Business Days of the delivery of such written notice, the Borrowers may offer such remaining Incremental Revolving Facility Commitments to other non-Lender financial institutions; provided further that each Incremental Revolving Facility Lender, if not already a Lender hereunder, shall be subject to the approval of the Administrative Agent. Each such notice shall set forth (i) the amount of the Incremental Revolving Facility Commitments being requested (which shall be in minimum increments of Five Million and No/100 Dollars (\$5,000,000.00) and a minimum amount of Ten Million and No/100 Dollars (\$10,000,000.00), or equal to the Uncommitted Incremental Increase Limit (less the amount of any Prior Increases and Incremental Term Facility Commitments being simultaneously requested)) and (ii) the date on which such Incremental Revolving Facility Commitments are requested to become effective (which shall not be less than ten (10) Business Days nor more than forty-five (45) days after the date of such notice). Any Loan made or to be made pursuant to an Incremental Revolving Facility Commitment shall (A) constitute a Loan made pursuant to this Agreement, (B) be deemed advanced under the Revolving Facility, (C) bear interest and be repaid in accordance with this Agreement applicable to advances made under the Revolving Facility, without preference or priority, (D) be secured by the Collateral on a pari passu basis, and (E) be subject to all other terms and conditions of this Agreement applicable to Loans and advances thereof.

(b) The Borrowers and each Incremental Revolving Facility Lender shall execute and deliver to the Administrative Agent an Incremental Facility Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Incremental Revolving Facility Commitment of such Incremental Revolving Facility Lender. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Incremental Facility Assumption Agreement. Each of the parties hereto hereby agrees that, upon the effectiveness of any Incremental Facility Assumption Agreement, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Incremental Revolving Facility Commitment evidenced thereby.

(c) The Administrative Agent may take any and all actions as may be reasonably necessary to ensure that, after giving effect to any Incremental Revolving Facility Commitment pursuant to this Section 1.8, the outstanding Loans under the Revolving Facility (if any) are held by the Lenders in accordance with their new pro rata Percentages. This may be accomplished at the discretion of the Administrative Agent (i) by requiring the outstanding Loans to be prepaid with the proceeds of a new Revolving Facility borrowing, (ii) by causing the existing Lenders to assign portions of their outstanding Loans to Incremental Revolving Facility Lenders, (iii) by permitting the Revolving Facility borrowings outstanding at the time of any increase in the Revolving Facility Commitment Amount pursuant to this Section 1.8 to remain outstanding until the last days of the respective Interest Periods therefor, even though the Lenders would hold such Revolving Facility borrowings other than in accordance with their new pro rata Percentages, or (iv) by any combination of the foregoing. Any prepayment or assignment described in this Subsection (c) shall be subject to indemnification by the Borrowers pursuant to this Agreement, but otherwise be without premium or penalty.

(d) Notwithstanding the foregoing, no Incremental Revolving Facility Commitment shall become effective, unless on the date of such effectiveness, (i) no Event of Default shall have occurred and be continuing, and no act, event or condition shall have occurred or exist which with notice or the lapse of time, or both, would constitute an Event of Default, and (ii) the Administrative Agent shall have received (A) a certificate dated such date and executed by the Chief Financial Officer or other duly authorized officer of the Borrowers, on behalf of

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the Borrowers, certifying that those representations and warranties set forth in Article 5 qualified by "materiality" are true and correct in all respects, and those representations and warranties set forth in Article 5 not qualified by "materiality" are true and correct in all material respects on and as of the date of the certificate with the same effect as though made on and as of such date (except to the extent that a representation and warranty relates to an earlier date); (B) to the extent requested by any applicable Lender, a duly executed Note (or an Allonge to an existing Note, as the case may be), in form and substance acceptable to the Administrative Agent, which shall evidence the Loans to be made pursuant to the Incremental Revolving Facility Commitment; (C) UCC, judgment, bankruptcy, pending litigation and tax lien search results for the Borrowers, confirming that no intervening lien, claim or encumbrance (other than Permitted Liens) on any Collateral exists that would affect the legality, validity or priority of the liens in favor of the Administrative Agent for the ratable benefit of the Lenders with respect to such Collateral; (D) the applicable Incremental Facility Assumption Agreement, duly executed by the parties thereto, together with such other documents, instruments and/or agreements reasonably requested by the Administrative Agent, including, without limitation, an opinion of counsel, resolutions and secretary's/officer's certificates with respect to each Borrower, each in form and substance acceptable to the Administrative Agent; and (E) the applicable Incremental Revolving Facility Upfront Fee payable by the Borrowers to and for the account of each Incremental Revolving Facility Lender.

1.9 Increases to the Term Facility Commitment Amount.

(a) The Borrowers may, by written notice to the Administrative Agent from time to time after the Restatement Date, request Incremental Term Facility Commitments in an amount not to exceed the Uncommitted Incremental Increase Limit (less the amount of any Prior Increases and Incremental Revolving Facility Commitments being simultaneously requested) from one or more Incremental Term Facility Lenders, which, in the first instance, shall only include existing Lenders; provided that (i) no Lender shall have any obligation to become an Incremental Term Facility Lender (and the Lenders shall have no obligation to increase the Term Facility Commitments by the amount requested by the Borrowers), and (ii) if the full amount of the Incremental Term Facility Commitments being requested are not subscribed for by existing Lenders within ten (10) Business Days of the delivery of such written notice, the Borrowers may offer such remaining Incremental Term Facility Commitments to other non-Lender financial institutions; provided further that each Incremental Term Facility Lender, if not already a Lender hereunder, shall be subject to the approval of the Administrative Agent. Each such notice shall set forth (i) the amount of the Incremental Term Facility Commitments being requested (which shall be in minimum increments of Five Million and No/100 Dollars (\$5,000,000.00) and a minimum amount of Ten Million and No/100 Dollars (\$10,000,000.00), or equal to the Uncommitted Incremental Increase Limit (less the amount of any Prior Increases and Incremental Revolving Facility Commitments being simultaneously requested)) and (ii) the date on which such Incremental Term Facility Commitments are requested to become effective (which shall not be less than ten (10) Business Days nor more than forty-five (45) days after the date of such notice). Any Loan made or to be made pursuant to an Incremental Term Facility Commitment shall (A) constitute a Loan made pursuant to this Agreement, (B) be deemed advanced under the Term Facility, (C) bear interest and be repaid in accordance with this Agreement applicable to advances made under the Term Facility, without preference or priority, (D) be secured by the Collateral on a pari passu basis, and (E) be subject to all other terms and provisions of this Agreement applicable to Loans and advances thereof.

(b) The Borrowers and each Incremental Term Facility Lender shall execute and deliver to the Administrative Agent an Incremental Facility Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Incremental Term Facility Commitment of such Incremental Term Facility Lender. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Incremental Facility Assumption Agreement. Each of the parties hereto hereby agrees that, upon the effectiveness of any Incremental Facility Assumption Agreement, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Incremental Term Facility Commitment evidenced thereby.

(c) The Term Loans funded by the Incremental Term Facility Lenders shall have a maturity date no earlier than the existing Maturity Date with respect to the Term Facility, and shall have a Weighted Average Life to Maturity no shorter than the original Weighted Average Life to Maturity of the Term Loans made pursuant to Section 1.4(a) of this Agreement, without giving effect to any prepayments. The terms (other than maturity, amortization and pricing) of any Term Loans funded by the Incremental Term Facility Lenders shall be identical to those of the Term Loans made pursuant to Section 1.4(a) of this Agreement, and if the All-In Yield applicable to any such Term Loans exceeds the All-In Yield of the Term Loans existing at such time by more than fifty (50) basis points, then the interest rate margins for the Term Loans existing at such time shall be increased to the extent necessary so that the All-In Yield of such Term Loans is equal to the All-In Yield of such Term Loans advanced by the Incremental Term Facility Lenders minus fifty (50) basis points.

(d) Notwithstanding the foregoing, no Incremental Term Facility Commitment shall become effective, unless on the date of such effectiveness, (i) no Event of Default shall have occurred and be

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continuing, and no act, event or condition shall have occurred or exist which with notice or the lapse of time, or both, would constitute an Event of Default, (ii) the Total Funded Debt to EBITDA Ratio (on a pro forma basis after giving effect to the funding of such Incremental Term Facility Commitments) shall be (and the Borrowers must provide written evidence thereof), no greater than the lesser of (A) 3.75 to 1.00 and (B) 0.25 less than the then applicable level set forth in Section 6.15(a) of this Agreement, and (iii) the Administrative Agent shall have received (A) a certificate dated such date and executed by the Chief Financial Officer or other duly authorized officer of the Borrowers, on behalf of the Borrowers, certifying that those representations and warranties set forth in Article 5 qualified by "materiality" are true and correct in all respects, and those representations and warranties set forth in Article 5 not qualified by "materiality" are true and correct in all material respects on and as of the date of the certificate with the same effect as though made on and as of such date (except to the extent that a representation and warranty relates to an earlier date); (B) to the extent requested by any applicable Lender, a duly executed Note (or an Allonge to an existing Note, as the case may be), in form and substance acceptable to the Administrative Agent, which shall evidence the Loans to be made pursuant to the Incremental Term Facility Commitment; (C) UCC, judgment, bankruptcy, pending litigation and tax lien search results for the Borrowers, confirming that no intervening lien, claim or encumbrance (other than Permitted Liens) on any Collateral exists that would affect the legality, validity or priority of the liens in favor of the Administrative Agent for the ratable benefit of the Lenders with respect to such Collateral; (D) the applicable Incremental Facility Assumption Agreement, duly executed by the parties thereto, together with such other documents, instruments and/or agreements reasonably requested by the Administrative Agent, including, without limitation, an opinion of counsel, resolutions and secretary's/officer's certificates with respect to each Borrower, each in form and substance acceptable to the Administrative Agent; and (E) the applicable Incremental Term Facility Upfront Fee payable by the Borrowers to and for the account of each Incremental Term Facility Lender. Additionally, the Administrative Agent and the Incremental Term Facility Lenders shall have agreed with the Borrowers as to the amortization and funding mechanics of such additional Loans.

(e) Any Incremental Term Facility Commitment incurred solely to finance a substantially concurrent Limited Condition Acquisition shall be subject to Section

1.13.

1.10 Appointment of the Primary Operating Company. Each Borrower acknowledges that (a) the Lenders have agreed to extend credit to each of the Borrowers on an integrated basis for the purposes herein set forth; (b) it is receiving direct or indirect benefits from each such extension of credit; and (c) the obligations of the Borrower or Borrowers under this Agreement are the joint and several obligations of each Borrower. To facilitate the administration of the Loan, each Borrower hereby irrevocably appoints the Primary Operating Company as its true and lawful agent and attorney-in-fact with full power and authority to execute, deliver and acknowledge on such Borrower's behalf, each Request for Advance and Certification and all other Loan Documents or other materials provided or to be provided to the Administrative Agent or any Lender pursuant to this Agreement or in connection with the Loan. This power-of-attorney is coupled with an interest and cannot be revoked, modified or amended without the prior written consent of the Administrative Agent. Upon request of the Administrative Agent, each Borrower shall execute, acknowledge and deliver to the Administrative Agent a Power of Attorney, in form and substance reasonably satisfactory to the Administrative Agent, confirming and restating the power-of-attorney granted herein.

1.11 Joinder of New Subsidiaries and Affiliates.

(a) Except as otherwise provided in Section 1.11(b) of this Agreement or unless waived in writing by the Administrative Agent, acting at the direction of the Required Lenders, in their sole and absolute discretion, the Borrowers shall cause any present or future wholly-owned Affiliate of any VSE Entity (other than the Restricted Non-Borrower Affiliates) to execute and deliver to the Administrative Agent (a) within forty-five (45) days (or such greater number of days as the Administrative Agent shall agree in its sole discretion) of the date of formation or acquisition (as applicable) of any domestic entity, and (b) ninety (90) days (or such greater number of days as the Administrative Agent shall agree in its sole discretion) of the date of formation or acquisition (as applicable) of a Foreign Subsidiary exceeding the thresholds set forth in clause (b) below (i) a Joinder Agreement in the form of Exhibit 6 attached hereto (a "Joinder Agreement"), pursuant to which such Affiliate shall (A) join in and become a party to this Agreement and the other Loan Documents; (B) agree to comply with and be bound by this Agreement and all of the other Loan Documents; and (C) become a "Borrower" and thereafter be jointly and severally liable for the performance of all the past, present and future obligations and liabilities of the Borrowers hereunder and under the Loan Documents; and (ii) such other documents, instruments and agreements as may be reasonably required by the Administrative Agent in connection therewith (including an opinion of counsel and any information required by any Lender (requested by and through the Administrative Agent) to comply with "Know Your Customer" and similar requirements to identify and verify new bank customers), in form and substance acceptable to the Administrative Agent in all respects. The Borrowers acknowledge and agree that the Administrative Agent shall have the right, at the Borrowers' cost and expense, to perform a field audit of the Receivables, inventory, business and operations of any present or future Affiliate proposed to be joined as a "Borrower" hereunder.

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(b) Notwithstanding anything to the contrary contained in clause (a) above, no Foreign Subsidiary shall be required to become a "Borrower" party to this Agreement and/or any of the other Loan Documents, unless such Foreign Subsidiary would be considered a Material Foreign Subsidiary (in which event such entity will be required to be joined (within 90 days (or such greater number of days as the Administrative Agent shall agree in its sole discretion) of the date of such determination) as a Foreign Borrower pursuant to the terms of clause (a) above). However, irrespective of whether or not any Person is required to be joined as a "Borrower" party to this Agreement and the other Loan Documents, the Borrowers shall undertake, and cause the Non-Borrower Affiliates to undertake, any and all necessary and appropriate procedures to grant in favor of the Administrative Agent, for the ratable benefit of the Lenders, a first priority perfected security interest in and to sixty-five percent (65%) of the equity interests in each Foreign

Subsidiary owned directly by a Borrower within sixty (60) days (or such greater number of days as the Administrative Agent shall agree in its sole discretion) of such Person becoming a Foreign Subsidiary. It is expressly understood and agreed that the Administrative Agent and the Lenders have waived the requirement for VSE Aviation, Inc. to pledge sixty-five percent (65%) of the equity interests in VSE Aviation Singapore PTE. LTD., a Singapore private limited liability company, which waiver shall be effective so long as (i) no default or Event of Default is continuing hereunder and the Administrative Agent has not requested such pledge in writing (e-mail being sufficient), and (ii) VSE Aviation Singapore PTE. LTD., a Singapore private limited liability company, is not a Material Foreign Subsidiary (in which event it shall also be joined as a Foreign Borrower hereunder).

1.12 Division/Series Transactions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

1.13 Limited Condition Acquisitions. In the event that the Borrowers notify the Administrative Agent in writing that any proposed acquisition is a Limited Condition Acquisition and that the Borrowers wish to test the conditions to such acquisition and the Indebtedness that is to be used to finance such acquisition in accordance with this Section 1.13, then the following provisions shall apply:

(a) any condition to such Limited Condition Acquisition or such Indebtedness that requires that no Default or Event of Default shall have occurred and be continuing at the time of such Limited Condition Acquisition or the incurrence of such Indebtedness, shall be satisfied if (i) no Default or Event of Default shall have occurred and be continuing at the time of the execution of the definitive purchase agreement, merger agreement or other acquisition agreement governing such Limited Condition Acquisition (the "LCA Test Date") and (ii) no Event of Default under any of Section 9.1(a), 9.1(g) or 9.1(l) shall have occurred and be continuing both immediately before and immediately after giving effect to such Limited Condition Acquisition and any Indebtedness incurred in connection therewith (including any such additional Indebtedness);

(b) any condition to such Limited Condition Acquisition or such Indebtedness that the representations and warranties in this Agreement and the other Loan Documents shall be true and correct at the time of consummation of such Limited Condition Acquisition or the incurrence of such Indebtedness shall be deemed satisfied if (i) all representations and warranties in this Agreement and the other Loan Documents are true and correct in all material respects (except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects) as of the LCA Test Date, or if such representation speaks as of an earlier date, as of such earlier date and (ii) as of the date of consummation of such Limited Condition Acquisition, (A) the representations and warranties under the relevant definitive agreement governing such Limited Condition Acquisition as are material to the lenders providing such Indebtedness shall be true and correct in all material respects (except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects), but only to the extent that the applicable Borrower or its applicable Subsidiary has the right to terminate its obligations under such agreement or otherwise decline to close such Limited Condition Acquisition as a result of a breach of such representations and warranties or the failure of those representations and warranties to be true and correct and (B) the representations and warranties set forth in Sections 5.1, 5.2, 5.6, 5.8, 5.10, 5.23, 5.24, 5.28, 5.31, and 5.33 shall be true and correct in all material respects (except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects);

(c) at the Primary Borrower's option, any financial ratio test or condition to be tested in connection with such Limited Condition Acquisition or the availability of such Indebtedness will be tested as of the LCA Test Date, in each case, after giving effect to the relevant Limited Condition Acquisition and related incurrence of

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Indebtedness, on a pro forma basis where applicable, and, for the avoidance of doubt, (i) such ratios and baskets shall not be tested at the time of consummation of such Limited Condition Acquisition and (ii) if any of such ratios are exceeded or conditions are not met following the LCA Test Date, but prior to the closing of such Limited Condition Acquisition, as a result of fluctuations in such ratio or amount (including due to fluctuations in Consolidated EBITDA of the Borrowers or the Person subject to such Limited Condition Acquisition), at or prior to the consummation of the relevant transaction or action, such ratios will not be deemed to have been exceeded and such conditions will not be deemed unmet as a result of such fluctuations solely for purposes of determining whether the relevant transaction or action is permitted to be consummated or taken;

(d) except as provided in the next sentence, in connection with any subsequent calculation of any ratio or basket on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition is consummated and the date that the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, any such ratio or basket shall be calculated (i) on a pro forma basis assuming such Limited Condition Acquisition and other transactions in connection therewith (including the incurrence or assumption of Indebtedness) have been consummated and (ii) assuming such Limited Condition Acquisition and other transactions in connection therewith (including the incurrence or assumption of Indebtedness) have not been consummated. Notwithstanding the foregoing, any calculation of a ratio in connection with determining the Applicable Interest Rate and determining whether or not the Borrower is in compliance with the financial covenants set forth in Section 6.15 shall, in each case be calculated assuming such Limited Condition Acquisition and other transactions in connection therewith (including the incurrence or assumption of Indebtedness) have not been consummated.

(e) The foregoing provisions shall apply with similar effect during the pendency of multiple Limited Condition Acquisitions such that each of the possible scenarios is separately tested

ARTICLE 2 LETTERS OF CREDIT

2.1 Issuance. The Borrowers and the Lenders acknowledge that from time to time the Borrowers may request that the LC Issuer issue or amend Letter(s) of Credit. Subject to the terms and conditions of this Agreement, and any other requirements for letters of credit normally and customarily imposed by the LC Issuer, the LC Issuer agrees to issue such requested letters of credit, provided that no Event of Default has occurred and is continuing, and no act, event or condition has occurred or exists which with notice or the passage of time, or both, would constitute an Event of Default. If any such Letter(s) of Credit are issued by the LC Issuer, each of the Revolving Facility Lenders shall purchase from the LC Issuer a risk participation with respect to such Letter(s) of Credit in an amount equal to such Revolving Facility Lender's Percentage of the Revolving Facility Commitment Amount. The LC Issuer shall not have any obligation to issue any Letter of Credit that has an expiration date beyond the date which is three (3) Business Days prior to the Maturity Date, unless the Borrowers shall have deposited with such LC Issuer, concurrent with the issuance or renewal of any such Letter of Credit, cash security therefor in an amount equal to the face amount of the Letter of Credit. Any request for a Letter of Credit shall be made by a Borrower submitting to the LC Issuer (with a copy to the Administrative Agent) an Application and Agreement for Letter of Credit or Amendment to Letter of Credit (each being herein referred to as a "Letter of Credit Application") on the LC Issuer's standard form, at least three (3) Business Days prior to the date on which the issuance or amendment of the Letter of Credit shall be required, which Letter of Credit Application shall be executed by a duly authorized officer of a Borrower, and be accompanied by such other supporting documentation and information as the Administrative Agent or the LC Issuer may from time to time reasonably request. Each Letter of Credit Application shall be deemed to govern the terms of issuance of the subject Letter of Credit, except to the extent inconsistent with the terms of this Agreement. Letters of Credit shall not be issued for durations of longer than one (1) year. Any outstanding Letter of Credit may be renewed from time to time; provided that (a) at least sixty (60) days' prior written notice thereof shall have been given by the Borrowers to the Administrative Agent and the LC Issuer; (b) no Event of Default exists under the terms and conditions of the particular Letter of Credit or this Agreement, and no act, event or condition has occurred or exists which with notice or the passage of time, or both, would constitute an Event of Default under the terms and conditions of the particular Letter of Credit or this Agreement; and (c) if the renewal period would expire later than three (3) Business Days prior to the Maturity Date, the Borrowers shall have deposited with the LC Issuer, concurrent with the renewal of such Letter of Credit, cash security therefor in an amount equal to the face amount of such Letter of Credit. It is expressly understood and agreed that the face amount of any outstanding Letters of Credit will reduce availability under the Revolving Facility.

2.2 Amounts Advanced Pursuant to Letters of Credit. Upon the issuance of any Letter(s) of Credit (a) any amounts drawn pursuant thereto shall be deemed advanced ratably under the Revolver Notes, shall bear interest and be payable in accordance with the laws (excluding conflict of law rules and principles) terms of the State of Delaware. Executed Revolver Notes and shall be secured by the Collateral (in the same manner as of February 27, 2020

all other sums advanced under the Revolver Notes); and (b) each Revolving

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Exhibit 10.2

Separation Facility Lender shall purchase from the LC Issuer such risk participations in the Letter(s) of Credit as shall be necessary to cause each Revolving Facility Lender to share the funding obligations with respect thereto ratably in accordance with such Lender's Percentage. All obligations and Release Agreement liabilities of the Borrowers to the LC Issuer in connection with any such Letter(s) of Credit shall be deemed to be "Obligations," and the Administrative Agent shall not be required to release its security interest in the Collateral until (a) all sums due under the Notes and the other Obligations have been paid and satisfied in full, (b) all Letters of Credit have been canceled or expired, and (c) no Lender or the LC Issuer has any further obligation or responsibility to make additional Loan advances or issue additional Letters of Credit. Furthermore, in no event whatsoever shall the LC Issuer have any obligation to issue any Letter of Credit which would cause (a) the face amount of all then outstanding Letters of Credit issued for the account of any or all Borrowers to exceed Twenty-Five Million and No/100 Dollars (\$25,000,000.00), in the aggregate, or (b) the aggregate outstanding principal amount of the Revolving Facility (including the aggregate face amount of all Letters of Credit outstanding, Swing Line Loans outstanding and Alternative Currency Loans outstanding), to exceed the Revolving Facility Commitment Amount.

This Separation 2.3 Letter of Credit Fees. The Borrowers shall be jointly and Release Agreement ("Agreement" severally liable for the payment to: (a) the Administrative Agent, for the benefit of the Lenders ratably, of a quarterly fee (the "Letter of Credit Fee"), effective at the annual rate equal to the Additional Term SOFR Interest Margin corresponding to the Total Funded Debt to EBITDA Ratio reported as of December 31, 2022, is entered into by and between the immediately preceding quarter, as set forth on Robert A. Moore Exhibit 7 ("You" attached hereto, which shall be calculated (i) on the face amount of each Letter of Credit as of the date of issuance (or the anniversary or amendment date, as applicable), and (ii) on the basis of the actual number of days elapsed and a three hundred sixty (360)-day year; and (b) the LC Issuer, of an issuance fee in an amount equal to the LC Issuer's standard pricing for such fees, as amended from time to time, and the customary administrative charges (collectively, the "Letter of Credit Administration Fee"). The Letter of Credit Fee shall be due and payable, in advance, on the date the Letter of Credit is issued, amended, extended or renewed and on the same day

of every third (3rd) month thereafter during which such Letter of Credit shall remain issued or outstanding. The Letter of Credit Administration Fee shall be due and payable simultaneously with the LC Issuer's issuance, amendment, extension or renewal of the particular Letter of Credit (as the case may be).

2.4 Documentation. Each Borrower agrees to be bound by the terms of the applicable Letter of Credit Application and the LC Issuer's written regulations and customary practices relating to letters of credit, though such interpretation may be different from such Borrower's own. In the event of a conflict between such Letter of Credit Application and this Agreement, this Agreement shall govern subject to the terms of the International Standby Practices 1998, and any subsequent official revision thereof and the terms of the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600, and any subsequent official revision thereof. Except in the case of gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction, the LC Issuer shall not be liable for any error, negligence or mistakes, whether of omission or commission, in following any Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto. In determining whether to honor any request for drawing under any Letter of Credit by the beneficiary thereof, the LC Issuer shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit.

2.5 Liability for Acts and Omissions. As between any VSE Entity and the LC Issuer, the Borrowers assume all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the LC Issuer shall not be responsible for any of the following, including any losses or damages to any VSE Entity or other Person or property relating therefrom: (a) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any Person in connection with the particular Letter of Credit Application for such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if the LC Issuer shall have been notified thereof); (b) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (c) the failure of the beneficiary of any such Letter of Credit, or any other Person to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of any VSE Entity against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among any VSE Entity and any beneficiary of any Letter of Credit or any such transferee; (d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (e) errors in interpretation of technical terms; (f) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (g) the misapplication of the proceeds of any drawing under such Letter of Credit by the beneficiary of any such Letter of Credit; or (h) any consequences arising from causes beyond the control of the LC Issuer, including any act or omission of any Government, and none of the above shall affect or impair, or prevent the vesting of, any of the LC Issuer's rights or powers hereunder. Nothing in the preceding sentence shall relieve the

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LC Issuer from liability for the LC Issuer's gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction, in connection with actions or omissions described in such clauses (a) through (h) of such sentence. In no event shall the LC Issuer be liable to any VSE Entity for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses (including attorneys' fees), or for any damages resulting from any change in the value of any property relating to a Letter of Credit. Without limiting the generality of the foregoing, the LC Issuer (i) may rely on any oral or other communication believed in good faith by the LC Issuer to have been authorized or given by or on behalf of the applicant for a Letter of Credit, (ii) may honor any presentation if the documents presented appear on their face to comply with the terms and conditions of the relevant Letter of Credit; (iii) may honor a previously dishonored presentation under a Letter of Credit, whether such dishonor was pursuant to a court order, to settle or compromise any claim of wrongful dishonor, or otherwise, and shall be entitled to reimbursement to the same extent as if such presentation had initially been honored, together with any interest paid by the LC Issuer; (iv) may honor any drawing that is payable upon presentation of a statement advising negotiation or payment, upon receipt of such statement (even if such statement indicates that a draft or other document is being delivered separately), and shall not be liable for any failure of any such draft or other document to arrive, or to conform in any way with the relevant Letter of Credit; (v) may pay any paying or negotiating bank claiming that it rightfully honored under the laws or practices of the place where such bank is located; and (vi) may settle or adjust any claim or demand made on the LC Issuer in any way related to any order issued at the applicant's request to an air carrier, a letter of guarantee or of indemnity issued to a carrier or any similar document and honor any drawing in connection with any Letter of Credit that is the subject to such order, notwithstanding that any drafts or other documents presented in connection with such Letter of Credit fail to conform in any way with such Letter of Credit.

ARTICLE 3 SECURITY

3.1 Security Generally. As collateral security for the Loan and all other Obligations, the Borrowers hereby grant and convey to the Administrative Agent, for the benefit of the Lenders ratably, a security interest in all of the assets of each Borrower, including, without limitation, the following (collectively, but excluding the Excluded Collateral, the "Collateral"):

Receivables. All of each Borrower's present and future right, title and interest in and to any and all Accounts, contracts, contract rights, Chattel Paper, General Intangibles, notes, drafts, acceptances, chattel mortgages, conditional sale contracts, bailment leases, security agreements and other forms of obligations now or hereafter arising out of or acquired in the course of or in connection with any business each Borrower conducts, together with all liens, guaranties, securities, rights, remedies and privileges pertaining to any of the foregoing, whether now existing or hereafter created or arising, and all rights with respect to returned and repossessed items of Inventory;

Inventory. All of each Borrower's present and future right, title and interest in and to any and all Inventory and Goods, wherever located, and whether held for sale or lease or furnished or to be furnished under contracts of service, and all raw materials, work in process and materials now or hereafter owned by each Borrower, wherever located, and used or consumed in its business, including all returned and repossessed items; and all other property now or hereafter constituting Inventory;

Other Collateral. All of each Borrower's present and future right, title and interest in and to any and all cash, cash equivalents, Permitted Investments, Deposit Accounts, Documents, Instruments, Investment Property, Letter of Credit Rights and Supporting Obligations, whether any of the foregoing shall be now owned or hereafter acquired by such Borrower, together with all of each Borrower's present and future furniture, fixtures, Equipment, leasehold improvements, machinery, supplies and other assets and personal property of every type or nature whatsoever, including all of each Borrower's present and future inventions, designs, patents, patent applications, patent licenses, trademarks, trademark applications, trade names, trade secrets, goodwill, registrations, copyrights, licenses, franchises, customer lists, tax refunds, tax refund claims, rights of claims against carriers and shippers, leases and rights to indemnification;

Stock or Other Ownership Interests. All of each Borrower's present and future right, title and interest in and to any and all of the issued and outstanding capital stock, membership interests or other ownership interests in any other Person, whether such interests are now or hereafter issued or outstanding and whether now or hereafter acquired by such Borrower, together with all voting, economic and other rights thereof or appurtenant

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thereto, in each case to the extent provided for in the Stock Security Agreement, Membership Interest Assignment or such other documents, instruments or agreements as may be reasonably required by the Administrative Agent;

Leases. All of each Borrower's present and future right, title and interest in and to any and all leases, occupancy agreements, subleases, contracts, licenses, agreements and other understandings of or relating to the use, enjoyment or occupancy of real property or any improvements thereon; provided, however, that if the terms of any such lease or other contract require such Borrower to notify or obtain the prior written consent of a third party for the grant of a security interest in such lease or other contract, the security interest granted hereby in such lease or other contract shall not be effective until such notification is delivered or such consent is obtained;

Records. All of each Borrower's present and future right, title and interest in and to any and all records, documents and files, in whatever form, pertaining to the Collateral; and

Proceeds, Etc. Any and all Proceeds of the foregoing and all increases, substitutions, replacements or additions to any or all of the foregoing.

The foregoing grant and conveyance of a security interest in the Collateral is in confirmation of (and not replacement of) the grant and conveyance of a security interest in the Collateral that was previously made pursuant to or in accordance with the Existing Loan Agreement and the other Loan Documents; the liens created by such prior grant and conveyance of a security interest in the Collateral remain in full force and effect; and the grant of and conveyance of a security interest in the Collateral pursuant hereto shall be supplemental to such prior grant and conveyance.

Notwithstanding the foregoing, but subject to applicable provisions of Article 9 of the UCC, the above described grant and conveyance shall not be deemed to include the grant and conveyance of the following (collectively, the "**Excluded Collateral**"): (a) any Government Contract, Government Subcontract or Commercial Contract, which by its terms or Applicable Laws may not be conveyed; however, in any such situation(s), the Administrative Agent's security interest shall include (i) the entirety of each Borrower's right, title and interest in and to all Receivables and all other Proceeds directly or indirectly arising from such Government Contract, Government Subcontract or Commercial Contract, and (ii) all other rights and interests which any Borrower may lawfully convey to the Administrative Agent with respect to such Government Contract, Government Subcontract or Commercial Contract (including a conveyance of the applicable Commercial Contract if such prohibition on conveyance is negated by Applicable Laws); (b) any stock or other ownership interests of a Foreign Subsidiary in excess of sixty-five percent (65%) of all of the issued and outstanding stock or other ownership interests of such Foreign Subsidiary; (c) motor vehicles titled in the name of any Borrower; (d) any property owned by any Borrower subject to a purchase money security interest, capital lease or similar arrangement, in each case, to the extent permitted under the Loan Documents, to the extent that (i) the contract or other agreement in which such Lien is granted (or the documentation providing for such purchase money security interest, capital lease or similar arrangement) prohibits the creation of any other Lien on such property, (ii) such terms have not been waived and (iii) such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the applicable UCC, Bankruptcy Code or any other Requirement of Law and other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the applicable anti-assignment provisions of the UCC or other Applicable Law notwithstanding such prohibition; (e) any contract, agreement, permit, lease or license or any property subject to such agreements, permits, leases, or licenses, in each case to the extent the pledge thereof or the grant of security interests in such contract, agreement, permit, lease or license is prohibited by the terms of such contract, agreement, permit, lease or license, requires the consent, approval, license or other authorization of a Governmental Authority or any other third party (other than any Borrower or any Affiliate thereof), in each case, that has not been obtained or violates Applicable Law and would (i) result in the termination such arrangement or (ii) create a right of termination or acceleration in favor of any party thereto (other than any Borrower or any Affiliate thereof) or otherwise adversely alter such Borrower's rights, title and interests thereunder, except to the extent that such

prohibition in such contract, agreement, permit, lease or license is ineffective under Section 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other Applicable Law or principles of equity; (f) any "intent to use" trademark applications for which a statement of use has not been filed (but only until such statement is filed); and (g) assets in circumstances where the Administrative Agent and the Primary Operating Company agree the cost, burden or consequences of obtaining or perfecting a security interest in such assets is excessive in relation to the practical benefit afforded thereby.

3.2 **No Preference or Priority.** It is expressly understood and agreed that all Obligations, including Hedging Obligations with a Lender or an Affiliate of a Lender, are and shall be cross-collateralized and cross-defaulted such that the Collateral securing any of the Obligations shall secure repayment of all Obligations,

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and subject to any applicable notice and cure periods, a default under any Obligation shall be a default under all Obligations. Subject to Section 1.4(d) of this Agreement, each of the Obligations shall be secured without preference or priority; it being the intention of the parties that the Obligations shall be co-equal and coordinate in right of payment of principal, interest, late charges and other sums due under the Loan Documents.

ARTICLE 4 CONDITIONS TO THE LENDERS' OBLIGATIONS

The initial performance of the Lenders' obligations under this Agreement shall be subject to the satisfaction of the following conditions:

4.1 **Compliance with Law and Agreements; Third-Party Consents.** The Lenders shall be reasonably satisfied with the VSE Corporation Entities' capital structure, and that (a) the Loan shall be in full compliance with all legal requirements and bank regulations, (b) all regulatory and third-party consents and approvals required to be obtained have been obtained, and (c) the VSE Entities shall have performed all agreements theretofore to be performed by the VSE Entities.

4.2 **Financial Condition.** There shall have been no material adverse change in the financial condition of the VSE Entities, taken as a whole, between the date of the most recent financial statement(s) delivered to the Lenders and the Restatement Date.

4.3 **Litigation/Bankruptcy.** There shall be no pending or threatened litigation by any entity (private or governmental) with respect to the Loan or any documentation executed in connection therewith, nor shall there be any litigation, bankruptcy or other proceedings against any VSE Entity which would reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, operations, assets or prospects of any VSE Entity on a going forward basis, or that would reasonably be expected to have a material adverse effect on any VSE Entity's ability to pay and perform the Obligations on a going forward basis.

4.4 **Opinion of Counsel.** The Administrative Agent shall have received an opinion of Borrowers' counsel with headquarters located at 6348 Walker Lane, Alexandria, VA 22310, respect to each Borrower in form and substance satisfactory to the Administrative Agent and its subsidiaries counsel in all respects.

4.5 **No Default.** There shall exist no Event of Default, and affiliates (the "Company") no act, event or condition shall have occurred or exist which with notice or the lapse of time, or both, would constitute an Event of Default.

4.6 **Documentation.** The Administrative Agent shall have received the following: (a) all of the Loan Documents executed by a duly elected officer of each VSE Entity party thereto; (b) such financial statements, projections, certificates of good standing, corporate resolutions, limited liability company consents, UCC financing statements, opinions, certifications, schedules to be attached to this Agreement and such other documents, instruments and agreements as may be reasonably required by the Administrative Agent and the Lenders (including all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act); (c) an Authorization executed by each Lender; (d) evidence of the VSE Entities' pro forma (calculating Fixed Charges assuming debt service was paid for such period at the levels set forth herein for the first year of this Agreement) covenant compliance as of the Restatement Date; and (e) evidence that the VSE Entities do not have any material indebtedness except as otherwise permitted pursuant to this Agreement. All documentation relating to the Loan and all related transactions must be satisfactory in all respects to the Administrative Agent, the Lenders and their respective counsel.

4.7 **Restatement Costs and Expenses.** The Borrowers shall have paid all fees payable to the Administrative Agent or the Lenders, plus all Restatement costs and expenses incurred by the Administrative Agent in connection with the transactions contemplated hereby, including all filing fees, recording costs, out-of-pocket syndication costs and expenses and the reasonable attorneys' fees and expenses of the Administrative Agent.

4.8 **Restatement Matters.** On or before the Restatement Date:

(a) The Administrative Agent shall have received (i) a certificate, dated the Restatement Date and signed by the chief financial officer or other duly authorized officer of each Borrower, certifying (A) that attached thereto is a true, correct, and recently state certified certificate or articles of incorporation or formation (or similar document) of such Borrower and that such certificate or articles have not been modified, rescinded, or amended and are in full force and effect as of the Restatement Date, (B) that attached thereto is a true, correct, and

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complete copy of the by-laws or operating agreement (or similar document) of such Borrower and that such by-laws or operating agreement (or similar document) has not been modified, rescinded or amended and are in full force and effect as of the Restatement Date, (C) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors or other equivalent body of such Borrower, authorizing the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which such Borrower is a party, the undertaking by such Borrower of the Obligations (if applicable), and that such resolutions have not been modified, rescinded or amended and are in full force and effect as of the Restatement Date, and (D) as to the incumbency and specimen signature of each officer executing this Agreement, the Notes or any other Loan Document or any other document delivered in connection therewith on behalf of such Borrower; and (ii) a certificate of another officer as to the incumbency and specimen signature of the chief financial officer or other duly authorized officer executing the certificate pursuant to clause (i) above;

(b) This Agreement, the Notes and all other Loan Documents required to be executed and delivered by any Lender or any VSE Entity shall have been executed and delivered to the Administrative Agent in form and substance acceptable to the Administrative Agent, all such documents shall be in full force and effect, and each such document (including each UCC financing statement) required by Applicable Laws or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or continue in favor of the Administrative Agent for the benefit of the Lenders, ratably a valid, legal and perfected first-priority (except to the extent otherwise provided therein) security interest in and lien on the Collateral (subject to any Permitted Lien) described therein shall have been prepared and delivered to the Administrative Agent;

(c) All legal matters incident to this Agreement and the Restatement shall be reasonably satisfactory to the Lenders and the Administrative Agent;

(d) The Administrative Agent and the Lenders shall be reasonably satisfied with the condition (financial or otherwise), results of operations, assets, liabilities and prospects of the VSE Entities up to and including the Restatement Date; and

(e) After giving effect to the Restatement, all representations and warranties of the Borrowers set forth in this Agreement and the other Loan Documents shall be, with respect to such representations and warranties not qualified by "materiality," true, accurate and complete in all material respects, and with respect to those representations and warranties qualified by "materiality," true, accurate and complete in all respects.

4.9 **Security Interests.** The Borrowers shall have executed and delivered all documentation that the Administrative Agent deems necessary or appropriate for the perfection of any liens granted to the Administrative Agent for the ratable benefit of the Lenders as may be required pursuant to this Agreement or any other Loan Document.

4.10 **Insurance.** The Borrowers shall have delivered to the Administrative Agent for the ratable benefit of the Lenders evidence of compliance with the insurance requirements set forth in this Agreement and the other Loan Documents.

4.11 **Other Deliveries.** The Borrowers shall have provided, and shall have caused each other VSE Entity to have provided, to the Administrative Agent all other documents, instruments and agreements, and all UCC, judgment, tax lien, pending litigation and bankruptcy searches requested by the Administrative Agent on or prior to the Restatement Date. Additionally, the Administrative Agent shall have received a landlord's lien waiver from the landlord of each and every business premise at which any Borrower (other than any Foreign Borrower) stores its books and records or where Borrower assets valued, individually or in the aggregate, in excess of One Million and No/100 Dollars (\$1,000,000.00) are located.

4.12 **Government Contracts.** Since June 30, 2006, no notice of suspension, debarment, unremedied cure notice, show cause notice or notice of termination for default shall have been issued by the Government to any Borrower, and no Borrower shall have been a party to any pending, or to any Borrower's knowledge threatened, suspension, debarment, termination for default or show cause requirement by the Government or other material adverse Government action or proceeding in connection with any Government Contract, except that for purposes hereof, normal and customary reviews and audits conducted by the Government in the ordinary course of business not involving allegations of fraud, malfeasance, misappropriation, criminal activity or similar wrongdoing shall not be deemed to be adverse Government action(s) or proceeding(s).

WHEREAS, you ARTICLE 5
REPRESENTATIONS AND WARRANTIES

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To induce the Administrative Agent and the Company have agreed to your mutual separation of employment effective December 31, 2022;

WHEREAS, the Company provided you with a written notice on November 21, 2022 related to your termination of employment effective on December 31, 2022; and

WHEREAS, you have agreed Lenders to enter into this Agreement or make any advances to the Borrowers pursuant to this Agreement, each Borrower jointly and severally represents, warrants, covenants and agrees as follows:

5.1 Existence and Qualification. Each Borrower is a corporation or limited liability company duly organized, validly existing and in good standing (to the extent applicable) under the laws of its jurisdiction of incorporation or organization referenced in **Schedule A-1** attached hereto, with all corporate or limited liability company power and authority and all necessary licenses and permits to execute, deliver and perform under the Loan Documents, and to own, operate and lease its properties and carry on its business as now being conducted, and as may in the future be conducted. Each Borrower has only one jurisdiction of incorporation or organization (as the case may be). Except as set forth in **Schedule 5.1** attached hereto, each Borrower is duly qualified and authorized to do business and is in good standing in each jurisdiction in which the nature of its activities or the character of its properties makes qualification necessary.

5.2 Authority; Noncontravention. Except as set forth in **Schedule 5.2** attached hereto, the execution, delivery and performance of the obligations of each Borrower set forth in this Agreement, the Notes, the other Loan Documents, and the execution, delivery and performance of the obligations of each Non-Borrower Affiliate set forth in each collateral document to which it is a party (a) have been duly authorized by all necessary corporate, limited liability company, stockholder or member action (as applicable); (b) do not require the consent of any Government; (c) will not violate or result in (and with notice or the lapse of time will not violate or result in) the breach of any provision of any Borrower's or Non-Borrower Affiliate's Articles/Certificate of Incorporation, Articles/Certificate of Organization, By-laws, Operating Agreement, Material Contracts existing as of the Restatement Date, or any order or regulation of any Government or arbitration board or tribunal; and (d) except as permitted by the terms and conditions of this Agreement, will not result in the creation of a lien, charge or encumbrance of any nature upon any of the properties or assets of any Borrower or Non-Borrower Affiliate. When the Loan Documents are executed and delivered, they will constitute legal, valid and binding obligations of each Borrower and, to the extent applicable, each Non-Borrower Affiliate, enforceable against each Borrower, and, to the extent applicable, each Non-Borrower Affiliate, in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and secured parties, and general principles of equity regardless of whether applied in a proceeding in equity or at law.

5.3 Financial Position. The financial statements listed on **Schedule 5.3** attached hereto, copies of which have been delivered to the Lenders (a) present fairly the financial condition of the VSE Entities as of the date(s) thereof and the results of the VSE Entities' operations for the periods indicated therein, (b) were prepared in accordance with GAAP, (c) with respect to all historical data, are true and accurate in all material respects, (d) with respect to all projections, are reasonable, and (e) are not misleading in any material respect. Except as set forth on **Schedule 5.3** attached hereto, all material liabilities, fixed or contingent (including, without limitation, those fixed or contingent liabilities of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) or more), are fully shown or provided for on the referenced financial statements or the notes thereto as of the date(s) thereof. There has been no material adverse change in the business, property or condition (financial or otherwise) of the VSE Entities, taken as a whole, since the date of the most recent balance sheet listed on **Schedule 5.3** attached hereto. All filings by the Primary Operating Company required by the SEC or the SEC Act have been filed as and when required (except to the extent appropriate extensions have been obtained and remain in effect), and no VSE Entity has received written notice of any violation of the SEC Act or any other law, rule or regulation of the SEC that has not been disclosed to the Administrative Agent in writing. The Restricted Non-Borrower Affiliates have only nominal (or no) assets, and will be dissolved by the VSE Entities as soon as is commercially feasible.

5.4 Payment of Taxes. Each VSE Entity has filed all federal and other material tax returns and reports required to be **entitled** filed by it with the United States Government or with any state or local governments, and has paid in full or made adequate provision on its books as required under GAAP for the payment of all taxes, interest, penalties, assessments or deficiencies shown to **severance** be due or claimed to be due on or in **exchange for a release** respect of such tax returns and reports, except to the extent that the validity or amount thereof is being contested in good faith by appropriate proceedings and the non-payment thereof pending such contest will not result in any lien other than Permitted Liens or otherwise jeopardize the Administrative Agent's or the Lenders' interests in any Collateral, and adequate reserves therefor have been established as **described below**, required under GAAP.

NOW THEREFORE 5.5 ,you Accuracy of Submitted Information; Omissions. As of the date furnished, all documents, certificates, information, materials and **the Company intend** financial statements furnished or to be **legally bound** furnished to any Lender or the Administrative Agent pursuant to this Agreement or otherwise in connection with the Loan (a) are true and correct in all material respects; (b) do not contain any untrue statement of a material fact; and (c) do not omit any material fact necessary to make the statements contained therein or herein not misleading. No VSE Entity is aware of any

fact that has not been disclosed to the Administrative Agent in writing which would reasonably be expected to have a Material Adverse Effect.

5.6 Government Contracts/Government Subcontracts. Except for the matters set forth on Schedule 5.6(a) attached hereto, since June 30, 2010, no notice of suspension, debarment, unremedied cure notice, show cause notice or notice of termination for default has been issued by the Government to any Borrower, and no Borrower is a party to any pending, or to any Borrower's knowledge threatened, suspension, debarment, termination for default or show cause requirement by the Government or other material adverse Government action or proceeding in connection with any Government Contract; except that for purposes hereof, normal and customary reviews and audits conducted by the Government in the ordinary course of business shall not be deemed adverse Government action(s) or proceeding(s). All Government Contracts existing as of the Restatement Date and having (a) a remaining contract value of One Million and No/100 Dollars (\$1,000,000.00) or more, and (b) a remaining term of twelve (12) months or longer are listed on Schedule 5.6(b) attached hereto.

5.7 No Defaults or Liabilities. No VSE Entity is in default of any obligation, covenant or condition contained in any Material Contract that would reasonably be expected to have a Material Adverse Effect. Additionally, except for the matters disclosed on Schedule 5.9 attached hereto, there is no litigation, legal or administrative proceeding or investigation pending against any VSE Entity, and, to the knowledge of any Borrower, no litigation, legal or administrative proceeding or investigation has been threatened against any VSE Entity, that has not been disclosed on Schedule 5.9 attached hereto and which would reasonably be expected to result in a Material Adverse Effect or which could prejudice, in any material respect, the Administrative Agent's or any Lender's rights or remedies under any Loan Document, or the priority, perfection or enforceability of the Administrative Agent's security interest in or lien on any Collateral.

5.8 No Violations of Law. (i) No VSE Entity is in violation of any Applicable Laws; (ii) no VSE Entity has failed to obtain any license, permit, franchise or other Government authorization necessary to the ownership of its properties or to the conduct of its business, and (iii) each VSE Entity has conducted its business and operations in compliance with all Applicable Laws, except for, in the case of each of clauses (i) through (iii), such violation, failure to obtain or non-compliance which, considered in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

5.9 Litigation and Proceedings. Except for the matters set forth on Schedule 5.9 attached hereto, as of the Restatement Date, no action, suit or proceeding against or affecting any VSE Entity is presently pending, or to the knowledge of any Borrower, threatened, in any court, before any Government, or before any arbitration board or tribunal, that involves the possibility of any judgment or liability not fully covered by insurance, which would reasonably be expected to have a Material Adverse Effect. No VSE Entity is in default with respect to any order, writ, injunction or decree of any court, Government or arbitration board or tribunal which would reasonably be expected to result in a Material Adverse Effect.

5.10 Security Interest in the Collateral. Each VSE Entity is the sole legal and beneficial owner of the Collateral owned or purported to be owned by it, free and clear of all liens, claims and encumbrances of any nature, except for the Permitted Liens and other liens expressly permitted by the terms and conditions of this Agreement. Except as expressly set forth in this Agreement, the security interests and liens granted by the VSE Entities to the Administrative Agent pursuant to this Agreement constitute valid and enforceable security interests in and liens on each item of the Collateral of the type or nature that may be made subject to a security interest under the UCC, subject to no other liens other than Permitted Liens. Upon execution of this Agreement, and **are entering into** subject to (a) the filing of UCC-1 financing statements containing a description of the Collateral and naming the applicable VSE Entities as debtors in the appropriate jurisdictions as determined by applicable law, or (b) the requirements of any applicable foreign law(s) that dictate an alternative or additional method of perfecting the security interest in the Collateral pursuant to this Agreement, **in reliance on the promises made** security interests and liens granted by the VSE Entities to **each other in this Agreement. Under** the Administrative Agent, for the benefit of the Lenders ratably, pursuant to this Agreement **your employment** (i) constitute perfected security interests in all Collateral of the type or nature in which a security interest may be perfected by filing, recording or registering a financing statement in the United States pursuant to the UCC, (ii) shall be superior to and prior to any other lien on any of such Collateral (but excluding Collateral consisting of capital stock, membership interests or ownership interests in any Foreign Subsidiary), other than Permitted Liens, and no further recordings or filings are or will **end**, be required in connection with the creation, perfection or enforcement of such security interests and **you** liens, other than the filing of continuation statements in accordance with Applicable Law, and (iii) in the case of Collateral consisting of capital stock, membership interest(s) or ownership interest(s) in any Borrower or Foreign Subsidiary, subject to (A) having control thereof within the meaning of the UCC, and (B) satisfaction of any requirements of Applicable Laws of a foreign jurisdiction that dictate an alternative or additional method of perfection, shall be superior to and prior to any other lien on any of such Collateral, other than Permitted Liens.

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5.11 Principal Place of Business; Location of Books and Records. As of the Restatement Date, each Borrower maintains its principal place of business and the **Company agree** office where it keeps its books and records with respect to **settle** Receivables at the locations listed on Schedule 2 attached hereto. Schedule 5.11 attached hereto sets forth all **issues concerning your employment and separation from** primary business locations of the **Company. You agree that, by signing this Agreement, you are formally resigning from all positions you hold with** Borrowers situated within the **Company** United States as of the **Separation** Restatement Date and **you** where Borrower assets valued, individually or in the aggregate, in excess of One Million and No/100 Dollars (\$1,000,000.00) are located as of the Restatement Date.

5.12 Fiscal Year. Each VSE Entity's Fiscal Year ends on December 31st.

5.13 Pension Plans.

(a) Except for the matters set forth on Schedule 5.13(a) attached hereto, the present value of all benefits vested under all "employee pension benefit plans", as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974 ("ERISA") that are subject to Title IV of ERISA, Section 302 of the Code or Section 412 of the Code, from time to time maintained by the Borrowers or any ERISA Affiliate (individually, a "Pension Plan" and collectively, the "Pension Plans") did not, as of December 31, 2017, exceed the value of the assets of the Pension Plans allocable to such vested benefits;

(b) Except for the matters set forth on Schedule 5.13(b) attached hereto, no Pension Plan, trust created thereunder or other person dealing with any Pension Plan has engaged in a non-exempt transaction proscribed by ERISA Section 406 or a non-exempt "prohibited transaction," as such term is defined in Code Section 4975;

(c) Except for the matters set forth on Schedule 5.13(c) attached hereto, no Pension Plan or trust created thereunder has been terminated within the last three (3) years, and there have been no "reportable events" (as such term is defined in ERISA Section 4043 and the ERISA regulations) with respect to any pension plan or trust created thereunder after June 30, 1974;

(d) No Pension Plan or trust created thereunder has incurred any "accumulated funding deficiency" (as such term is defined in ERISA Section 302 or Code Section 412) as of the end of any plan year, whether or not waived, since the effective date of ERISA; and

(e) None of the Borrowers, or any of their ERISA Affiliates (i) makes, or is obligated to make, contributions to a multiemployer plan (as defined in ERISA Section 3(37)) or has ever contributed, or been obligated to contribute, to such a plan in the past; (ii) maintains or has ever maintained (A) any plan that has been subject to Title IV of ERISA, or (B) a defined benefit plan (as defined in ERISA Section 3(35)); or (iii) has any liability or would reasonably be expected to have any liability with respect to any plan identified in the immediately preceding clause (ii) above.

5.14 O.S.H.A., ADA and Environmental Compliance.

(a) Each VSE Entity has duly complied in all material respects with, and its facilities, business assets, property, leaseholds and equipment are in compliance in all material respects with, the Federal Occupational Safety and Health Act ("O.S.H.A."), the Americans with Disabilities Act ("ADA"), the Environmental Protection Act, RCRA and all other environmental laws that non-compliance with would reasonably be expected to have a Material Adverse Effect; and there have been no citations, notices, notifications or orders of any such non-compliance issued to any VSE Entity or relating to its business, assets, property, leaseholds or equipment under any such laws;

(b) each VSE Entity has been issued all required federal, state and local licenses, certificates and permits required in the operation of its facilities, businesses, assets, property, leaseholds and equipment, unless the failure to obtain any such license, certificate or permit would not reasonably be expected to have a Material Adverse Effect; and

(c) (i) there are no visible signs of releases, spills, discharges, leaks or disposals (collectively referred to herein as "Releases") of Hazardous Substances at, upon, under or within any real property owned, or to the actual knowledge of any Borrower any premises leased, by any VSE Entity; (ii) there are no underground storage tanks or polychlorinated biphenyls on any real property owned, or to the actual knowledge of any Borrower any premises leased, by any VSE Entity; (iii) no real property owned, or to the actual knowledge of any Borrower premises leased, by any VSE Entity has ever been used by any VSE Entity (and to the best of each Borrower's knowledge, any other person) as a treatment, storage or disposal facility for Hazardous Waste; and (iv) to

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the best of each Borrower's knowledge, no Hazardous Substances are present on any real property owned, or to the actual knowledge of any Borrower any premises leased, by any VSE Entity, except for such quantities of Hazardous Substances as are handled in all material respects in accordance with all applicable manufacturer's instructions and Government regulations, and as are necessary or appropriate for the operation of the business of the VSE Entities.

5.15 **Intellectual Property.** All patents, patent applications, trademarks, trademark applications, copyrights, copyright applications, trade names, trade secrets and licenses necessary for the conduct of the business of each Borrower are (a) owned or utilized by such Borrower, and (b) valid and, except with respect to licenses, trade secrets and certain copyrights, have been duly registered or filed with all appropriate Government offices. Schedule 5.15(a) attached hereto sets forth all patents, patent applications, trademarks, trademark applications, copyrights, copyright applications, trade names, trade secrets and licenses necessary for the conduct of the business of each Borrower as of the Restatement Date, and except as disclosed in Schedule 5.15(a) attached hereto, there is no objection or pending challenge to the validity of any such patent, trademark, copyright, trade name, trade secret or license as of the Restatement Date; no Borrower is aware of any grounds for any such challenge or objection thereto. Except as disclosed in Schedule 5.15(b) attached hereto, as of the Restatement Date, no Borrower pays any royalty to any Person in connection with any patent, trademark, copyright, trade name, trade secret or license; and each Borrower has the right to bring legal action for the infringement of any such patent, trademark, copyright, trade name, trade secret or license.

5.16 Existing or Pending Defaults: Material Contracts. No Borrower is aware of any pending or threatened litigation, or any other legal or administrative proceeding or investigation pending or threatened, against any VSE Entity arising from or related to any Material Contract, except for any of the foregoing that would not reasonably be expected to result in a Material Adverse Effect.

5.17 Leases and Real Property. Except as disclosed on **Schedule 5.17** attached hereto, as of the Restatement Date, no Borrower owns any real property other than fixtures that may relate to various leaseholds. All leases and other agreements under which any Borrower occupies real property are in full force and effect and constitute legal, valid and binding obligations of, and are legally enforceable against, the Borrower party thereto and, to the Borrowers' best knowledge, are the binding obligations of and legally enforceable against, the other parties thereto. To the Borrowers' best knowledge, all necessary Government approvals, if any, have been obtained for each such lease or agreement, and there have been no threatened cancellations thereof or outstanding disputes with respect thereto, except for any of the foregoing that would not reasonably be expected to result in a Material Adverse Effect.

5.18 Labor Relations. Except as would not reasonably be expected to result in a Material Adverse Effect, there are no strikes, work stoppages, material grievance proceedings, union organization efforts or other controversies pending, or to any Borrower's knowledge, threatened or reasonably anticipated, between any Borrower and (a) any current or former employee of any Borrower or (b) any union or other collective bargaining unit representing any such employee. Each VSE Entity has complied and is in compliance with all Applicable Laws relating to employment or the workplace, including provisions relating to wages, hours, collective bargaining, safety and health, work authorization, equal employment opportunity, immigration, withholding, unemployment compensation, employee privacy and right to know, except for such non-compliance which would not reasonably be expected to have a Material Adverse Effect. Except as set forth on **Schedule 5.18** attached hereto, as of the Restatement Date, there are no collective bargaining agreements, employment agreements between any Borrower and any of its employees, or professional service agreements not terminable at will **sign** relating to the businesses or assets of any Borrower. Except for liabilities and obligations to the Lenders and the Administrative Agent pursuant to this Agreement, the consummation of the transactions contemplated hereby will not cause any VSE Entity to incur or suffer any liability relating to, or obligation to pay, severance, termination or other similar payments to any Person.

5.19 Assignment of Contracts. No existing Government Contract, Government Subcontract or other Material Contract (and no present or future interest of any VSE Entity, in whole or in part, in, to or under any such Government Contract, Government Subcontract or other Material Contract) is currently assigned, pledged, hypothecated or otherwise transferred to any Person by any VSE Entity (other than in favor of the Administrative Agent for the benefit of the Lenders ratably).

5.20 Contribution Agreement. The Contribution Agreement is in full force and effect, has not been modified, altered or amended in any respect whatsoever (other than to add a new Borrower party thereto from time to time and in connection with this Agreement), and no Borrower is in default thereunder.

5.21 Registered Names. The corporate or company name of each Borrower set forth in this Agreement and the other Loan Documents (including all of the UCC-1 financing statements) is accurate in all

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respects, and such corporate or company name is identical to the corporate or company name of record with such Borrower's jurisdiction of incorporation or organization (as applicable).

5.22 Ownership of the VSE Entities. All of the issued and outstanding capital stock or other ownership interests owned by each Borrower in any applicable VSE Entity is owned, directly or indirectly, free and clear of any and all liens, claims and encumbrances of any type or nature (other than the security interests granted to the Administrative Agent, for the benefit of the Lenders ratably, pursuant to this Agreement).

5.23 Solvency. Both prior to and after giving effect to the transactions contemplated by the terms and conditions of this Agreement, (a) the Borrowers', taken as a whole, owned and owns property (including the Borrower's rights under the Contribution Agreement) whose fair saleable value is greater than the amount required to pay all of the Borrowers' Indebtedness, (b) the Borrowers, taken as a whole, were and are able to pay all of their Indebtedness as such Indebtedness matures, and (c) the Borrowers, taken as a whole, had and have capital sufficient to carry on their business and transactions and all business and transactions in which they are about to engage.

5.24 Foreign Assets Control Regulations, Etc. No VSE Entity is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§1 *et seq.*), as amended. No VSE Entity is in violation of (a) the Trading with the Enemy Act, as amended, (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. No VSE Entity, any of their Subsidiaries, any director or officer, or any agent, Affiliate or to the knowledge of any VSE Entity, any employee, of the VSE Entities or any of their Subsidiaries is a Person that is, or is owned or controlled by Persons that are, (i) the subject of any sanctions administered or enforced by the US Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the US Department of State, the United Nations Security Council, the European Union or His Majesty's Treasury of the United Kingdom (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions, including, without limitation, currently, the Crimea Region, Cuba, Iran, North Korea, Sudan, Syria and the so-called Donetsk People's Republic and so-called Luhansk People's Republic regions of the

Ukraine. None of the VSE Entities (a) is a Blocked Person or (b) engages in any dealings or transactions or is otherwise associated, with any such Blocked Person. No VSE Entity is in violation of any Anti-Corruption Laws.

5.25 **Federal Reserve Regulations.** No director, executive officer or principal shareholder of any VSE Entity is a director, executive officer or principal shareholder of any Lender. For the purposes hereof the terms "director" "executive officer" and "principal shareholder" (when used with reference to any Lender), have the respective meanings assigned thereto in regulations issued by the FRB.

5.26 **Commercial Tort Claims.** As of the Restatement Date, no Borrower is a party to any Commercial Tort Claims, except as shown on **Schedule 5.26** attached hereto.

5.27 **Letter of Credit Rights.** As of the Restatement Date, no Borrower has any Letter of Credit Rights, except as shown on **Schedule 5.27** attached hereto.

5.28 **Investment Company Act.** No Borrower is an investment company within the meaning of the Investment Company Act of 1940, as amended, nor is it, directly or indirectly, controlled by or acting on behalf of any Person that is an investment company within the meaning of said Act.

5.29 **[Reserved].**

5.30 **Affected Financial Institution.** No VSE Entity is an Affected Financial Institution.

5.31 **Margin Stocks.** No VSE Entity is engaged and no VSE Entity will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulations U, T or X of the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each borrowing or drawing under each Letter of Credit, not more than twenty-five percent (25%) of the value of the assets (of any Borrower or of any Borrower together with its Subsidiaries on a consolidated basis) subject to any restriction contained in this Agreement or subject to any restriction contained in any agreement or instrument between any Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of 9.1(j) will be margin stock.

5.32 **Survival of Representations and Warranties.** All representations and warranties made herein shall survive the making of the Loan, and shall be deemed remade and redated as of the date of each request

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for an advance or readvance of any Loan proceeds, unless the Borrowers are unable to remake or redate any such representation or warranty, disclose the same to the Lenders in writing, and such inability does not constitute or give rise to an Event of Default.

5.33 **Beneficial Ownership Certification.** The information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

ARTICLE 6

AFFIRMATIVE COVENANTS OF THE BORROWERS

So long as any Obligation remains outstanding or this Agreement remains in effect, each Borrower jointly and severally covenants and agrees with the Administrative Agent and the Lenders that:

6.1 **Intentionally Omitted.**

6.2 **Payment of Taxes.** Each Borrower will, and will cause each other VSE Entity to, pay and discharge all federal, state, foreign and other Government taxes, assessments, fees and charges imposed upon it, or upon any of its properties or assets, prior to the date on which penalties attach thereto, except to the extent that the validity or amount thereof is being contested in good faith by appropriate proceedings and the non-payment thereof pending such contest will not result in any lien other than Permitted Liens or otherwise jeopardize the Administrative Agent's or the Lenders' interests in any Collateral, and adequate reserves therefor have been established as required under GAAP.

6.3 **Delivery of Financial and Other Statements.** The Borrowers shall deliver to the Administrative Agent and the Lenders (as applicable) financial and other statements, each of which shall, unless otherwise expressly set forth below to the contrary, be prepared in accordance with GAAP consistently applied, as follows:

(a) (i) on or before the one hundred twentieth (120th) day following the close of each Fiscal Year (commencing with the Fiscal Year ended December 31, 2017), the Borrowers will submit to the Administrative Agent and the Lenders annual audited and unqualified consolidated financial statements, which shall include income statements, balance sheets and cash flow statements, and be accompanied by consolidating schedules and related footnotes and certified by an independent certified public accountant acceptable to the Administrative Agent, and (ii) on or before the thirtieth (30th) day following their issuance, the Borrowers will submit to the Administrative Agent all

management letters (if issued, including any management letter stamped "draft" or stamped with similar language) issued as part of, related to, or in conjunction with, the preparation of any financial statements of the VSE Entities;

(b) on or before the forty-fifth (45th) day following the close of each Fiscal Year, the Borrowers will submit to the Administrative Agent and the Lenders annual consolidated and consolidating projections for the VSE Entities for the next Fiscal Year in form and substance reasonably satisfactory to the Administrative Agent and certified by the Chief Financial Officer or another duly authorized executive officer of the Primary Operating Company, on behalf of the Borrowers;

(c) on or before (i) the ninetieth (90th) day following the close of each Fiscal Quarter ending December 31 (commencing with the Fiscal Quarter ended December 31, 2017, other than with respect to the Quarterly Covenant Compliance/Non-Default Certificate, which shall first be due for the Fiscal Quarter ended March 31, 2018), and (ii) the forty-fifth (45th) day following the close of each Fiscal Quarter ending March 31, June 30 and September 30 (commencing with the Fiscal Quarter ended March 31, 2018), the Borrowers will submit to the Administrative Agent and the Lenders (A) an unaudited consolidated and consolidating balance sheet and income statement, reporting the VSE Entities' current financial position and the results of their operations for the Fiscal Quarter then ended and year-to-date, (B) internally prepared statements of cash flow and system generated contract/status backlog reports, (C) a Quarterly Covenant Compliance/Non-Default Certificate in the form of Exhibit 5 attached hereto, (D) a detailed listing of all deposit accounts designated by the Borrowers as Permitted Foreign Bank Accounts during the Fiscal Quarter then ended, and (E) a written report listing all office locations of the Borrowers and denoting each office location where the Borrowers maintain their books and records, each of which shall be in form and substance satisfactory to the Administrative Agent in all respects and certified by the Chief Financial Officer or another duly authorized executive officer of the Primary Operating Company, on behalf of the Borrowers;

(d) [reserved];

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(e) [reserved];

(f) within ten (10) days of issuance, distribution or filing, as applicable, the Borrowers will submit to the Administrative Agent and the Lenders copies of all public filings, disclosure statements or registration statements that any VSE Entity issues to, distributes to or files with the SEC or any state agency or department regulating securities (or any other Person, pursuant to the rules or regulations of the SEC or any state agency or department regulating securities);

(g) not less than ten (10) days prior to any change of or addition to any of the locations within the United States where any Collateral (other than Receivables) valued, individually or in the aggregate, in excess of One Million and No/100 Dollars (\$1,000,000.00) is or will be located, or any change of or addition to the location(s) of the books and records used to generate any Receivables, the Borrowers will submit to the Administrative Agent a written notice specifying the new address or location of such Collateral or books and records (as the case may be), and if required pursuant to Section 6.17 of this Agreement, the written notice from the Borrowers shall be accompanied by the landlord lien waiver required thereunder, executed by the landlord for such new location;

(h) in the case of any Borrower, upon any change of its name or change of its jurisdiction or organization, such Borrower shall deliver prompt (and in any event no later than 30 days following such change) written notice to the Administrative Agent and deliver to the Administrative Agent, all additional paperwork executed financing statements, financing change statements and other documents reasonably requested by the Administrative Agent to maintain the validity, perfection and priority of the security interests provided for in the Loan Documents;

(i) promptly upon the request of the Administrative Agent, the Borrowers will provide to the Administrative Agent such other information and reports relating to each VSE Entity's business, operations, properties or prospects as the Administrative Agent may from time to time reasonably request (including all documentation and other information required by bank regulatory authorities from time to time applicable to "know your customer" and anti-money laundering rules and regulations, including the Patriot Act); and

(j) to the extent any Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, an updated Beneficial Ownership Certification promptly following any change in the information provided in the Beneficial Ownership Certification delivered to any Lender in relation to such Borrower that would result in a change to the list of beneficial owners identified in such certification.

The Borrower certifications required under this Section 6.3 shall (a) with respect to historical data, be true and accurate in all material respects, and (b) with respect to projections, be reasonable, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount.

Documents required to be delivered pursuant to this Section 6.3 (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Primary Operating Company posts such documents, or provides a link thereto, on the Primary Operating Company's website(s) or (ii) on which such documents are posted on the Primary Operating Company's behalf on an Internet or intranet website, if any, to

which each Lender and the Administrative Agent have access (whether a commercial or public third-party website or whether sponsored by the Administrative Agent (including the website of the SEC at <http://www.sec.gov>)); provided that in each case, other than with respect to regular periodic reporting, the Primary Operating Company shall notify the Administrative Agent of the posting of any such documents. Each Lender shall be solely responsible for timely accessing posted documents and maintaining its copies of such documents.

6.4 Maintenance of Records; Review by the Administrative Agent. Each Borrower will, and will cause each other VSE Entity to, maintain at all times proper books of record and account in accordance with GAAP, consistently applied, and, subject to any applicable confidentiality and secrecy requirements imposed by any Government agency, will permit the Administrative Agent's officers or any of the Administrative Agent's authorized representatives or accountants to visit and inspect each VSE Entity's offices and properties, examine its books of account and other records, and discuss its affairs, finances and accounts with the officers of any VSE Entity, all at such reasonable times during normal business hours with reasonable prior notice, and as often as the Administrative Agent may reasonably request.

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6.5 Maintenance of Insurance Coverage. Each Borrower will maintain in effect fire and extended coverage insurance, public liability insurance, worker's compensation insurance and insurance on the Collateral and each of its properties, with responsible insurance companies, in such amounts and against such risks as are customary for similar businesses, required by the Government, if any, having jurisdiction over all or part of its operations, or otherwise reasonably required by the Administrative Agent, and will furnish to the Administrative Agent certificates evidencing such continuing insurance. The Administrative Agent, for the benefit of the Lenders ratably, shall be named as lender's loss payee on all hazard and casualty insurance policies and as an additional insured on all liability insurance policies. All insurance policies shall also provide (a) that the insurer shall endeavor to provide not less than thirty (30) days written notice to the Administrative Agent prior to expiration, cancellation or material change in any coverage or otherwise, except where the expiration or cancellation of a policy results from non-payment of premium(s) or non-renewal of the policy (in which case the policy shall provide for not less than ten (10) days prior written notice); and (b) for waiver of subrogation.

6.6 Maintenance of Property/Collateral; Performance of Contracts. Each Borrower will at all times maintain, and cause each other VSE Entity to at all times maintain, the Collateral and its tangible property, both real and personal, in good order and repair (subject to ordinary wear and tear), and will permit the Administrative Agent's officers or authorized representatives to visit and inspect the Collateral and each VSE Entity's tangible property at such reasonable times during normal business hours with reasonable prior notice, as and when the Administrative Agent deems necessary or appropriate. Each Borrower shall perform, and shall cause each other VSE Entity to perform, all obligations under all Material Contracts to which it is a party, including all exhibits and other attachments to such contracts, all modifications thereto and all documents and instruments delivered pursuant thereto, and will comply with all laws, rules and regulations governing the execution, delivery and performance thereof, except for such non-compliance that would not reasonably be expected to have a Material Adverse Effect.

6.7 Maintenance of Existence. Except in connection with a transaction not otherwise prohibited hereunder, each Borrower will maintain, and shall cause each other VSE Entity to maintain, its corporate or company existence (as applicable) in its state of incorporation or organization as of the Restatement Date, and will provide the Administrative Agent with evidence of the same from time to time upon the Administrative Agent's request. Each Borrower will maintain its corporate or company registration or qualification in each other jurisdiction where it is required to register or qualify to do business if the failure to do so in such other jurisdiction would reasonably be expected to have a Material Adverse Effect, and will provide the Administrative Agent with evidence of the same from time to time upon the Administrative Agent's request.

6.8 Maintenance of Certain Deposit Accounts with the Administrative Agent. Except for the Transitional Deposit Accounts, the Healthcare and Dependent Care Accounts and any Permitted Foreign Bank Accounts, each Borrower will at all times maintain its primary operating accounts, including all depository accounts (time and demand), disbursement accounts and collection accounts, and all of its other bank accounts, with the Administrative Agent, a Lender, or any of their respective Affiliates; provided that, notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document, any such accounts maintained with a Lender other than Citizens Bank or any of such Lender's respective Affiliates shall be subject to a control agreement or blocked account agreement, in form and substance reasonably satisfactory to the Administrative Agent, with such control agreement or blocked account agreement to be effective within fifteen (15) days after the opening of any such account. Each Borrower and each Lender maintaining a Transitional Deposit Account, an account not subject to a control agreement or blocked account agreement and/or any Permitted Foreign Bank Account of any Borrower expressly acknowledges and agrees that (a) the Administrative Agent, for the benefit of the Lenders ratably, has been granted a first priority security interest in and to such bank account pursuant to this Agreement, (b) the Lender's possession of such bank account constitutes "control" for purposes of perfecting the Administrative Agent's security interest in and to such bank account under the UCC or otherwise, (c) such Lender's rights and remedies with respect to such bank account (other than rights and remedies necessary to recoup normal and customary account fees and charges imposed from time to time for maintaining and administering such bank account) shall be, and at all times remain, subject and subordinate to the rights and remedies of the Administrative Agent granted pursuant to this Agreement or available pursuant to Applicable Laws, and (d) at no time shall funds in any such bank accounts exceed the limits specified in this Agreement for such accounts.

6.9 [Reserved].

6.10 Disclosure of Defaults, Etc.

(a) Promptly upon the occurrence thereof, each Borrower will provide the Administrative Agent and the Lenders with written notice of any Event of Default, or any act, event, condition or occurrence that upon the giving of any required notice or the lapse of time, or both, would constitute an Event of Default. In addition, each Borrower will promptly advise the Administrative Agent and the Lenders in writing of any condition, act, event

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or occurrence which comes to such Borrower's attention that would reasonably be expected to prejudice the Administrative Agent's or any Lender's rights in connection with any Material Contract, any Collateral, this Agreement, any Note, or any other Loan Document, including the details of any pending or threatened suspension, debarment or other Government action or proceeding, any pending or threatened litigation, and any other legal or administrative proceeding or investigation pending or threatened against any VSE Entity, including the entry of any judgment in excess of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) or lien (other than a Permitted Lien) against any VSE Entity, its assets or property. Additionally, the Borrowers agree to provide written notice to the Administrative Agent and the Lenders within five (5) Business Days of the date on which any obligation of a VSE Entity for the payment of borrowed money in excess of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00), whether now existing or hereafter created, incurred or arising, becomes or is declared to be due and payable prior to the expressed maturity thereof.

(b) If, at any time after the Restatement Date, any Borrower shall receive any letter, notice, subpoena, court order, pleading or other document issued, given or delivered by the Government, any Prime Contractor or by any Person acting for or on behalf of the Government or such Prime Contractor with respect to, or in any manner related to any alleged default, fraud, dishonesty, malfeasance or other willful misconduct of a VSE Entity, such Borrower shall deliver a true, correct and complete copy of such letter, notice, subpoena, court order, pleading or document to the Administrative Agent and each Lender within five (5) Business Days of such Borrower's receipt thereof. Furthermore, if any VSE Entity shall issue, give or deliver to the Government, any Prime Contractor or any Person acting for or on behalf of the Government or such Prime Contractor, any letter, notice, subpoena, court order, pleading or other document with respect to, or in any manner related to, or otherwise in response to any alleged default, fraud, dishonesty, malfeasance or other willful misconduct of a VSE Entity, such Borrower shall deliver a true, correct and complete copy of such letter, notice, subpoena, court order, pleading or other document to the Administrative Agent and each Lender concurrent with the VSE Entity's issuance or delivery thereof to the Government, such Prime Contractor or any Person acting for or on behalf of the Government or such Prime Contractor. If any letter, notice, subpoena, court order, pleading or other document required to be delivered to the Administrative Agent and each Lender pursuant to this Section 6.10 contains any information deemed "classified" by the Government or the dissemination of any such information to the Administrative Agent and each Lender would result in any VSE Entity violating any Applicable Laws or Government Contract, then the Borrowers shall deliver to the Administrative Agent and each Lender a summary of such letter, notice, subpoena, court order, pleading or other document containing a summary thereof, but including as much (but no more) detail as can be included therein without violating such Applicable Laws or Government Contract.

6.11 Security Perfection; Assignment of Claims Act; Payment of Costs. The Borrowers will execute and deliver and pay the costs of recording and filing financing statements, continuation statements, termination statements, assignments and other documents, as the Administrative Agent may from time to time deem necessary or appropriate for the perfection of any liens granted to the Administrative Agent or Lenders pursuant hereto or any other Loan Document. On or before the date which is ninety (90) days from the date of any Government Contract hereafter entered into, extended or renewed by one or more Borrowers, such Borrower(s) shall execute all documents necessary or appropriate to comply with the Assignment of Claims Act of 1940, as amended, 31 U.S.C. Section 3727 and 41 U.S.C. Section 15 (the "Government Contract Assignments") in connection with each such Government Contract; however, (a) no Borrower's failure to execute and deliver any Government Contract Assignment shall constitute a default, breach or violation of the Borrowers' obligation(s) set forth in this Section 6.11, unless the Administrative Agent shall have made written demand upon the Borrowers to fully and faithfully comply with its obligation(s) with respect to Government Contract Assignments set forth in this Section 6.11 above; and (b) no Government Contract Assignment shall be required for any Government Contract that (i) does not constitute a Material Contract (unless such demand shall be made after the occurrence and during the continuation of an Event of Default, in which case Government Contract Assignments can be required by the Administrative Agent for any Government Contract), or (ii) has a remaining term of less than twelve (12) months (with no option to extend). The Borrowers acknowledge that the Administrative Agent and the Lenders will be irreparably harmed if any Borrower fails or refuses to execute and deliver any Government Contract Assignment after the Administrative Agent's demand therefor, as and when required pursuant to this Section 6.11, and that the Administrative Agent and the Lenders have no adequate remedy at law. In such event, the Borrowers agree that the Administrative Agent shall be entitled, in addition to all other rights and remedies available to the Administrative Agent or the Lenders, to injunctive or other equitable relief to compel the Borrowers' full compliance with the requirements of this Section 6.11. All costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with the preparation, execution, delivery and administration of Government Contract Assignments shall be borne solely by the Borrowers. Additionally, the Borrowers will pay any and all costs incurred in connection with the transactions contemplated hereby, as well as any and all taxes (other than the Lenders' income and franchise taxes), that may be payable as a result of the execution of this Agreement or any agreement supplemental hereto, or as a result of the execution and/or delivery of any Note or other Loan Document.

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6.12 **Defense of Title to Collateral.** The Borrowers will at all times defend the Lenders', the Administrative Agent's and Borrowers' rights in the Collateral, subject to the Permitted Liens, against all Persons and all claims and demands whatsoever, and will, upon request of the Administrative Agent (a) furnish such further assurances of title as may be required by the Company or law Administrative Agent, and (b) do any other acts necessary to effectuate such resignation, the purposes and provisions of this Agreement, or as required by Applicable Laws or otherwise to perfect, preserve, maintain or continue the interests of the Administrative Agent or Lenders in any Collateral.

1. 6.13 **Separation Date. Compliance with Law. Your employment** Each Borrower will, and will cause each other VSE Entity to, conduct its businesses and operations in compliance with (a) all Applicable Laws (including ERISA and environmental regulations) and requirements of all federal, state and local regulatory authorities having jurisdiction, (b) the provisions of its charter documents and other corporate governance documents, (c) all agreements and instruments by which it or any of its properties may be bound, and (d) all applicable decrees, orders and judgments; whenever the noncompliance with or the non-observance of which would reasonably be expected to have a Material Adverse Effect. No VSE Entity will, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor or otherwise).

6.14 **Other Collateral Covenants.**

(a) The Borrowers will, at their own expense, make, execute, endorse, acknowledge, file and/or deliver to the Administrative Agent from time to time such lists, descriptions and designations of Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments, and take such further steps relating to the Collateral and other property or rights covered by the interests hereby granted which the Administrative Agent deems reasonably appropriate or advisable to perfect, preserve or protect its and any Lender's ownership or security interests in any Collateral.

(b) The Borrowers shall promptly notify the Administrative Agent in writing if, at any time, any issuer of uncertificated securities, securities intermediary or commodities intermediary has issued or holds, or will issue or hold, any financial assets or commodities to or for the benefit of any Borrower, and the Borrowers shall obtain authenticated control letters from such issuer or intermediary, in form and substance reasonably satisfactory to the Administrative Agent, within ten (10) days of the Administrative Agent's demand therefor.

(c) If any Borrower is or becomes the beneficiary of a letter of credit in excess of One Million Dollars and No/100 (\$1,000,000.00), such Borrower shall promptly, and in any event within three (3) Business Days after becoming a beneficiary, notify the Administrative Agent thereof and, following the Administrative Agent's request, enter into a tri-party agreement with the Company will end on December 31, 2022 (the "Separation Date"). Administrative Agent and the issuer and/or confirmation bank with respect to all Letter of Credit Rights in connection with such letter of credit, assigning such Letter of Credit Rights to the Administrative Agent and directing all payments thereunder to an account designated by the Administrative Agent, which tri-party agreement shall be in form and substance reasonably satisfactory to the Administrative Agent.

2. **Separation Benefits. In consideration** (d) The Borrowers shall promptly take all action necessary to grant the Administrative Agent control of your consent all electronic chattel paper with a value in excess of One Million Dollars and No/100 (\$1,000,000.00) in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

(e) The Borrowers hereby irrevocably authorize the Administrative Agent at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (i) describe Collateral (A) as all assets of the Borrowers or words of similar effect (other than assets expressly excluded from the description of Collateral herein), regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code in such jurisdiction, or (B) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether any Borrower is an organization, the type of organization and any organization identification number issued to such Borrower, and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Borrowers shall furnish any such information to the Administrative

Agent promptly upon request. The Borrowers also ratify their authorization for the Administrative Agent to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto or continuations thereof, if filed prior to the Restatement Date.

(f) The Borrowers shall promptly, and in any event within three (3) Business Days after the same is acquired by any Borrower, notify the Administrative Agent of any Commercial Tort Claim acquired by a Borrower in excess of One Million Dollars and No/100 (\$1,000,000.00) and unless otherwise consented to by the Administrative Agent, such Borrower shall enter into a supplement to this Agreement, granting to the Company Administrative Agent, for the benefit of the Lenders ratably, a perfected security interest in such Commercial Tort Claim.

(g) If any Borrower retains possession of any Chattel Paper or Instruments with the Administrative Agent's consent, such Chattel Paper and Instruments shall provide you be marked with the following benefits legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Citizens Bank of Pennsylvania, as Administrative Agent."

(h) No Borrower shall reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated as of the Restatement Date without the prior written consent of the Administrative Agent.

(i) Each Borrower acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Administrative Agent and agrees that it will not do so without the prior written consent of the Administrative Agent, subject to such Borrower's rights under UCC Section 9-509(d)(2).

(j) Each Borrower acknowledges that the Administrative Agent reserves the right to require the Borrowers to execute and deliver to the Administrative Agent, in form and substance reasonably acceptable to the Administrative Agent and within thirty (30) days (as such period may be extended in the Administrative Agent's sole discretion, the "Initial Compliance Period") of the Administrative Agent's request, such documents, instruments and agreements (including, without limitation, a mortgage, deed of trust, environmental assessment, title insurance, flood zone certificates, flood insurance (if applicable), surveys and/or other similar and customary real estate documentation) which the Administrative Agent may reasonably request to confirm and/or perfect its security interest in and to all or any portion of any real property interest (other than a leasehold interest) acquired by any Borrower after the Restatement Date with an individual, or with respect to contiguous parcels, an aggregate appraised value in excess of Four Million and No/100 Dollars (\$4,000,000.00). Notwithstanding the foregoing, in the event that the Administrative Agent requires that flood insurance be obtained with respect to any real property that is pledged by any VSE Entity to the Lenders, the Administrative Agent will not accept any mortgage or deed of trust with respect to such property if, prior to the expiration of twenty (20) calendar days after notice to the Lenders of the Administrative Agent's intent to accept such mortgage or deed of trust, a Lender provides written notice to the Administrative Agent stating that such Lender's due diligence has shown that the flood insurance provided does not meet such Lender's standard requirements to such Lender's reasonable satisfaction and provides a detailed description of the reasons why the provided flood insurance does not meet such requirements. The Administrative Agent will promptly provide a copy of such notice to the relevant VSE entity, and such entity will then have thirty (30) calendar days (the "Supplementary Compliance Period") to provide to the Administrative Agent (to be shared with each Lender) flood insurance that meets such requirements. The Administrative Agent shall not enter into the corresponding mortgage or deed of trust unless and until the Administrative Agent receives written confirmation from the relevant Lender that all necessary flood due diligence has been completed to its reasonable satisfaction; provided that in no event shall any VSE Entity be deemed to be in default of its obligation to provide a mortgage or related documentation due to any delay caused by a Lender's additional requirements with respect to flood insurance, as long as such VSE entity has met its obligations under the Initial Compliance Period and the Supplementary Compliance Period.

(k) Except with respect to any Transitional Deposit Accounts, the Healthcare and Dependent Care Accounts and any Permitted Foreign Bank Accounts, the Borrowers shall provide prior written notice (email being sufficient) to the Administrative Agent prior to maintaining an operating account, depository account (time or demand), disbursement account, collection account or any other bank account with a Lender other than Citizens Bank or any of such other Lender's Affiliates.

6.15 Financial Covenants of the Borrowers. The Borrowers will comply, and will cause the other VSE Entities to comply, with each of the financial covenants set forth below:

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(a) **Total Funded Debt to EBITDA Ratio.** The VSE Entities will maintain as of the last day of each Fiscal Quarter occurring during the periods set forth below, on a consolidated basis, a Total Funded Debt to EBITDA Ratio of not more than the applicable ratio set forth in the table below:

Testing Period Ending	Maximum Total Funded Debt to EBITDA Ratio
December 31, 2023 through and including June 30, 2024	4.75 to 1.00
September 30, 2024	4.50 to 1.00
December 31, 2024 through and including March 31, 2025	4.25 to 1.00
June 30, 2025 through and including June 30, 2025	4.00 to 1.00
September 30, 2025 and thereafter	3.75 to 1.00

For purposes of the foregoing, the "Total Funded Debt to EBITDA Ratio" shall mean, as of any date of determination, (A) the Total Funded Debt as of as of the last day of the most recently ended four (4) fiscal quarter period divided by (B) the VSE Entities' EBITDA for the four (4) fiscal quarter period most recently ended. The Total Funded Debt to EBITDA Ratio shall be measured on the last day of each Fiscal Quarter throughout the term of the Loan.

(b) **Fixed Charge Coverage Ratio.** The VSE Entities will maintain as of the last day of each Fiscal Quarter, on a consolidated basis, a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00. For purposes of the foregoing, "Fixed Charge Coverage Ratio" shall mean, as of any date of determination, the sum of (A) (i) the VSE Entities' EBITDA for the four (4) fiscal quarter period most recently ended, plus (ii) operating lease payments (including rent) made during such period, minus (iii) cash taxes paid during such period, minus (iv) cash dividends paid during such period, minus (v) share repurchases made during such period, minus (vi) maintenance capital expenditures made during such period, divided by (B) Fixed Charges for such period. For purposes hereof, "Fixed Charges" shall mean, for any period of determination thereof on a consolidated basis, the sum of (i) scheduled or required principal payments on all Indebtedness for borrowed money during such period (excluding the payment of the existing term loans occurring on the Sixth Amendment Effective Date), plus (ii) all operating lease payments (including rent) during such period, plus (iii) cash interest expense for such period, plus (iv) any cash payments of Permitted Earn-outs payable during such period. The Fixed Charge Coverage Ratio shall be measured on the last day of each Fiscal Quarter throughout the term of the Loan.

Except as otherwise expressly provided above, the financial covenants referenced above shall be calculated and tested quarterly on a rolling four (4) Fiscal Quarter basis, and shall include the results of any other Person acquired pursuant to Section 5(a) of a Permitted Acquisition and consolidated into the executive employment agreement between you and VSE Entities' financial statements within the Company dated as of September 24, 2019 ("Employment Agreement");

- a) **Severance.** The Company will pay you (i) any accrued but unpaid base salary through twelve (12) month period immediately preceding the Separation Date; and (ii) applicable covenant calculation date (with such calculation being on a severance payment pro forma basis assuming debt service for the test period equal to the monthly average next year's debt service, and including EBITDA on a pro forma basis). Unless otherwise defined, all financial terms used in this Section 6.15 shall have the meanings attributed to such terms in accordance with GAAP.

6.16 **Interest Rate Contracts.** In order for any such interest rate swap agreement or hedging agreement to be secured by any assets of your base salary the Borrowers, it must be purchased from and maintained with a Lender or an Affiliate of a Lender, in which case the Borrowers' obligations under any Hedging Contract shall be secured by the Collateral on a pari passu basis, and any reference in this Agreement or any other Loan Document to a ratable allocation between the Lenders and Affiliates of the Lenders shall be based on the Commitment Amount (and the respective Lender's Percentage) and the amount due under all Hedging Contracts (including all scheduled payments and hedged termination amounts) (and the respective Lender's Affiliates interest therein), subject, however, to Section 1.4(d) of this Agreement. The Administrative Agent shall be deemed the collateral agent of each Lender and Affiliate of a Lender that is a counterparty under a Hedging Contract. The Borrowers shall determine to their own satisfaction whether each such interest rate swap agreement, hedging agreement or Hedging Contract is sufficient to meet the Borrowers' needs for interest rate protection, and neither the Administrative Agent nor any Lender shall have any obligation or liability with respect thereto.

6.17 **Landlord Waivers; Subordination.** If, at any time after the Restatement Date, any Borrower (other than any Foreign Borrower) shall move or relocate any of its (a) books and records, or (b) primary business location(s) situated within the United States or locations where Borrower assets valued, individually or in the aggregate, in excess of One Million and No/100 Dollars (\$1,000,000.00) are located, the Borrowers shall use commercially reasonable efforts to provide to the Administrative Agent, prior to any such move or relocation, a

landlord lien waiver if, in the Administrative Agent's discretion, such landlord's lien waiver is necessary or desirable. Each such landlord's waiver, shall be, in form and substance, reasonably satisfactory to the Administrative Agent, pursuant to which each landlord shall subordinate any statutory, contractual or other lien the landlord may have in any of the Collateral to the lien, operation and effect of the lien granted to the Administrative Agent pursuant to this Agreement and the other Loan Documents.

6.18 **Substitute Notes.** Upon request of the Administrative Agent, each Borrower shall execute and deliver to the Administrative Agent substitute promissory notes, in form and substance satisfactory to the Administrative Agent in all respects, payable to the order of such Person as may be designated by the Administrative Agent; provided that the aggregate principal amount of all outstanding promissory notes shall not exceed the Commitment Amount (plus the Swing Line Commitment Amount) as of the date such substitute note(s) are issued.

6.19 **Inventory.** With respect to the Inventory, the VSE Entities will, during any continuing Event of Default: (a) maintain a perpetual inventory reporting system at all times, (b) keep correct and accurate records itemizing and describing the kind, type, quality and quantity of Inventory, the VSE Entities' cost therefor and the selling price thereof, all of which records shall be available to the officers, employees or agents of the Administrative Agent upon demand for inspection and copying thereof; (c) not store any Inventory with a bailee, warehouseman or similar Person without the Administrative Agent's prior written consent, which consent may be conditioned on, among other things, delivery by the bailee, warehouseman or similar Person to the Administrative Agent of warehouse receipts or bailee letters, in form acceptable to the Administrative Agent, in the name of the Administrative Agent evidencing the storage of Inventory and the interests of the Administrative Agent and the Lenders therein; (d) permit the Administrative Agent and its agents or representatives to inspect and examine the Inventory and to check and test the same as to quality, quantity, value and condition at any time or times hereafter during the VSE Entities' usual business hours or at other reasonable times and (e) at the Administrative Agent's request, designate the Administrative Agent as the consignee on all bills of lading and other negotiable and non-negotiable documents. Notwithstanding anything herein to the contrary, the VSE Entities shall be permitted to sell their Inventory in the ordinary course of business except while an Event of Default has occurred and is continuing.

6.20 **Insurance With Respect to Equipment and Inventory.** The Borrowers will (a) maintain and cause each of their Subsidiaries to maintain hazard insurance with fire and extended coverage on the Equipment and Inventory in an amount at least equal to the lesser amount of the outstanding principal amount of the Obligations or the fair market value of the Equipment and Inventory (but in any event sufficient to avoid any co-insurance obligations) and with a specific endorsement to each such insurance policy pursuant to which the insurer provides for lender's loss payee and additional insured endorsements in favor of Administrative Agent in a form acceptable to Administrative Agent, agrees to give the Administrative Agent at least thirty (30) days written notice before any alteration or cancellation of such insurance policy and that no act or default of any of the Borrowers shall affect the right of the Administrative Agent to recover under such policy in the event of loss or damage; (b) file, and cause each of their Subsidiaries to file, with the Administrative Agent, upon its request, a detailed list of the insurance then in effect and stating the names of the insurance companies, the amounts and rates of the insurance, dates of the expiration thereof and the properties and risks covered thereby; and (c) within thirty (30) days after notice in writing from the Administrative Agent, obtain, and cause each of their Subsidiaries to obtain, such additional insurance as the Administrative Agent may reasonably request.

6.21 **Hazardous Substance; Hazardous Waste.** Each Borrower, for itself and its successors and assigns, hereby covenants and agrees to indemnify, defend and hold harmless the Administrative Agent, the Lenders and each Affiliate of a Lender that is at any time a counterparty under any Hedging Contract, and their respective officers, employees and agents, from and against any and all liabilities, losses, claims, damages, suits, penalties, costs and expenses of every kind or nature, including reasonable attorneys' fees arising from or in connection with (i) the presence or alleged presence of any Hazardous Substance or Hazardous Waste on, under or about any property of any VSE Entity (including any property or premises now or hereafter owned or leased by any VSE Entity), or which is caused by or results from, directly or indirectly, any act or omission to act by any VSE Entity; and (ii) any VSE Entity's violation of any environmental statute, ordinance, order, rule or regulation of any Government thereof (including any liability arising under CERCLA, RCRA, HMTA or any other Applicable Laws).

6.22 **Disaster Recovery and Contingency Program.** Each Borrower will, and will cause each other VSE Entity to, implement and maintain at all times (and at least annually review the sufficiency of) a disaster recovery and contingency plan that addresses, in the reasonable business judgment of the VSE Entities, each VSE Entity's plans for continuing operations upon the occurrence of a natural disaster or other event that destroys or prevents the use of or access to such VSE Entity's primary computer systems, information databases, software applications, business records and operations facility. Such contingency plan at all times must be in form and substance reasonably acceptable to the Administrative Agent. Upon request, each Borrower will, and will cause each other VSE Entity to, provide the Administrative Agent with a current copy of such plan.

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6.23 **Data Security.** Each Borrower will, and will cause each VSE Entity to, take in such VSE Entity's reasonable business judgment all appropriate technical and organizational measures to protect against a Data Breach and against accidental loss, alteration or damage or destruction of or damage to Personal Information. Each VSE Entity shall at all times in such VSE Entity's reasonable business judgment have appropriate policies and procedures in place that are designed to: (a) protect the security of Personal Information; (b) protect against any anticipated threats to the security or integrity of Personal Information; (c) protect against Data Breaches; and (d) ensure the proper disposal of such Personal Information. To the extent that a Data Breach occurs (irrespective of cause), each Borrower shall: (i) promptly inform the Administrative Agent in writing; (ii) promptly inform any parties affected by the Data Breach; (iii) promptly comply with Applicable Laws, rules and regulations concerning such Data Breach; and (iv) use diligent efforts to mitigate any damages that have occurred as a result of such Data Breach.

6.24 **Further Assurances; Additional Requested Information.** Each of the Borrowers will provide to the Administrative Agent such further assurances and additional documents regarding the Collateral and the Administrative Agent's or any Lender's security interest therein as the Administrative Agent may from time to time reasonably

request, and each of the Borrowers will promptly provide the Administrative Agent with such additional information, reports and statements respecting the business, operations, properties and financial condition of each of the VSE Entities as the Administrative Agent may from time to time reasonably request. Furthermore, each of the Borrowers agrees to execute, re-execute, use commercially reasonable efforts to cause third parties involved in the Loans to execute and/or re-execute and to deliver to the Administrative Agent or its legal counsel, as may be deemed appropriate, any document or instrument signed in connection with the Loan(s) which was incorrectly drafted and/or signed, as well as any document or instrument which should have been signed at or prior to the Restatement Date, but which was not so signed and delivered. The Borrowers agree to comply with any written request by the Administrative Agent within ten (10) Business Days (or if such compliance requires more than ten (10) Business Days, within a reasonable period of time, not to exceed thirty (30) days (or such longer period of time as agreed in writing by the Administrative Agent), so long as the Borrowers are diligently pursuing such compliance) after receipt by any Borrower of such request.

ARTICLE 7 NEGATIVE COVENANTS OF THE BORROWERS

So long as any Obligation remains outstanding or this Agreement remains in effect, each Borrower jointly and severally covenants and agrees that, without the prior written consent of the Administrative Agent, the Borrowers will not, and unless specified below, will not suffer or permit any other VSE Entity to:

7.1 **Change of Control; Disposition of Assets; Merger.**

(a) Suffer or permit majority ownership or effective control of any VSE Entity (other than the Primary Operating Company) to be sold, assigned or otherwise transferred, legally or equitably, to any Person, except to another Borrower; or suffer or permit any Change of Control to occur; provided that a Change of Control pursuant to the FDS Sale shall be permitted; or

(b) suffer or permit the issuance of any capital stock of any VSE Entity (other than the Primary Operating Company), or alter or amend any VSE Entity's capital structure; or

(c) permit any VSE Entity to sell, assign, loan, deliver, lease, transfer or otherwise dispose of property or assets (including stock, equity or any other type of ownership interests of another VSE Entity), except for (i) transfers of assets between Borrowers in which the Administrative Agent continues to have a perfected first priority security interest in and to all such assets constituting Collateral (after giving effect to such transfer), subject, however, to Permitted Liens; (ii) subleasing of any premises which are not necessary for a VSE Entity's business operations; (iii) dispositions of assets (other than Inventory and Permitted Investments) to non-Borrowers, provided that the fair market value of any and all such asset dispositions, in the aggregate, do not exceed the greater of (x) Fifteen Million and No/100 Dollars (\$15,000,000.00) and (y) 10% of EBITDA (determined as of the most recently ended four (4) fiscal quarter period for which financial statements have been delivered pursuant to Section 6.3), in each case, determined at the time of such disposition, provided, that fair market value of the assets sold pursuant to the FDS Sale shall be excluded for purposes of calculating the amount available under this clause (iii); (iv) the sale of Inventory in the ordinary course of business, and the sale of unnecessary or obsolete assets; or (v) pursuant to the FDS Sale; or

(d) permit any Borrower to become a party to any document, instrument or agreement (other than this Agreement and the other Loan Documents) that prohibits, limits or restricts such Borrower from assigning, pledging, hypothecating or otherwise encumbering any of its assets, including any capital stock or other

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equity interests of another Borrower; provided that, (i) the foregoing shall not apply to restrictions or conditions imposed by law, (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided that such restrictions and conditions apply only to the Subsidiary that is sold and such sale is permitted hereunder, (iii) the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by Section 7.7(a)(vii) if such restrictions and conditions apply only to the property or assets securing such Indebtedness and (iv) the foregoing shall not apply to customary provisions in leases restricting the assignment thereof; or

(e) permit any VSE Entity to merge or consolidate with any business, company or enterprise, or liquidate or dissolve, or acquire or purchase any business, company or enterprise or acquire or purchase substantially all of the assets of any business, company or enterprise, except:

(i) any merger between Borrowers or by a Non-Borrower Affiliate with and into a Borrower (with such Borrower being the surviving entity) or with and into another Non-Borrower Affiliate; provided that (A) the Borrowers shall have provided not less than fifteen (15) days (or such greater number of days as the Administrative Agent shall agree in its sole discretion) prior written notice to the Administrative Agent of the proposed merger, and such notice sets forth all of the material terms of such merger (including the purpose for consummating such merger), (B) after giving effect to any such merger with or into a Borrower, the Administrative Agent, for the previous 12 months benefit of the Lenders ratably, shall have a perfected first priority security interest in and to all of the assets of the surviving Borrower constituting Collateral (subject to Permitted Liens), (C) within ten (10) days of the effective date of such merger, true, correct and complete state-

certified copies of the articles of merger, plan of merger and all other documents, instruments and agreements relating thereto shall have been provided by the Borrowers to the Administrative Agent, and (D) promptly (but in all events within fifteen (15) days) (or such greater number of days as the Administrative Agent shall agree in its sole discretion) following the Administrative Agent's request, the Borrowers shall have executed, issued or delivered to the Administrative Agent and/or caused such Non-Borrower Affiliate to have executed, issued and/or delivered to the Administrative Agent, such documents, instruments and agreements as the Administrative Agent may reasonably require in connection with or as a result of such merger;

(ii) any other merger or acquisition by any Borrower with or of a Person or its assets which is not then a Borrower (a "Target") that satisfies all of the following conditions (which in the amount case of \$343,200 (before tax withholdings) in consideration for an 18-month Non-Interference Period (as defined a Limited Condition Acquisition shall be subject to Section 1.13):

A. the assets and equity or ownership interests in the Employment Agreement). The severance payment Target shall be free and clear of any and all liens, claims and encumbrances (other than Permitted Liens);

B. the Target is in a substantially similar line or lines of business as that of one or more of the Borrowers;

C. the Target is a going concern, not involved in any material litigation that is not fully covered by reserves or insurance and shall have not suffered any material adverse change in its business, operations, condition or assets at any time after the immediately preceding Fiscal Quarter end and prior to the effective date of the merger or acquisition;

D. the subject transaction does not constitute a hostile acquisition or merger;

E. both prior to and after giving effect to the merger or acquisition, no Event of Default shall exist or have occurred, and no act, event or condition shall have occurred or exist which with notice or the passage of time, or both, would constitute an Event of Default;

F. the Borrowers will be paid in a lump sum following your acceptance compliance with all financial covenants set forth in Section 6.15 of this Agreement, and the pro forma Total Funded Debt to EBITDA Ratio after giving effect to the merger or acquisition shall be no greater than the lesser of (i) one-quarter (0.25) less than the then applicable level set forth in Section 6.15(a) and (ii) 3.75 to 1.00;

G. the Target shall have had positive EBITDA for the immediately preceding twelve (12) month period prior to the merger or acquisition;

H. after giving effect to the merger or acquisition, there is at least Twenty Million and No/100 Dollars (\$20,000,000.00) of excess availability under the Revolving Facility;

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I. [reserved];

J. [reserved];

K. the Borrowers shall have certified in writing, or concurrent with the consummation of the subject merger or acquisition shall certify in writing, to the Administrative Agent that the subject merger or acquisition satisfies the conditions of a Permitted Acquisition as set forth above; and

L. if it is a merger with a Borrower, such Borrower is the surviving Person, and if required pursuant to Section 1.11 of this Agreement, the Target and its subsidiaries shall have been joined as a "Borrower" party to this Agreement and the other Loan Documents pursuant to Section 1.11 of this Agreement.

If the Administrative Agent issues its consent to a hostile acquisition, such consent shall be subject to, among other things, the Borrowers' agreement to indemnify, defend and hold the Administrative Agent and the Lenders harmless from and against any and all claims, demands, losses, liabilities, damages, costs and expenses of every kind and nature, including reasonable attorneys' fees, related to, arising out of or in connection with such acquisition, pursuant to an indemnity agreement satisfactory to the Administrative Agent and the affected Lender in all respects.

(iii) any liquidation or dissolution of a VSE Entity without any active business operations (after giving effect to any asset transfers pursuant to clauses (B)(x) or (B)(y) below), so long as (A) the Borrowers shall have provided not less than fifteen (15) days (or such greater number of days as the Administrative Agent shall agree in its sole discretion) prior written notice to the Administrative Agent of the proposed liquidation or dissolution, (B) the assets of such entity to be liquidated or dissolved (if any) are transferred (x) in the case of the liquidation or dissolution of a Non-Borrower Affiliate, to a Borrower or another

Non-Borrower Affiliate or (y) in the case of the liquidation or dissolution of a Borrower, to another Borrower, (C) after giving effect to any such liquidation or dissolution, if such assets are transferred to a Borrower, the Administrative Agent, for the benefit of the Lenders ratably, shall have a perfected first priority security interest in and to all of the assets so transferred which constitute Collateral (subject to Permitted Liens), (D) the Lenders' rights in any Collateral, including, without limitation, the existence, perfection and priority of any Lien thereon, are not adversely affected by such dissolution or liquidation and (E) promptly (but in all events within fifteen (15) days (or such greater number of days as the Administrative Agent shall agree in its sole discretion)) following the Administrative Agent's request, the Borrowers shall have executed, issued or delivered to the Administrative Agent and/or caused such VSE Entity to have executed, issued and/or delivered to the Administrative Agent, such documents, instruments and agreements as the Administrative Agent may reasonably require in connection with or as a result of such liquidation or dissolution.

7.2 **Margin Stocks.** Use all or any part of the proceeds of any advance made hereunder to purchase or carry, or to reduce or retire any loan incurred to purchase or carry, any margin stocks (within the meaning of Regulations U, T or X of the Board) or to extend credit to others for the purpose of purchasing or carrying any such margin stocks, in each case in violation of Regulations U, T or X of the Board.

7.3 **Change of Operations.** Change in any material way the general character of any VSE Entity's business (or fail to maintain the VSE Entities' primary lines of business) as conducted on the Restatement Date, except for changes made in connection with the FDS Sale, or engage in any type of business not directly or reasonably related to or compatible with such business as currently and normally conducted, or suffer or permit any change to the Fiscal Year or Fiscal Quarter of any VSE Entity or the accounting methods of any VSE Entity.

7.4 **Intentionally Omitted.**

7.5 **Further Assignments; Performance and Modification of Contracts; etc.** Except as may be permitted by the Loan Documents (a) make any further assignment, pledge or disposition of the Collateral or any part thereof; (b) permit any set-off or reduction, delay the timing of any payment under, or otherwise modify any Material Contract, if such set-off, reduction, delay or modification would reasonably be expected to have a Material Adverse Effect; (c) except for Permitted Liens, create, incur or permit to exist any lien or encumbrance on any real property now or hereafter owned by any VSE Entity; or (d) do or permit to be done anything to impair the Administrative Agent's security interest in any Collateral or the payments due to any Borrower thereunder; provided that reasonable and customary compromises and settlements with Account Debtors in the ordinary course of any Borrower's business will not constitute a breach of this Section 7.5.

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7.6 **Affect Rights of the Administrative Agent or Lenders.** At any time do or perform any act or permit any act to be performed which would reasonably be expected to have a Material Adverse Effect.

7.7 **Indebtedness; Granting of Security Interests.**

(a) Incur any Indebtedness, whether direct or indirect, contingent or otherwise, except for:

(i) trade debt and operating leases incurred in the ordinary course of business or in a Permitted Acquisition;

(ii) Indebtedness outstanding on the Restatement Date and listed on **Schedule 7.7(a)** attached hereto, but any increase thereof would be subject to Subsection (xiii) below;

(iii) intercompany Indebtedness (including inter-company guarantees) (A) by and among the Borrowers in which the Administrative Agent, for the benefit of the Lenders ratably, has a perfected security interest in and to all of their assets constituting Collateral, (B) by and among Non-Borrower Affiliates, and (C) to the extent expressly permitted pursuant to Section 7.8 of this Agreement, by and between VSE Entities;

(iv) performance guarantees issued by any VSE Entity for the benefit of another VSE Entity;

(v) [reserved];

(vi) Indebtedness secured by liens listed on **Schedule 7.7(a)(vi)** attached hereto, or other Indebtedness secured by Permitted Liens, but not any increases thereof;

(vii) Indebtedness incurred to finance (by purchase or lease) Equipment constituting capital expenditures, provided that such Indebtedness does not violate any other covenant set forth in this Agreement;

(viii) guarantees permitted by this Agreement;

(ix) Permitted Earn-outs;

(x) any Hedging Obligations;

(xi) any Permitted Financial Product Obligations;

(xii) performance bonds and/or bid bonds issued on behalf of any and all VSE Entities that meet all of the following criteria: (A) the performance bond and/or bid bond shall be issued in the ordinary course of the VSE Entities' business, (B) before and after giving effect to the performance bond and/or bid bond, the net amount (after subtracting the aggregate amount of any and all Pending Release Bonds) of any and all performance bonds outstanding at any time, together with any and all bid bonds outstanding at any time shall not exceed the Bid and Performance Bond Limit (albeit calculated as of the last day of each Fiscal Quarter), (C) the obligations and liabilities of the VSE Entities with respect to the performance bond and/or bid bond shall be and remain unsecured at all times, (D) the work for which the performance bond and/or bid bond has been issued shall be (I) performed for and/or on behalf of the United States government or any foreign government which is not a Blocked Person, and (II) originally scheduled to be completed within eighteen (18) months of work commencement; and (E) the performance bond and/or bid bond shall not have been issued for or on behalf of Integrated Concepts and Research Corporation;

(xiii) any other unsecured Indebtedness (not specifically described or pre-approved in this Section 7.7(a)), provided that (A) the aggregate amount of such Indebtedness remaining unpaid and outstanding at any time owing from all VSE Entities does not exceed Ten Million and No/100 Dollars (\$10,000,000.00) and (B) the aggregate amount of any and all such other unsecured Indebtedness remaining unpaid and outstanding at any time with respect to all Non-Borrower Affiliates does not exceed Two Million and No/100 Dollars (\$2,000,000.00).

(b) mortgage, assign, pledge, hypothecate or otherwise encumber or permit any lien, security interest or other encumbrance, including (i) purchase money liens, whether under conditional or installment

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sales arrangements or otherwise to affect the Collateral or any other assets, properties or Aircraft Objects of any VSE Entity and (ii) any International Interests, Prospective International Interests and Prospective Assignments as each is defined in the Cape Town Treaty, unless any Borrower is the "Creditor" and holds the "Right to Discharge" with respect thereto and any filings made with the Federal Aviation Administration to perfect an interest in any Aircraft Object or Spare Part, (except for Permitted Liens and other liens, security interests or encumbrances expressly permitted herein);

(c) without limiting clause (b) above, mortgage, assign, pledge, hypothecate or otherwise encumber or permit any lien, security interest or other encumbrance (other than Permitted Liens) to exist, on any real property interest (i.e., leasehold, fee simple, license or otherwise) that the Borrowers may now have or may hereafter acquire; or

(d) enter into any agreement or understanding with any Person pursuant to which any Borrower agrees to be bound by a covenant not to encumber all or any part of the property or assets of such Borrower, unless such agreement or understanding is entered into in connection with the granting of purchase money security interests permitted pursuant to the terms and conditions of this Agreement.

7.8 Dividends; Loans; Advances; Investments and Similar Events.

(a) (i) Declare or pay any dividends; (ii) purchase, redeem, retire, or otherwise acquire for value any of its capital stock now or hereafter outstanding; make any distribution of assets to its stockholders whether in cash, assets or obligations of a VSE Entity; (iii) allocate or otherwise set apart any sum for the payment of any dividend or distribution on, or for the purchase, redemption, or retirement of, any of its capital stock; (iv) alter or amend any VSE Entity's capital structure; (v) declare or make any payment of principal or interest on, or acquire or anticipate any sinking fund requirement of, any Subordinated Indebtedness; or (vi) make any other distribution by reduction of capital or otherwise in respect of any capital stock of a VSE Entity, except that if there is no Event of Default at such time, no act, event or condition shall have occurred or exist which with the giving of notice or the passage of time, or both, would constitute an Event of Default at such time, and no covenant breach calculated on a pro forma basis would occur after giving effect thereto (A) (1) the Primary Operating Company may pay cash dividends that shall not exceed Ten Million and No/100 Dollars (\$10,000,000.00) in the aggregate per Fiscal Year so long as at the time of payment thereof, there is at least Twenty Million and No/100 Dollars (\$20,000,000.00) of excess availability under the Revolving Facility at the time of payment of any such dividend, and (2) except for the Primary Operating Company, each VSE Entity may pay cash dividends to the Primary Operating Company or to another Borrower, (B) each VSE Entity may declare and deliver dividends and make distributions payable solely in its common stock; (C) each VSE Entity may purchase or otherwise acquire its capital stock by exchange for or out of the proceeds received from a substantially concurrent issue of new shares of its capital stock, (D) the Primary Operating Company, during each Fiscal Year, may repurchase its capital stock in amounts not to exceed Ten Million and No/100 Dollars (\$10,000,000.00), provided,

that, at the time of each such repurchase, availability under the Revolving Facility (after taking into account the aggregate face amount of all Letters of Credit outstanding, Swing Line Loans outstanding and Alternative Currency Loans outstanding), shall not be less than Twenty Million and No/100 Dollars (\$20,000,000.00) and (E) the VSE Entities may make payments of Subordinated Indebtedness to the extent permitted by the subordination provisions applicable thereto;

(b) make any investments, or make any loans, salary advances, or other extensions of credit to (i) any equity owners of any VSE Entity, unless such equity owner is also a Borrower party to this Agreement in which the Administrative Agent has a perfected security interest in and to all of its assets constituting Collateral at the time such loan, salary advance or other payment is made; (ii) any Affiliate of any VSE Entity, unless such Affiliate is a Borrower party to this Agreement in which the Administrative Agent has a perfected security interest in and to all of its assets constituting Collateral at the time such loan, salary advance or other payment is made; or (iii) any other Person; provided, however, that the VSE Entities may make or continue to have outstanding any or all of the following:

(i) loans or advances to individual officers, current employees or former employees of any VSE Entity, provided, that all such loans and advances to such individuals may not exceed One Million and No/100 Dollars (\$1,000,000.00), in the aggregate, at any time; it being understood that travel advances and employee retention bonuses made in the ordinary course of business shall not be included in calculating the foregoing computation;

(ii) non-cash stock compensation to employees of the VSE Entities that does not represent a loan or advance and loans, advances or payments from one Borrower to another Borrower; provided that the Administrative Agent has a perfected security interest in and to all of each Borrower's assets constituting Collateral;

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(iii) loans, advances or payments in the amounts that are unpaid or outstanding as of the Restatement Date and listed on Schedule 7.8(c) attached hereto;

(iv) trade credit extended to customers of the VSE Entities in the ordinary course of business;

(v) Ordinary Course Payments;

(vi) negotiable instruments endorsed for deposit or collection in the ordinary course of business;

(vii) securities or certificates of deposit with maturities of two (2) years or less; provided that, concurrent with such investment, any and all securities or certificates of deposit (other than those acquired in connection with RABBI trusts and deferred compensation plans) shall have been pledged to the Administrative Agent, for the benefit of the Lenders ratably, pursuant to documentation reasonably satisfactory to the Administrative Agent;

(viii) loans, advances or other payments by any Borrower to any and all Non-Borrower Affiliates in an aggregate amount not to exceed Five Million and No/100 Dollars (\$5,000,000.00), in each case outstanding at any time, calculated on a net basis (i.e., any cash proceeds returned by a Non-Borrower Affiliate, whether through a dividend, distribution, share redemption, payment of principal on debt or otherwise, together with payments received from customers of the Borrowers for work done by a Non-Borrower Affiliate under customer contracts of the Borrowers, to the extent such payments are received in the ordinary course of such Non-Borrower Affiliate's business and the allocated amount thereof is commensurate with amounts ordinarily payable between two unrelated and unaffiliated third parties (i.e., on market terms), shall be added back as availability for the aggregate investment limit; *provided* that such cash proceeds are not subject to revocation, rescission, disgorgement, set off or other claim diminishing the full value thereof);

(ix) Permitted Investments; and

(x) Permitted Acquisitions.

7.9 Lease Obligations. Except in the ordinary course of business, (i) enter into any new lease of real or personal property, (ii) modify or amend in any material respect any lease of real or personal property in effect as of the Restatement Date, or (iii) restate or renew any lease of real or personal property in effect as of the Restatement Date. Additionally, except in the ordinary course of business, no VSE Entity shall lease any real or personal property owned by such VSE Entity to any Person (including, without limitation, the Government).

7.10 Certain Agreements; Etc. Suffer or permit any modification or amendment to any VSE Entity's corporate governance documents, to the extent such modification or amendment could reasonably be expected to prejudice the Administrative Agent's or any Lender's rights or remedies under any Loan Document, or the priority, perfection or enforceability of the Administrative Agent's security interest in or lien on any Collateral.

7.11 **Lockbox Deposits.** If a lockbox arrangement shall have been required by the Administrative Agent, permit or cause any and all payments required to be made directly to the Administrative Agent, pursuant to Section 11.2 of this Agreement, to be made or directed to any other Person, without the prior approval of the Administrative Agent.

7.12 **Sale and Leaseback Transactions; Other Agreements.**

(a) Except in connection with the treatment of the Walker Lane Lease as a sale and leaseback transaction, for accounting purposes only, directly or indirectly, enter into any arrangement with any Person providing for any VSE Entity to lease or rent property that such VSE Entity has sold or will sell or otherwise transfer to such Person; or

(b) directly or indirectly, enter into any Material Contract pursuant to which the execution, delivery or performance of the obligations of any Borrower under this Agreement or under any other Loan Document would breach or constitute a default under such Material Contract.

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7.13 **Restricted Non-Borrower Affiliates.** Suffer or permit any Restricted Non-Borrower Affiliate to (i) engage in any business other than the winding down and dissolution of such entities; (ii) incur any indebtedness or obtain any material assets; (iii) modify its organizational documents; or (iv) obtain or use any Loan proceeds. Except for customary costs to dissolve a Restricted non-Borrower Affiliate, no VSE Entity will pay, contribute, invest, lend or otherwise provide to a Restricted Non-Borrower Affiliate any cash, property, assets or otherwise, for any purpose whatsoever, without the Administrative Agent's prior written consent.

7.14 **Anti-Terrorism Laws.** Suffer or permit any VSE Entity to (a) conduct any business or engage in any transaction or dealing with a Blocked Person, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person; (b) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; (c) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or the Patriot Act; or (d) violate any Anti-Corruption Law. Each Borrower shall deliver to the Administrative Agent any certification or other evidence reasonably requested from time to time by the Administrative Agent, confirming each VSE Entity's compliance with this Section 7.14.

ARTICLE 8

COLLATERAL AND OTHER DEPOSIT ACCOUNTS

Except for any Borrower or Non-Borrower Affiliate utilizing Permitted Foreign Bank Accounts, the Borrowers will deposit or cause to be deposited into one or more Deposit Accounts maintained by the Administrative Agent, a Lender, or any of their respective Affiliates (subject to the control requirements set forth in Section 6.8) and if required by the Administrative Agent after the Restatement Date, a collateral account designated by the Administrative Agent (the "Collateral Account"), all checks, drafts, cash and other remittances received by the VSE Entities, and shall deposit such items for credit within three (3) Business Days of the receipt thereof and in precisely the form received. Pending such deposit, the Borrowers will not commingle any such items of payment with any of their other funds or property, but will hold them separate and apart. Notwithstanding the foregoing, the VSE Entities shall have the right to maintain certain other Deposit Accounts (each, a "Transitional Deposit Account") in connection with any Permitted Acquisition, but only for a period of one hundred eighty (180) days after such Permitted Acquisition, as applicable, and provided further that (i) a wire transfer arrangement with the financial institution(s) maintaining such account(s) is in place on or prior to the effective date of such Permitted Acquisition, as applicable, and such arrangement remains in place at all times thereafter for so long as the Transitional Deposit Account remains open; and (ii) each Transitional Deposit Account shall (a) be used solely for the deposit/receipt of cash, checks and other remittances owing to the VSE Entities from time to time, and (b) be at all times, free and clear of any and all liens claims and encumbrances (other than the security interest of the Administrative Agent granted hereby and the rights and remedies of the financial institution maintaining such account, but only to the extent that the exercise of such rights and remedies by such financial institution can be based solely upon claims for reimbursement of normal and customary fees and charges for account maintenance and account administration). Each wire transfer arrangement referenced above must be in form and substance reasonably satisfactory to the Administrative Agent.

The above-referenced Deposit Accounts, the Collateral Account, the Transitional Deposit Account and the Permitted Foreign Bank Accounts shall secure the Obligations and the Borrowers hereby grant, assign and transfer to or at the direction of the Administrative Agent, for the benefit of the Lenders ratably, a continuing security interest in all of the Borrowers' right, title and interest in and to such accounts, whenever created or established. Subject to this Agreement and any other Loan Document, the Administrative Agent may apply funds in such accounts to any of the Obligations, including any principal, interest or other payment(s) not made when due, whether arising under this Agreement or any other Loan Document, or any other Obligation of the Borrowers, without regard to the origin of the deposits in the account, the beneficial ownership of the funds therein or whether such Obligations are owed jointly with another or severally; the order and method of such application to be in the sole discretion of the Administrative Agent. The Administrative Agent's right to deduct sums due under the Loan Documents from the Borrowers' account(s) shall not relieve the Borrowers from their obligation to make all payments required by the Loan Documents as and when required by the Loan Documents, and the Administrative Agent shall not have any obligation to make any such deductions or any liability whatsoever for any failure to do so.

ARTICLE 9
DEFAULT AND REMEDIES

9.1 Events of Default. Any one of the following events shall be considered an "Event of Default":

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- (a) if any Borrower shall fail to pay any principal, interest or other sum owing on any of the Notes or any other Obligation (including regularly scheduled and termination payments under Hedging Contracts) when the same shall become due and payable, whether by reason of acceleration or otherwise; or
- (b) if any of the VSE Entities shall fail to pay and satisfy in full, within thirty (30) days of the rendering thereof, any judgment(s) against one or more of the VSE Entities that individually or in the aggregate are in excess of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00), which are not, to the reasonable satisfaction of the Administrative Agent, fully bonded, stayed, covered by insurance or covered by appropriate reserves; or
- (c) if any warranty or representation of any Borrower not qualified by "materiality" set forth in this Agreement or in any other Loan Document shall be misleading or untrue in any material respect when made or remade, or if any warranty or representation of any Borrower qualified by "materiality" set forth in this Agreement or in any other Loan Document shall be misleading or untrue in any respect when made or remade; or
- (d) if there shall be non-compliance with or a breach of any of the covenants contained in this Agreement (other than the financial covenants set forth in Section 6.15 of this Agreement or any other covenant specifically addressed elsewhere in this Section 9.1), or of any covenant contained in any other Loan Document, and such non-compliance or breach shall continue unremedied after thirty (30) days written notice from the Administrative Agent; or
- (e) if there shall be non-compliance with or a breach of any of the Negative Covenants contained in this Agreement not otherwise specifically addressed elsewhere in this Section 9.1; or
- (f) if there shall be non-compliance with or a breach of (i) any of the reporting requirements set forth in Section 6.3 of this Agreement, and such non-compliance or breach shall continue unremedied for a period of five (5) Business Days after the date when due, (ii) any of the financial covenants set forth in Section 6.15 of this Agreement, or (iii) any of the notification requirements set forth in Section 6.10 of this Agreement; or
- (g) if (i) a trustee or receiver is appointed for any VSE Entity or for all or a substantial part of its assets; (ii) any VSE Entity makes a general assignment for the benefit of creditors; (iii) any VSE Entity files or is the subject of any insolvency proceeding, petition in bankruptcy or similar proceeding (whether such petition or proceeding shall be pursued in a court of law or equity), which in the case of an involuntary bankruptcy, remains undismissed for sixty (60) days; (iv) any VSE Entity shall become insolvent or any VSE Entity shall at any time fail generally to pay its debts as such debts become due; or (v) any Government agency or bankruptcy court or other court of competent jurisdiction shall assume custody or control of the whole or any part of the assets of any VSE Entity; or
- (h) if any VSE Entity's property or assets, including any deposit accounts, are levied upon, attached or subject to any other enforcement proceeding and such levy, attachment or enforcement proceeding (i) involves amounts in excess of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00), and (ii) is not fully bonded or stayed; or
- (i) if a default shall occur with respect to any obligation(s) of one or more VSE Entities for the payment of borrowed money, which involves amounts, individually or in the aggregate, in excess of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00), whether now existing or hereafter created, incurred or arising, and such default shall (i) consist of the failure to pay such obligation(s) when due, whether by acceleration or otherwise, or (ii) accelerate the maturity of such obligation(s) or permit the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such obligation(s) to become due and payable (or require any VSE Entity to purchase or redeem such obligation(s) or post cash collateral in respect thereof) prior to its expressed maturity; or
- (j) if there shall be a default under any Material Contract that has had or would reasonably be expected to have a Material Adverse Effect; or
- (k) if (i) any Borrower is debarred or suspended from contracting with any part of the Government; (ii) a notice of debarment or suspension shall have been issued to any Borrower; or (iii) a notice of termination for default or the actual termination for default of any federal Government Contract that constitutes a Material Contract shall have been issued to or received by any Borrower; or (iv) a Government investigation or inquiry relating to any VSE Entity and involving fraud, deception, dishonesty, willful misconduct or any allegation

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thereof shall have been commenced in connection with any federal Government Contract or any VSE Entity's activities; or

(l) if the capital stock of the Primary Operating Company is not listed (or is delisted) on NASDAQ or another national stock exchange for any reason whatsoever;

(m) (i) the occurrence of (a) a reportable event (under Section 4043 of ERISA and regulations thereunder) with respect to a Pension Plan; (b) a withdrawal by any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a multiemployer plan or notification that a multiemployer plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Sections 4041(c) or 4041A of ERISA, or the commencement of proceedings by the Pension Benefit Guaranty Corporation to terminate a Pension Plan or multiemployer plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or multiemployer plan; or (f) the imposition of any liability under Title IV of ERISA, other than for Pension Benefit Guaranty Corporation premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate, which, in the case of each of (a) through (f), has resulted or could reasonably be expected to result in actual liability of the Borrowers under Title IV of ERISA to the Pension Plan, multiemployer plan or the Pension Benefit Guaranty Corporation, that the Borrowers would be required to pay, in an aggregate amount in excess of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00), or (ii) any Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a multiemployer plan which has resulted or could reasonably be expected to result in actual liability of the revocation period. All applicable life Borrowers that the Borrowers would be required to pay in an aggregate amount in excess of Two Hundred Fifty Thousand and disability benefits, as well as all health insurance, vision, dental, No/100 Dollars (\$250,000.00); or

(n) any provision of this Agreement or any provision of any other Loan Document shall for any reason cease to be valid and other benefits will end binding on your Separation Date. any VSE Entity party thereto, or any VSE Entity shall so assert in writing or shall disavow any of its obligations thereunder.

b) 9.2 Deferred Supplemental Compensation Plan Benefits, Remedies. Pursuant Upon the occurrence of the Event of Default set forth in Section 9.1(g) of this Agreement, all commitments of the Lenders hereunder shall automatically (and without further notice, demand or other action) terminate, and all principal, accrued and unpaid interest and all other Obligations shall automatically (and without further notice, demand or other action) become immediately due and payable in full, and bear interest at the Default Rate until paid in full. Without limiting the foregoing, or any other right or remedy of the Administrative Agent or the Lenders set forth in this Agreement, upon the occurrence of any Event of Default, the Administrative Agent, acting on behalf of the Lenders and, as applicable, their Affiliates, may, and shall, subject to the terms of this Agreement, upon the Company's Deferred Supplemental Compensation Plan (" direction of the Required Lenders, exercise any or all of the following remedies:

(a) Withhold disbursement of all or any part of the Loan proceeds until such time that such Event of Default is cured to the satisfaction of the Administrative Agent and no other Event of Default exists; it being expressly understood and agreed that, notwithstanding the foregoing, no Lender shall have any obligation to make any advance or readvance of Loan proceeds, or issue, amend or renew any Letter of Credit, if any act, event or condition exists or has occurred which with notice or the lapse of time, or both, would constitute an Event of Default (as more fully described in Section 1.4 of this Agreement);

(b) Terminate the Lenders' obligation to make further disbursements of the Loan proceeds;

(c) Declare all principal, interest and other sums owing on the Obligations (including an amount equal to the face amount of all outstanding Letters of Credit) to be immediately due and payable without demand, protest, notice of protest, notice of default, presentment for payment or further notice of any kind;

(d) Without notice, redirect any and all of the Borrowers' deposits to the Collateral Account or any other account under the Administrative Agent's or any Lender's exclusive control;

(e) Without notice, offset and apply against all or any part of the Obligations then owing by any Borrower to any Lender, any and all money, credits, stocks, bonds or other securities or property of any VSE Entity of any kind or nature whatsoever on deposit with, held by or in the possession of Administrative Agent or any Lender in any capacity whatsoever, including any deposits with Administrative Agent or any Lender or any of its

Affiliates, to the credit of or for the account of any VSE Entity. The Administrative Agent and the Lenders are authorized at any time to charge the Obligations against any Borrower's account(s), without regard to the origin of deposits to the account or beneficial ownership of the funds. Any and all amounts obtained by the Administrative Agent or any Lender pursuant to this Subsection (e) shall be shared by all of the Lenders (and each Affiliate of a Lender that is then a counterparty under a Hedging Contract) ratably, in accordance with each Lender's Percentage; and each Lender, as well as the Administrative Agent, shall be entitled to exercise the rights of set-off provided in this Subsection (e);

(f) Exercise all rights, powers and remedies of a secured party under the UCC and/or any other Applicable Laws, including the right to (i) require the Borrowers to assemble the Collateral (to the extent that it is movable) and make it available to the Administrative Agent at a place to be designated by the Administrative Agent, and (ii) enter upon any Borrower's premises, peaceably by the Administrative Agent's own means or with legal process, and take possession of, render unusable or dispose of the Collateral on such premises; each Borrower hereby agreeing not to resist or interfere with any such action. The Administrative Agent agrees to give the Borrowers written notice of the time and place of any public sale of the Collateral or any part thereof, and the time after which any private sale or any other intended disposition of the Collateral is to be made, and such notice will be mailed, postage prepaid, pursuant to Section 12.3 of this Agreement, at least ten (10) days before the time of any such sale or disposition. Each Borrower hereby authorizes and appoints the Administrative Agent and its successors and assigns to (i) sell the Collateral, and (ii) declare that each Borrower assents to the passage of a decree by a court of proper jurisdiction for the sale of the Collateral. Any such sale pursuant to clauses (i) or (ii) above is to be made in accordance with the applicable provisions of the laws and rules of procedure of the State of New York or other Applicable Laws;

(g) Proceed to enforce such other and additional rights and remedies as the Administrative Agent or Lenders may have hereunder and/or under any of the other Loan Documents, or as may be provided by Applicable Laws; or

(h) Impose the Default Rate for the entire principal balance and other sums owing on the Obligations.

The Lenders and the Administrative Agent may exercise their respective rights under this Agreement or under any other Loan Document without exercising the rights or affecting the security afforded by any other Loan Document, and subject to the terms and conditions of this Agreement, the Administrative Agent may (or, at the direction of the Required Lenders, shall) proceed against all or any portion of the Collateral in such order and at such times as the Administrative Agent, in its sole discretion or at the direction of the Required Lenders, sees fit; and each Borrower hereby expressly waives, to the extent permitted by law, all benefit of valuation, appraisal, marshaling of assets and all exemptions under the laws of the State of New York or any other state, district or territory of the United States. Furthermore, if any Borrower shall default in the performance when due of any of the provisions of this Agreement, the Administrative Agent, without notice to or demand upon the Borrowers (and without any grace or cure period) and without waiving or releasing any of the Obligations or any default hereunder, under the Notes or under any other Loan Document, may (but shall be under no obligation to) perform the same for each Borrower's account, and any monies expended in so doing shall be chargeable to the Borrowers with interest, at the highest rate of interest payable under all of the Notes, **DSC Plan** plus two percent (2%) per annum, and added to the Indebtedness secured by the Collateral.

All sums paid or advanced by the Administrative Agent (or any Lender to the extent incurred pursuant to this Agreement) in connection with the foregoing or otherwise in connection with the Loan, and all court costs and expenses of collection, including reasonable attorneys' fees and expenses (and fees and expenses resulting from the taking, holding or disposition of the Collateral) incurred in connection therewith shall be paid by the Borrowers upon demand and shall become a part of the Obligations secured by the Collateral. The Borrowers agree to bear the expense of each lien search, property and judgment report or other form of Collateral ownership investigation as the Administrative Agent, in its discretion, shall deem necessary or desirable to assure or further assure to the Lenders or the Administrative Agent their respective interests in the Collateral.

Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document, in the event that any Collateral proceeds shall have been received by the Administrative Agent or any Lender to pay any of the Obligations, such proceeds shall be applied first to the Obligations relating to, arising from or incurred in connection with the transactions contemplated by this Agreement in accordance with the terms and provisions of this Agreement (including, without limitation, Section 1.4(d) of this Agreement), and then to any other Obligations of the Borrowers. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, in no circumstances shall proceeds of any Collateral constituting an asset of a guarantor or obligor hereunder which is not a Qualified ECP Guarantor be applied towards the payment of any Obligations under Hedging Contracts.

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All Hedging Contracts between any Borrower and any Lender or its Affiliates are independent agreements governed by the written provisions of said Hedging Contracts, which will remain in full force and effect unaffected by any repayment, prepayment, acceleration, reduction, increase or change in the terms of the Loans, except as otherwise expressly provided in said written Hedging Contracts, and any payoff statement from the Administrative Agent or any Lender relating to the Loans shall not apply to said Hedging Contracts, except as otherwise expressly provided in such payoff statement.

ARTICLE 10 THE ADMINISTRATIVE AGENT; AGENCY

10.1 **Appointment.** Each Lender (on behalf of itself and each of its Affiliates that is or becomes a counterparty under a Hedging Contract) hereby affirms its irrevocable appointment of Citizens Bank to act as the Administrative Agent for each such Person pursuant to the provisions of this Agreement and the other Loan Documents, and affirms its irrevocable authorization given to the Administrative Agent to take such action, and exercise such powers and perform such duties as are expressly delegated to or required of the Administrative Agent by the terms hereof or thereof, or are reasonably incidental thereto, including executing documents on behalf of the Lenders, as Administrative Agent. Citizens Bank affirms its agreement to act as the Administrative Agent on behalf of such Persons on the terms and conditions set forth in this Agreement and the other Loan

Documents, subject to its right to resign as provided in Section 10.10 of this Agreement. Each Lender agrees that the rights and remedies granted to the Administrative Agent under this Agreement and the other Loan Documents shall be exercised exclusively by the Administrative Agent, and that no Lender shall have the right individually to exercise any such right or remedy, except to the extent expressly provided herein or therein.

10.2 General Nature of Administrative Agent's Duties. Notwithstanding anything to the contrary elsewhere in this Agreement or any other Loan Document:

(a) the Administrative Agent shall have no duties or responsibilities other than those expressly set forth in this Agreement and the other Loan Documents, and no implied duties or responsibilities on the part of the Administrative Agent shall be read into this Agreement or any other Loan Document or shall otherwise exist;

(b) the duties and responsibilities of the Administrative Agent under this Agreement and the other Loan Documents shall be mechanical and administrative in nature, and the Administrative Agent shall not have a fiduciary relationship in respect of any Lender;

(c) the Administrative Agent is and shall be solely the agent of the Lenders. The Administrative Agent does not assume, and shall not at any time be deemed to have, any relationship of agency or trust with or for, or any other duty or responsibility to, any VSE Entity or any other Person (except only for its relationship as agent for, its express duties and responsibilities as agent for, and its express duties and responsibilities to, the Lenders as provided in this Agreement and the other Loan Documents); and

(d) the Administrative Agent shall not have any obligation to take any action hereunder or under any other Loan Document if the Administrative Agent believes in good faith that taking such action may (i) conflict with any Applicable Laws, or any provision of this Agreement or any other Loan Document, (ii) may require the Administrative Agent to qualify to do business in any jurisdiction where it is not then so qualified, or (iii) result in any liability of the Administrative Agent or any Lender not fully covered by insurance.

10.3 Exercise of Powers.

(a) The Administrative Agent shall have the authority to take any action of the type specified in this Agreement or any other Loan Document as being within the Administrative Agent's rights, powers or discretion, as it determines in its sole discretion, except as provided in Subsection (b) below, and except as provided herein or in any other Loan Document, when such action expressly requires the direction or consent of (i) the Required Lenders, or (ii) all of the Lenders, in either of which circumstances the Administrative Agent shall not take such action absent such direction or consent. Any action or inaction pursuant to such direction or consent shall be binding on all of the Lenders.

(b) Notwithstanding anything set forth in this Agreement to the contrary, the Administrative Agent shall not amend, modify, grant consents or waive any term or provision of this Agreement or any other Loan Document (and such amendment, modification, consent or waiver shall not be effective) without the consent or approval of the Required Lenders or all Lenders as applicable below in this paragraph, or declare an Event

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of Default, provide formal written notice of default to any Borrower or exercise any rights or remedies against any VSE Entity without the prior consent of the Required Lenders or all Lenders, as applicable below in this paragraph. For the avoidance of doubt, any waiver by the Administrative Agent of the Borrowers' compliance with any Negative Covenant set forth in Article 7, or consent by the Administrative Agent to the Borrowers' non-compliance with any such Negative Covenant, shall require the prior written consent of the Required Lenders. Each Lender agrees that its decision to consent to or reject any request by the Administrative Agent for permission to declare an Event of Default, provide formal notice thereof to any Borrower and/or exercise any rights or remedies arising by virtue of such default, shall be made as soon as reasonably practicable after the Lender has received all relevant information with respect to such request (to the extent such information shall be readily available), but in all events within ten (10) Business Days of the receipt of such information, at which time any Lender who shall have failed to respond to the Administrative Agent with its decision to consent to or reject the particular request prior to the expiration of such ten (10) Business Day period shall be deemed to have consented to the particular request; it being understood and agreed that, unless otherwise provided herein, the Administrative Agent shall exercise any and all rights and responsibilities on behalf of the Lenders in connection with an Event of Default. Additionally, only with the consent or approval of all of the Lenders, the Administrative Agent may (and the following amendments may be effectuated) (a) extend the final maturity of the Loan or any Note, reduce the amount of, or extend the time of payment for, any installment of principal, interest or fees or other amounts payable to a Lender hereunder or under any other Loan Document or otherwise in connection with the Loan other than Mandatory Payments, or issue Letters of Credit (i) having an expiration date beyond the Maturity Date, except as otherwise expressly provided in this Agreement, or (ii) causing the aggregate outstanding amount of all such Letters of Credit issued to exceed Twenty-Five Million and No/100 Dollars (\$25,000,000.00), (b) increase the Percentage of the Commitment Amount of any Lender or increase the Commitment Amount of any Lender, other than pursuant to Section 1.8 and/or Section 1.9 of this Agreement, (c) release all or a substantial portion of the Collateral, except in accordance with the provisions of any applicable Loan Document; provided that the Administrative Agent may release the lien of the Administrative Agent for the benefit of the Lenders in any Collateral to the extent sold by any Borrower in a transaction permitted by this Agreement, (d) amend the definition of "Required Lenders", (e) consent to the release of any Borrower from, or the assignment or transfer by any Borrower of, any of its rights or obligations hereunder, except in accordance with the provisions of any applicable Loan Document, (f) amend, modify or waive any of the provisions set forth in this Section 10.3 or any other provision of this Agreement specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, (g) change the manner of application by the Administrative Agent of payments made under the Loan Documents or otherwise change any provision governing pro rata payments among Lenders, (h) change the method of calculation used in connection with the computation of interest, commissions or fees (which are payable for the ratable benefit of each Lender), (i) amend, modify or waive any condition precedent set forth in Article 4 of this Agreement or (j) subordinate the lien on all or a substantial portion of the Collateral granted in favor of the Administrative Agent for the benefit of the Lender, or subordinate the right of payment of the Obligations to any other Indebtedness (except pursuant to a transaction in which participation in such other Indebtedness for borrowed money is offered to the Lenders on a pro rata basis or in connection with a "debtor in possession" financing, on the same terms (including fees) as are offered to all other providers of such financing). Each Lender agrees that its decision to approve or

reject any request for an amendment or waiver with respect to this Agreement shall be made, except as otherwise expressly provided herein, as soon as reasonably practicable after the Lender has received all relevant information with respect to such request. For the avoidance of doubt, a wholly-owned Affiliate that is a Borrower which becomes a non-wholly owned Affiliate shall not be released from their obligations as a Borrower hereunder without the consent of the Lenders (other than in connection with the sale of 100% of the equity interests of such Affiliate pursuant to a transaction permitted hereunder).

10.4 General Exculpatory Provisions. Notwithstanding anything to the contrary elsewhere in this Agreement or any other Loan Document:

(a) the Administrative Agent, in its capacity as Administrative Agent (but not as a Lender), shall not be liable for any action taken or omitted to be taken by it in a manner consistent with the terms of this Agreement or any other Loan Document, unless caused by its own gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction;

(b) the Administrative Agent shall not be responsible for (i) the execution, delivery, effectiveness, enforceability, genuineness, validity or adequacy of this Agreement or any other Loan Document, (ii) any recital, representation, warranty, document, certificate, report or statement in this Agreement or any other Loan Document, (iii) any failure of any VSE Entity or any Lender to perform any of their respective obligations under this Agreement or any other Loan Document, (iv) the existence, validity, enforceability, perfection, recordation, priority, adequacy or value, now or hereafter, of any lien or encumbrance or other direct or indirect security afforded or purported to be afforded by any of the Loan Documents, or otherwise from time to time, or (v) caring for, protecting, insuring or paying any taxes, charges or assessments with respect to any Collateral;

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(c) the Administrative Agent shall have no obligation to ascertain, inquire or give any notice relating to (i) the performance or observance of any of the terms or conditions of this Agreement or any other Loan Document on the part of any VSE Entity, (ii) the business, operations, condition (financial or otherwise) or prospects of any VSE Entity, or (iii) except as otherwise expressly set forth in this Agreement, the occurrence or existence of any Event of Default; and

(d) the Administrative Agent shall have no obligation, either initially or on a continuing basis, to provide any Lender with any notices, reports or information of any nature, whether in its possession presently or hereafter, except for such notices, reports and other information expressly required by this Agreement or any other Loan Document to be furnished by the Administrative Agent to such Lender.

10.5 Administration by the Administrative Agent.

(a) The Administrative Agent may rely upon any notice or other communication of any nature (written or oral, including telephone conversations, whether or not such notice or other communication is made in a manner permitted or required by this Agreement or any other Loan Document) purportedly made by or on behalf of the proper party or parties, and the Administrative Agent shall not have any duty to verify the identity or authority of any person giving such notice or other communication.

(b) The Administrative Agent may consult with legal counsel (including in-house counsel for the Administrative Agent), independent public accountants and any other experts selected by the Administrative Agent from time to time, and the Administrative Agent shall not be liable for any action reasonably taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts.

(c) The Administrative Agent may conclusively rely upon the truth of the statements and the correctness of the opinions expressed in any certificates or opinions furnished to the Administrative Agent in accordance with the requirements of this Agreement or any other Loan Document. Whenever the Administrative Agent shall deem it necessary or desirable that a matter be proved or established with respect to any VSE Entity or any Lender, such matter may be established by a certificate of such Borrower or such Lender, as the case may be, and the Administrative Agent may conclusively rely upon such certificate.

(d) The Administrative Agent may fail or refuse to take any action unless it shall be indemnified to its satisfaction from time to time against any and all amounts, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of every kind and nature which may be imposed on, incurred by or asserted against the Administrative Agent by reason of taking or continuing to take any such action; provided that no Lender shall be obligated to indemnify the Administrative Agent for any portion of such amounts, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements resulting solely from the gross negligence or willful misconduct of the Administrative Agent, as finally determined by a court of competent jurisdiction.

(e) The Administrative Agent may perform any of its duties under this Agreement or any other Loan Document by or through agents or attorneys-in-fact. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(f) The Administrative Agent shall not be deemed to have any knowledge or notice of the occurrence of any Event of Default (other than a default in the payment of regularly scheduled principal or interest), unless the Administrative Agent has received from a Lender or a Borrower a written notice describing the Event of Default. If the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to each Lender, unless such notice shall have been addressed and/or issued to all of the Lenders.

10.6 Lenders Not Relying on the Administrative Agent or Other Lenders. Each Lender acknowledges as follows:

(a) neither the Administrative Agent nor any other Lender has made any representations or warranties to it, and no act taken hereafter by the Administrative Agent or any other Lender shall be deemed to constitute any representation or warranty by the Administrative Agent or such other Lender to it;

(b) it has, independently and without reliance upon the Administrative Agent or any other Lender, and based upon such documents and information as it has deemed appropriate, made its own credit and legal analysis and decision to enter into this Agreement and the other Loan Documents; and

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(c) it will, independently and without reliance upon the Administrative Agent or any other Lender, and based upon such documents and information as it shall deem appropriate at the time, make its own decisions to take or not take action under or in connection with this Agreement and the other Loan Documents.

10.7 Indemnification. Each Lender agrees to reimburse and indemnify the Administrative Agent, the Lead Arranger (each solely in their capacity as such) and the Administrative Agent's and the Lead Arranger's respective directors, officers, employees and agents (to the extent not reimbursed by the Borrowers, and without limitation of the obligation of the Borrowers to do so), ratably in accordance with each Lender's Percentage, from and against any and all amounts, losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs and disbursements of every kind or nature (including the reasonable fees and disbursements of counsel for the Administrative Agent or such other Person in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not the Administrative Agent or such other Person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Administrative Agent or such other Person as a result of this Agreement, any other Loan Document, any transaction from time to time contemplated hereby or thereby, or any transaction financed in whole or in part or directly or indirectly with the proceeds of the Loan; provided that no Lender shall be obligated to indemnify the Administrative Agent or such other Person for any portion of such amounts, losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements resulting solely from the gross negligence or willful misconduct of the Person seeking indemnity, as finally determined by a court of competent jurisdiction.

10.8 Administrative Agent in its Individual Capacity. With respect to its commitment and the Obligations owing to it, Citizens Bank shall have the same rights and powers under this Agreement and each other Loan Document as any other Lender, and may exercise the same as though it was not the Administrative Agent. The terms "Lender," "holders of Notes" and like terms shall include Citizens Bank in its individual capacity. Citizens Bank and its Affiliates may, without liability to account therefor, make loans to, accept deposits from, acquire debt or equity interests in, act as trustee under indentures of and engage in any other business with any VSE Entity and any Affiliate of any VSE Entity, as though Citizens Bank was not the Administrative Agent hereunder.

10.9 Holders of Notes. Without limiting the requirements of Section 12.11 of this Agreement, the Administrative Agent may deem and treat any Lender which is the payee of a Note as the owner and holder of such Note for all purposes hereof unless and until written notice evidencing such transfer shall have been filed with the Administrative Agent. Any authority, direction or consent of any Person who at the time of giving such authority, direction or consent was a Lender shall be conclusive and binding on each present and subsequent holder, transferee or assignee of any Note or Notes payable to such Lender or issued in exchange therefor.

10.10 Successor Administrative Agent. The Administrative Agent may resign at any time by giving thirty (30) days prior written notice thereof to the Lenders and Borrowers, subject to appointment of a successor Administrative Agent (and such appointees acceptance of appointment) as below provided in this Section 10.10. Additionally, the Administrative Agent may be removed for cause by all of the Lenders (other than the Administrative Agent, if the Administrative Agent is then a Lender), if removal or resignation, as applicable, is requested in writing (which wording must specifically identify the "cause" for removal), and ten (10) days' prior written notice of removal or resignation is provided to the Administrative Agent and Borrowers. Upon any such resignation or removal, the Required Lenders shall, on behalf of the Lenders, immediately appoint, as its successor, another Lender; provided that such Lender is a commercial bank or trust company organized under the laws of the United States of America or any State thereof and has a combined capital and surplus of at least Five Hundred Million and No/100 Dollars (\$500,000,000.00) (a "Qualifying Person"). In such event, the Administrative Agent's resignation or removal shall not be effective until the successor Administrative Agent shall have accepted its appointment, provided that if the Administrative Agent shall notify the Borrowers that no Qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice, and the retiring Administrative Agent, as the case may be, shall be discharged from its duties and obligations under this Agreement. Upon the acceptance by a successor Administrative Agent of its appointment as the Administrative Agent hereunder, such successor Administrative Agent shall thereupon succeed to and become vested with all of the Separation Date, you properties, rights, powers, privileges and duties of the former Administrative Agent, without further act, deed or conveyance. Upon the effective date of resignation or removal of the retiring Administrative Agent and payment of all amounts then due and payable by the Administrative Agent to the Lenders pursuant to this Agreement, such Administrative Agent shall be discharged from its duties under this Agreement and the other Loan Documents. If for any reason, at any time, there is no Administrative Agent hereunder, then during such period, the Required Lenders shall have vested the right to exercise the Administrative Agent's rights and perform its duties hereunder, except that (a) all notices or other communications required or permitted to be given to the Administrative Agent shall be given to each Lender, and (b) all payments to be made to the Administrative Agent shall be made directly to the Borrowers or the Lender for whose account such payment is made.

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10.11 Additional Agents. If the Administrative Agent shall from time to time deem it necessary or advisable to engage other agents for its own protection in 50% the performance of your DSC Plan benefits its duties hereunder or in the interests of the Lenders, then the Administrative Agent and Borrowers shall execute and deliver a supplemental agreement and all other instruments and agreements necessary or advisable, in the opinion of the Administrative Agent, to constitute another commercial bank or trust company, or one or more other Persons approved by the Administrative Agent, to act as co-Administrative Agent or a separate agent with respect to any part of the Collateral, with such powers as may be provided in such supplemental agreement, and with the power to vest in such bank, trust company or other Person (as such co-Administrative Agent or separate agent, as the case may be), any properties, rights, powers, privileges and duties of the Administrative Agent under this Agreement or any other Loan Document.

10.12 Calculations. The Administrative Agent shall not be liable for any calculation, apportionment or distribution of payments made by it in good faith. If such calculation, apportionment or distribution is subsequently determined to have been made in error, the sole recourse of any Lender to whom payment was due but not made shall be to recover from the Lenders any payment in excess of the amount to which they are determined to be entitled, with interest thereon at the Federal Funds Rate, or, if the amount due was not paid by any Borrower, to recover such amount from such Borrower (subject to the terms and conditions of this Agreement), with interest thereon at the rate provided in the applicable Note.

10.13 Funding by the Administrative Agent.

(a) Except as otherwise provided in this Agreement, the Administrative Agent alone shall be entitled to make all advances in connection with the Loan and shall receive all payments and other receipts relating to the Loan; it being understood, however, that the Administrative Agent has reserved the right not to advance any amounts to the Borrowers which the Administrative Agent has not received from the Lenders. The Administrative Agent will notify each Lender of the date and amount of any requested advance, and if such notification is received by 1:00 p.m. New York, NY time on any given Business Day, the Lenders shall provide the required funds to the Administrative Agent no later than the close of business (i) on such Business Day in the case of Base Rate Loans and (ii) on the date specified for payments, in the case of SOFR Rate Loans, Daily Simple RFR Loans and Eurocurrency Rate Loans. At any time as may be requested by the Administrative Agent or the Swing Line Lender, the Administrative Agent and each Lender shall pay to each other such amounts (the "Equalization Payments") as may be necessary to cause each Lender to own its applicable Percentage of the Loan and otherwise implement the terms and conditions of this Agreement; it being understood that each Lender shall be entitled to receive interest on amounts advanced by it only from the date of such Lender's advance of funds. The obligation of the Administrative Agent and each Lender to make Equalization Payments shall not be affected by a bankruptcy filing by any VSE Entity, the occurrence of any Event of Default or any other act, occurrence or event whatsoever, whether the same occurs before, on or after the date on which an Equalization Payment is required to be made. All Equalization Payments shall be made by 5:00 p.m. New York, NY time on the date such payment is required, provided that notice of such Equalization Payment shall have been given to the party obligated to make such payment by 1:00 p.m. New York, NY time; otherwise such Equalization Payment shall be made on the next Business Day.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender no later than the close of business on the Business Day before the Business Day on which an advance requested by the Borrowers is to be made, that such Lender will not make its ratable share of such advance, the Administrative Agent may assume that such Lender will make its ratable share of the advance, and in reliance upon such assumption the Administrative Agent may (but in no circumstances shall be required to) make available to the Borrowers a corresponding amount. If and to the extent that any Lender fails to make such payment to the Administrative Agent when required, such Lender shall pay such amount on demand (or, if such Lender fails to pay such amount on demand, the Borrowers shall arrange for the repayment of such amount to the Administrative Agent), together with interest for the Administrative Agent's own account for each day from and including the date of the Administrative Agent's payment, to and including the date of repayment to the Administrative Agent (before and after judgment). Interest (i) if paid by such Lender (a) for each day from and including the date of the Administrative Agent's payment to and including the second Business Day thereafter, shall accrue at the Federal Funds Rate for such day, and (b) for each day thereafter, shall accrue at the rate or rates per annum payable under the Notes; and (ii) if paid by the Borrowers, shall accrue at the rate or rates per annum payable under the Notes. All payments to the Administrative Agent under this Section shall be made to the Administrative Agent at its office set forth in Section 12.3 of this Agreement (or as otherwise directed by the Administrative Agent), in dollars, in immediately available funds, without set-off, withholding, counterclaim or other deduction of any nature.

(c) All borrowings under this Agreement shall be incurred from the Lenders pro rata on the basis of their respective Percentages (except to the extent advanced (i) as a Swing Line Loan, or (ii) by the Administrative Agent on behalf of any Lender as provided in Subsection (a) or (b) above). No Lender shall be responsible for any other Lender's failure to meet its obligation to make advances hereunder, and each Lender shall

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be obligated to make advances required to be made by it hereunder regardless of the failure of any other Lender to make its advances hereunder.

(d) Subject to the payment or prepayment of all Hedging Obligations (including all applicable termination payments), each payment and prepayment received by the Administrative Agent for the account of the Lenders shall be distributed first to the Swing Line Lender for application to any Swing Line Outstandings, and then to each Lender entitled to share in such payment, ratably in accordance with each Lender's Percentage. Notwithstanding Section 9.2(e) of this Agreement, any Lender who has failed to fund its Percentage of any advance under the Loan shall not be entitled to share in any such payment(s) until such time as the funding deficiency caused thereby, together with interest thereon (as provided in Subsection (b) above), has been paid to the Administrative Agent in accordance with the terms and conditions of this Agreement. Payments from the

Administrative Agent to the Lenders shall be made by wire transfer in accordance with written instructions provided to the Administrative Agent by the Lenders from time to time. Unless the Administrative Agent shall have received written notice from the Borrowers prior to the date on which any payment is due to the Lenders hereunder that the Borrowers will not make such payment in full, the Administrative Agent may assume that the Borrowers have made such payment in full on such date and the Administrative Agent, in reliance upon such assumption, may cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrowers shall not have made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent upon its demand therefor such amount distributed to such Lender, together with interest thereon at the overnight Federal Funds Rate for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent.

(e) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) in excess of such Lender's Percentage of payments, such Lender shall forthwith purchase from the other Lender(s) such participations in the Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of the other Lender(s); provided, however, if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from the other Lender(s) shall be rescinded and each other Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment, to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount recovered. Each Borrower agrees that any Lender purchasing a participation from another Lender pursuant to this Section 10.13(e), to the fullest extent permitted by law, may exercise all of its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of \$91,740. Your DSC such participation.

(f) No Lender nor any Affiliate of any Lender shall collect any separate remuneration (i.e., in addition to any remuneration paid on a pro rata basis to all Lenders) as an inducement for such Lender entering into any waiver or amendment to this Agreement.

10.14 **Benefit of Article.** The provisions of this Article 10 are solely for the benefit of the Administrative Agent and the Lenders. Except as otherwise expressly set forth in this Article 10, no VSE Entity shall have any rights under any of the provisions of this Article 10; it being understood that the provisions of this Article 10 are not in limitation of any right, remedy, power, duty, obligation or liability which the Administrative Agent would have to or against any VSE Entity.

10.15 **Field Audits and Examination Reports; Confidentiality; Disclaimers by Lenders; Other Reports and Information.** By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that the Administrative Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report (each a "Report" and collectively, "Reports") prepared by or at the request of the Administrative Agent, and the Administrative Agent shall so furnish each Lender with such Reports;

(b) expressly agrees and acknowledges that the Administrative Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report;

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that the Administrative Agent or other party performing any audit or examination will be payable inspect only specific information regarding the VSE Entities and will rely significantly upon the VSE Entities' books and records, as well as on representations of the VSE Entities' personnel;

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(d) subject to you on any applicable reporting and/or disclosure requirements of the second anniversary Government, agrees to take normal and reasonable precautions to maintain the confidentiality of your Separation Date so long as you have complied with the restrictive covenants all Reports and other terms of material, non-public information regarding the DSC Plan.

3. Promises VSE Entities and their operations, assets, and existing and contemplated business plans; it being understood and agreed that such information may be disclosed by any Lender (i) to the Company.

a) **Company Property.** On your Separation Date, you will, return to the Company any Company property that you now its Affiliates, authorized representatives, accountants, legal counsel or other advisors who are bound by comparable confidentiality provisions or have including identification card, access card, office keys, computer, company manuals, office equipment, records and files.

b) **Proprietary Rights Agreement Compliance.** You agree agreed to comply with the terms confidentiality requirements of this Section, (ii) to the extent requested by applicable law, court order or decree or any regulatory agency or authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (iii) to the extent such information becomes publicly available other than as a result of a breach of this Section, or which is or becomes available to such Lender on a non-confidential basis from a source other than the Borrowers, (iv) in connection with the exercise of any remedy hereunder or under any other Loan Document or any suit, action or proceeding relating to

this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (v) subject to execution by such Person of an agreement containing provisions substantially the same as those of this Section, to (A) any assignee or prospective assignee of any of such Lender's rights or obligations under this Agreement, or (B) any actual or prospective party (or its Affiliates) to any swap or derivative or other transaction under which payments are to be made by reference to the Borrowers and their obligations, this Agreement or payments hereunder, (vi) to any rating agency that requires access to information about a Lender's investment or loan portfolio in connection with ratings issued with respect to such Lender, (vii) to the CUSIP Service Bureau or any similar organization, or (viii) with the prior consent of the **Proprietary Rights** Borrowers. Any Person required to maintain the confidentiality of any information as provided for in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information; and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, **signed** agrees: (i) to hold the Administrative Agent and any such other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to the Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of the Borrowers; and (ii) to pay and protect, and indemnify, defend and hold the Administrative Agent, and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys fees and costs) incurred by **you on April 2, 2020**, the Administrative Agent and any such other Lender preparing a Report as the direct or indirect result of the sharing of such Report with any third parties who might obtain all or part of any Report through the indemnifying Lender; **provided** that no Lender shall be obligated to indemnify the Administrative Agent or such other Person for any portion of such amounts, losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements resulting solely from the gross negligence or willful misconduct of the Person seeking indemnity, as finally determined by a court of competent jurisdiction.

In addition to the foregoing: (i) any Lender may from time to time request of the Administrative Agent in writing that the Administrative Agent provide to such Lender a copy of any report or document provided by the Borrowers to the Administrative Agent that has not been contemporaneously provided by the Borrowers to such Lender, and, upon receipt of such request, the Administrative Agent promptly shall provide a copy of same to such Lender, it being understood and agreed that the items required to be delivered pursuant to Sections 6.3(a) and 6.3(b) of this Agreement shall be posted to Syndtrak upon receipt by the Administrative Agent; and (ii) to the extent that the Administrative Agent is entitled, under any provision of the Loan Documents, to request additional reports or information from the Borrowers, any Lender may, from time to time, reasonably request the Administrative Agent to exercise such right as specified in such Lender's notice to the Administrative Agent, whereupon the Administrative Agent promptly shall request of the Borrowers the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from the Borrowers, the Administrative Agent promptly shall provide a copy of same to such Lender.

10.16 Replacement of Lenders. If (a) any Lender requests compensation under Section 12.8 of this Agreement and/or **Exhibit 3** attached hereto **as** (other than a Loan Prepayment Fee), (b) the Borrowers are required to pay any additional amount to any Lender or any Government for the account of any Lender pursuant to Section 12.20 of this Agreement, (c) a Lender (a "**Exhibit A Non-Consenting Lender**") does not consent to a proposed change, waiver, discharge or termination with respect to any Loan Document that has been approved by the Required Lenders but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable) or (d) any Lender is a Defaulting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse, all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which Eligible Assignee may be another Lender, if a Lender accepts such assignment), **including all provided that: (i) the provisions regarding confidentiality, inventions, use and return of proprietary information and trade secrets, and non-solicitation, among others.**

- c) **Non-disparagement.** You agree **not** Borrowers shall have paid, or caused to hereafter engage in conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports, or comments) that are disparaging or damaging be paid, to the integrity, reputation, or good will Administrative Agent the assignment fee; (ii) such Lender shall have received payment of an amount equal to 100% of the **Company** outstanding principal of its Loans and **its**

officers Letters of Credit, accrued interest thereon, accrued fees and **directors**, all other amounts payable to it hereunder and under the other Loan Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts); (iii) in the case of any such assignment resulting from a claim for compensation under **Exhibit 3** attached hereto or payments required to be made pursuant to **Exhibit 3** attached hereto, such assignment will result in a reduction in such compensation or payments thereafter; (iv) such assignment does not conflict with Applicable Laws; and (v) in the case of any such assignment resulting from a Non-Consenting Lender's failure to consent to a proposed change, waiver, discharge or termination with respect to any Loan Document, the applicable assignee consents to the proposed change, waiver, discharge or termination; provided that the failure by such Non-Consenting Lender to execute and deliver an assignment shall not impair the validity of the removal of such Non-Consenting Lender and the mandatory assignment of such Non-Consenting Lender's Commitments and outstanding Loans and participations in Letters of Credit and Swing Line Loans pursuant to this Section shall nevertheless be effective without the execution by such Non-Consenting Lender of an assignment. A **disparaging statement** Lender shall

not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

10.17 Defaulting Lender Provisions. Notwithstanding anything to the contrary in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law,

(a) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of any communication, oral Defaulting Lender under this Agreement (whether voluntary or written, mandatory, at maturity or otherwise) from the Borrowers for the account of a Defaulting Lender under this Agreement will not be required to be paid or distributed to such Defaulting Lender, but will instead be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent under this Agreement; *second*, to the funding of any Loan advance in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; and *third*, if so determined by the Administrative Agent and the Borrowers, held in an account as cash collateral for future funding obligations of the Defaulting Lender in respect of any Loan advances under this Agreement. If such Lender is still a Defaulting Lender and any amounts remain in such account on the date that would cause the Loan commitments are terminated and all payment obligations of the Borrowers hereunder are paid in full, then such amounts will be applied by the Administrative Agent to the making of payments in the following order of priority: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, with respect to the Revolving Facility, to the payment of any amounts owing by such Defaulting Lender to the Swing Line Lender hereunder; *third*, to the funding of any Loan advance in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fourth*, to the payment of any amounts owing to the Lenders or tend the Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender or the Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to pay amounts owing under this Agreement to such Defaulting Lender or as a court of competent jurisdiction may otherwise direct; provided that any amounts held as cash collateral for funding obligations of a Defaulting Lender shall be returned to such Defaulting Lender upon the termination of this Agreement and the satisfaction of such Defaulting Lender's obligations hereunder. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 10.17 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(b) No Commitment Amount of any Lender shall be increased or otherwise affected, and, except as otherwise expressly provided in this Section 10.17, performance by the Borrowers of their obligations shall not be excused or otherwise modified as a result of the operation of this Section 10.17. The rights and remedies against a Defaulting Lender under this Section 10.17 are in addition to any other rights and remedies which the Borrowers, the Administrative Agent or any Lender (including the Swing Line Lender) may have against such Defaulting Lender.

(c) In the case of a Defaulting Lender that is a Revolving Facility Lender, all or any part of such Defaulting Lender's participation in Swing Line Loan advances shall be reallocated among the Non-Defaulting Lenders under the Revolving Facility in accordance with their respective Percentages (calculated without regard to such Defaulting Lender's Revolving Facility Commitment Amount) but only to the extent that (x) no default or Event of Default exists at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted

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that such condition is satisfied at such time), and (y) such reallocated participation does not, as to any Revolving Facility Lender, exceed such Lender's unused Revolving Facility Commitment Amount. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(d) If the reallocation described in clause (c) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to it hereunder or under law, prepay Swing Line Facility advances in an amount equal to the amount of the participation of the Defaulting Lenders.

If the Borrowers and the Administrative Agent agree in writing in their reasonable determination that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the applicable parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), that Lender will, to the extent applicable, purchase that portion of outstanding advances of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause humiliation or embarrassment or the advances to cause be funded and held on a recipient to question pro rata basis by the business condition, integrity, product and service, quality, confidence, or good character Lenders in accordance with their Percentages of the applicable Facility or Facilities, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or

payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

So long as any Revolving Facility Lender is a Defaulting Lender, no Swing Line Lender shall be required to fund any Swing Line Loan advances unless the participations of Defaulting Lenders in such Swing Line Loan advances have been fully reallocated in accordance with Section 10.17(c).

10.18 **Certain ERISA Matters.**

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of the Administrative Agent and the Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with such Lender's Loan advances or Loan commitments hereunder,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of such Lender's Loan advances, Loan commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform such Lender's Loan advances, Loan commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of such Lender's Loan advances, Loan commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of such Lender's Loan advances, Loan commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

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(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrowers, that none of the Administrative Agent, the Lead Arranger and their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

(c) For purposes hereof, the term (i) "Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan" and (ii) "PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

10.19 **Erroneous Payments.**

(a) If the Administrative Agent notifies a Lender or LC Issuer, or any Person who has received funds on behalf of a Lender or LC Issuer (any such Lender, LC Issuer or other recipient, a "Payment Recipient") that Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under Section 10.19(b) of this Agreement) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, LC Issuer or other Payment Recipient on its behalf) (any such funds, whether received as

a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Lender or LC Issuer shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two (2) Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this Section shall be conclusive, absent manifest error.

(b) Without limiting the provisions of Section 10.19 of this Agreement, each Payment Recipient hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Payment Recipient otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part), in each case:

(i) (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) in the case of immediately preceding clause (z), an error has been made, in each case, with respect to such payment, prepayment or repayment; and

(ii) such Lender or LC Issuer shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one (1) Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section.

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(c) Each Lender or LC Issuer hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Lender or LC Issuer under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Lender or LC Issuer from any source, against any amount due to the Administrative Agent under Section 10.19(a) of this Agreement or under the indemnification provisions of this Agreement.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with Section 10.19(a) of this Agreement, from any Lender or LC Issuer that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "Erroneous Payment Return Deficiency"), upon the Administrative Agent's notice to such Lender or LC Issuer at any time, (i) such Lender or LC Issuer shall be deemed to have assigned its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the "Erroneous Payment Impacted Class") in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the "Erroneous Payment Deficiency Assignment") at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance), and is hereby (together with the Primary Operating Company) deemed to execute and deliver an Assignment and Acceptance with respect to such Erroneous Payment Deficiency Assignment, and such Lender or LC Issuer shall deliver any Notes evidencing such Loans to the Primary Operating Company or the Administrative Agent, (ii) the Administrative Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment, (iii) upon such deemed acquisition, the Administrative Agent as the assignee Lender shall become a Lender or LC Issuer, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender or assigning LC Issuer shall cease to be a Lender or LC Issuer, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its officers applicable Commitments which shall survive as to such assigning Lender or assigning LC Issuer and directors. Such prohibited statements (iv) the Administrative Agent may reflect in the Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. The Administrative Agent may, in its discretion, but subject to Section 12.11, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender or remarks include, but are not limited to, comments, pictures, direct messages, LC Issuer shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Lender or LC Issuer (and/or against any posting recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any social media platform including, among others, Facebook, Snapchat, Twitter, LinkedIn, Lender or LC Issuer and Instagram.

d) Restrictive Covenants Pursuant to Employment Agreement. For a period of eighteen (18) months from the Separation Date, you agree to comply such Commitments shall remain available in accordance with the terms of your restrictive covenants this Agreement. In addition, each party

hereto agrees that, except to the extent that the Administrative Agent has sold a Loan (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Lender or LC Issuer under the Loan Documents with respect to each Erroneous Payment Return Deficiency (the "Erroneous Payment Subrogation Rights").

(e) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by any Borrower or any other VSE Entity, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from any Borrower or any other VSE Entity for the purpose of making such Erroneous Payment.

(f) To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

Each party's obligations, agreements and waivers under this Section 10.19 of this Agreement shall survive the resignation or replacement of the Administrative Agent, any transfer of rights or obligations by, or the replacement of, a Lender or LC Issuer, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof).

ARTICLE 11
CERTAIN ADDITIONAL RIGHTS AND
OBLIGATIONS REGARDING THE COLLATERAL

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11.1 Power of Attorney. Each Borrower hereby reaffirms its irrevocable appointment of the Administrative Agent, as its agent and attorney-in-fact, with power of substitution, having full power and authority, in its own name, in the name of any Lender(s), in the name of any VSE Entity or otherwise (but at the cost and expense of the Borrowers and without notice to any VSE Entity), to (a) upon an Event of Default, notify Account Debtors obligated on any of the Receivables to make payments thereon directly to the lockbox referenced in Section 11.2 of this Agreement, and to take control of the cash and non-cash proceeds of any such Receivables, which right the Administrative Agent may exercise at any time whether or not an Event of Default shall have occurred and be continuing hereunder or was theretofore making collections thereon; (b) upon an Event of Default, compromise, extend or renew any of the Collateral constituting Receivables or deal with any of the Collateral as the Administrative Agent may deem advisable; (c) upon an Event of Default, release its interest in, make exchanges or substitutions for and/or surrender, all or any part of any Borrower's interest in all or any part of the Collateral; (d) upon an Event of Default, remove from any VSE Entity's place(s) of business all books, records, ledger sheets, correspondence, invoices and documents relating to or evidencing any of the Collateral, or without cost or expense to the Administrative Agent, make such use of any VSE Entity's place(s) of business as may be reasonably necessary to administer, control and/or collect the Collateral; (e) upon an Event of Default, repair, alter or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any Account Debtor; (f) demand, collect receipt for and upon an Event of Default, give renewals, extensions, discharges and releases of all or any part of the Collateral; (g) upon an Event of Default, institute and prosecute legal and equitable proceedings to enforce collection of, or realize upon, all or any part of the Collateral; (h) upon an Event of Default, settle, renew, extend, compromise, compound, exchange or adjust claims with respect to all or any part of the Collateral or any legal proceedings brought with respect thereto; and (i) upon an Event of Default, receive and open all mail addressed to any VSE Entity (other than mail sent to any lockbox established pursuant to Section 11.2 of this Agreement which may be received and opened in the ordinary course of such lockbox procedures irrespective of whether any Event of Default has occurred), and if an Event of Default exists hereunder, notify the Post Office authorities to change the address for the delivery of mail to any VSE Entity to such address as the Administrative Agent may designate; it being understood that the rights granted to the Administrative Agent in this clause (i), which are operative on the occurrence of an Event of Default, shall not in any way limit or impair the other rights provided to the Administrative Agent or Lenders in this Agreement or any other Loan Document, including their rights with respect to the Collateral Account and the below-referenced lockbox. Furthermore, each Borrower hereby reaffirms its irrevocable appointment of the Administrative Agent, as its agent and attorney-in-fact, with power of substitution, having full power and authority, in its own name, in the name of any Lender(s), in the name of any Borrower or otherwise (but at the cost and expense of the Borrowers and without notice to any Borrower) and regardless of whether an Event of Default has occurred or any act, event or condition which with notice or the lapse of time, or both, would constitute an Event of Default has occurred, to (a) file financing statements and continuation statements covering the Collateral and execute the same on behalf of any Borrower; (b) charge against any banking account of any VSE Entity any item of payment credited to any VSE Entity's account which is dishonored by the drawee or maker thereof; or (c) endorse the name of any VSE Entity upon any items of payment relating to the Collateral or upon any proof of claim in bankruptcy against any Account Debtor.

11.2 Lockbox. Each Borrower hereby authorizes the Administrative Agent to receive and collect any amount or amounts due or to become due on account of any Receivables and, at its discretion, to apply the same to the repayment of the Notes, and each Borrower represents, warrants, acknowledges and agrees that, except where a Permitted Foreign Bank Account or Transitional Deposit Account is being used, within five (5) Business Days of the Administration Agent's request, it shall establish and shall continually maintain on terms and conditions satisfactory to the Administrative Agent in all respects, one or more lockboxes and one or more blocked accounts (if either or both are

required by the Administrative Agent) for the collection of Receivables. Except as otherwise may be approved by the Administrative Agent in writing, any checks or other remittances received by any Borrower in payment of the Receivables shall be held in trust by each Borrower for the Administrative Agent and the Lenders.

11.3 Other Agreements. Except as may otherwise be expressly permitted by the terms of this Agreement, and without limiting any other restrictions or provisions of this Agreement, each Borrower will (a) on demand, subject to any confidentiality and secrecy requirements imposed by any Government agency, make available in form reasonably acceptable to the Administrative Agent, shipping documents and delivery receipts evidencing the shipment of goods which gave rise to the sale or lease of Inventory or of an Account, contract right or Chattel Paper, completion certificates or other proof of the satisfactory performance of services which gave rise to the sale or lease of Inventory or of an Account, contract right or Chattel Paper, and each Borrower's copy of any written contract or order from which a sale or lease of Inventory, an Account, contract right or Chattel Paper arose; and (b) when requested, advise the Administrative Agent when an Account Debtor returns or refuses to retain any goods, the sale or lease of which gave rise to an Account, contract right or Chattel Paper, and of any delay in delivery or performance, or claims made in regard to any sale or lease of Inventory, an Account, contract right or Chattel Paper. Upon reasonable notice, all such records will be available for examination by authorized agents of the Administrative Agent.

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It is expressly understood and agreed, however, that the Administrative Agent shall not be required or obligated in any manner to make any inquiries as to the nature or sufficiency of any payment received by it or to present or file any claims or take any other action to collect or enforce a payment of any amounts which may have been assigned to the Administrative Agent or to which the Administrative Agent or the Lenders may be entitled hereunder at any time or times.

ARTICLE 12 MISCELLANEOUS

12.1 Remedies Cumulative. Each right, power and remedy of the Administrative Agent or Lenders (or, as applicable, Affiliates of the Lenders) provided for in this Agreement or in any other Loan Document or now or hereafter existing at law or in equity, by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or in any other Loan Document, or now or hereafter existing at law or in equity, by statute or otherwise, and the exercise or beginning of the exercise by the Administrative Agent or any Lender of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by the Administrative Agent or any such Lender (or, as applicable, any Affiliate of a Lender) of any or all such other rights, powers or remedies.

12.2 Waiver. Time is of the essence of this Agreement. No failure or delay by the Administrative Agent to insist upon the strict performance of any term, condition, covenant or agreement set forth in your Employment Agreement, including the non-compete and non-solicitation obligations under Section 8(c) of the Employment Agreement.

e) Restrictive Covenants Pursuant to DSC Plan. For a period of twenty-four (24) months from the Separation Date, you agree to comply with the terms of your restrictive covenants set forth in the DSC Plan.

4. Administrative Charges and Other Regulatory Agencies. Nothing in this Agreement shall prevent you from communicating any concern about the Company to any federal, state, or local government enforcement agency, including but not limited to enforcement agencies authorized to investigate claims of employment discrimination (e.g., the EEOC). Likewise, nothing in this Agreement shall prevent any government agency from separately enforcing any statute within its jurisdiction (e.g., Title VII, the ADEA, and/or any other employment discrimination Law Document, or retaliation laws). You, however, affirm that you are waiving to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of such term, condition, covenant or agreement or of any such breach, or preclude the Administrative Agent or any Lender from exercising any such right, power or remedy at any later time or times. By accepting payment after the due date of any of the Obligations, neither the Lenders nor the Administrative Agent shall be deemed to have waived either the right to require prompt payment when due of all rights other Obligations, or the right to and will not participate in, declare a default for failure to make payment of any award of monetary relief obtained in connection with any subsequent complaint, charge, or lawsuit filed against the Company by any person, such other Obligations.

5. 12.3 Release of Liability Notices. By signing this Agreement, you knowingly Notices to either party shall be in writing and voluntarily release shall be delivered personally or by first-class mail or nationally-recognized overnight delivery service or by facsimile or email (as provided below) addressed to the parties at the addresses set forth below or otherwise designated in writing:

If to the Borrowers: c/o VSE Corporation
6348 Walker Lane
Alexandria, Virginia 22310
Attention: Stephen D. Griffin, CFO
Fax: 703-329-4687

Email: SDGriffin@vsecorp.com
and forever discharge

VSE Corporation
6348 Walker Lane
Alexandria, Virginia 22310

Attention: Tarang Sharma, Treasurer

Fax: 703-960-2688

Email: TSharma@VSECORP.com with a copy of all notices

to the Company and any Borrowers to (which

does not constitute notice

hereunder): Jones Day

1420 Peachtree Street, N.E., Suite 800

Atlanta, Georgia 30309

Attention: Todd Roach

Fax: 404-581-8274

Email: troach@jonesday.com

If to the Lenders: To the address provided to the Borrowers or the Administrative Agent in writing

If to the Administrative Agent: Citizens Bank, National Association

8614 Westwood Center Drive

Suite 250

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Vienna, Virginia 22182

Attention: Mr. Dan Darnell, Jr

Fax: 571-633-0105

Email: Daniel.Darnell@citizensbank.com with a copy of its affiliates, subsidiaries, divisions, predecessors, insurers, successors and assigns, and their current and former employees, attorneys, officers, directors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and their administrators and fiduciaries, all of whom are intended third-party beneficiaries of this Agreement (collectively, the "Released Persons"), of and from any and all claims, known and unknown, asserted or unasserted, you have or may have against the Company as of the date of execution of this Agreement, including, but not limited notices to any alleged violation Lender

or the Administrative Agent to:

(which does not constitute King & Spalding LLP

notice hereunder) 300 S. Tryon St, Suite 1700

Charlotte, NC 28202

Attention: Bill Fuller

Email: bfuller@kslaw.com

Any notice or other communication hereunder will be deemed given and effective (a) when actually received, in the case of Title VII hand delivery or nationally recognized overnight delivery service, (b) three (3) Business days after such notice or communication is deposited in the United States mail or with such courier, in the case of first class mail or overnight delivery, or (c) when completely sent and received, as evidenced by a transmission report from sender's facsimile machine, in the case of facsimile transmission.

Notices and other communications hereunder may also be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Civil Rights Act of 1964, Administrative Agent, provided that the Age Discrimination in Employment Act, the Americans with Disabilities Act, and any other claim under federal, state, or local law and whether based on statute, contract, or common law. This release foregoing shall not apply to (a) outstanding salary owed as notices to the Administrative Agent pursuant to Articles 1 or 2. The Administrative Agent, the Lenders or the Borrowers may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. The parties acknowledge and agree that no notice of the Separation Date; (b) vested occurrence of a default or Event of Default shall be sent by e-mail.

Unless the Administrative Agent otherwise prescribes, (a) notices and accrued employee benefits under the Company's DSC, health, welfare, or retirement benefit plans, as of the Separation Date; (c) benefits and/or the right other communications sent to seek benefits under applicable workers' compensation and/or unemployment compensation statutes; and

(d) any claims which by law cannot be waived by signing this Agreement.

6. an electronic mail ("Enforceability e-mail. The parties intend to be bound by all provisions of this Agreement. If any provision is determined to be invalid by a competent court, the parties agree that only that specific provision") address shall be deemed invalid and received upon the rest sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the Agreement recipient, such notice or communication shall remain enforceable, be deemed to have been sent (and received, if the acknowledgment contemplated above has been obtained) at the opening of business on the next business day for the recipient, and (b) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (a) of notification that such notice or communication is available and identifying the website address therefor.

7. **Governing Law.** This Agreement is subject to the laws of the Commonwealth of Virginia. Any disputes involving or related to this agreement shall be litigated in the state or federal courts with jurisdiction over Fairfax County, Virginia.

8.12.4 **Entire Agreement; Agreement; Amendment and Restatement; Severability.** This Agreement represents the sole and entire agreement between you and the Company and supersedes all prior agreements, negotiations and discussions, whether written or oral, between you and other Loan Documents constitute the Company with respect to your termination of employment.

9. **Modifications.** The understandings set forth herein may not be altered or changed except by the mutual entire agreement of the parties evidenced with respect to the Loan and supersede all prior agreements and understandings; it being expressly understood and agreed that this Agreement is a complete amendment and restatement of the Existing Loan Agreement, the terms and conditions of which have been superseded and replaced in a writing signed their entirety by all parties the terms and specifically identified as an amendment to conditions of this Agreement. The parties hereto agree that this Agreement is given as a continuation, modification and extension of the Existing Loan Agreement and shall not constitute a novation of the Existing Loan Agreement. This Agreement and the other Loan Documents shall continue in full force and effect for so long as the Borrowers shall be indebted hereunder or under the Notes (or any Lender has any outstanding commitments to lend hereunder), and thereafter until the Lenders shall have actually received written notice of the termination hereof from the Borrowers and all Obligations incurred or contracted before receipt of such notice shall have been fully paid. In the event any one or more of the provisions contained in any Loan Document shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Loan Documents, but the Loan Documents shall be construed as if such invalid, illegal or unenforceable provision had never been contained therein.

10.12.5 **No Admission Relationship of Liability, the Parties.** You acknowledge This Agreement provides for the extension of financial accommodations by each Lender, in its capacity as lender, to the Borrowers, in their capacity as borrowers, and agree that nothing for the payment of interest and repayment of the Obligations by the Borrowers. Certain provisions herein, such as those relating to compliance with the financial covenants, delivery to the Administrative Agent of financial statements, and compliance with other affirmative and negative covenants are for the benefit of the Administrative Agent and the Lenders to protect the Administrative Agent's and the Lenders' interests in assuring repayment of the Obligations. Nothing contained in this Agreement shall be construed as an admission by permitting or obligating the Company of any: (a) liability; (b) violation Lenders or Administrative Agent to act as a financial or business advisor or consultant to any Borrower, as permitting or obligating the Lenders or Administrative Agent to control any Borrower or to conduct any Borrower's operations, as creating any fiduciary obligation on the part of any federal, Lender or the Administrative Agent to any Borrower, or as creating any joint venture, agency or other relationship between the parties other than as explicitly and specifically stated in this Agreement. Each Borrower acknowledges that it has had the opportunity to obtain the advice of

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state, or local law, regulation or order; (c) breach experienced counsel of contract, actual or implied; (d) commission its own choosing in connection with the negotiation and execution of this Agreement and to obtain the advice of such counsel with respect to all matters contained herein, including the provision in this Agreement for waiver of trial by jury. Each Borrower further acknowledges that it is experienced with respect to financial and credit matters and has made its own independent decision to request the Obligations and execute and deliver this Agreement.

12.6 **Waiver of Jury Trial and Certain Damages.** Each Borrower, the Administrative Agent and each Lender hereby (a) covenants and agrees not to elect a trial by jury of any tort; issue triable by a jury, and (b) waives any right to trial by jury and any right to claim consequential, punitive, incidental or (e) special damages fully to the extent that any such right shall now or hereafter exist. This waiver of right to trial by jury and right to claim consequential, punitive, incidental or special damages is separately given by each Borrower, the Administrative Agent and each Lender, knowingly and voluntarily, and this waiver is intended to encompass individually each instance and each issue as to which the right to a jury trial or the right to claim consequential, punitive, incidental or special damages would otherwise accrue. The Borrowers, the Administrative Agent and the Lenders are hereby authorized and requested to submit this Agreement to any court having jurisdiction over the subject matter and the parties hereto, so as to serve as conclusive evidence of each herein contained waiver of the right to jury trial and right to claim consequential, punitive, incidental or special damages. Further, each Borrower hereby certifies that no

representative or agent of the Administrative Agent or any Lender (including the Administrative Agent's counsel) has represented, expressly or otherwise, to the undersigned that the Administrative Agent or Lenders will not seek to enforce this provision waiving the right to a trial by jury or any right to claim consequential, punitive, incidental or special damages.

12.7 Submission to Jurisdiction; Service of Process; Venue. Any judicial proceeding brought against any Borrower with respect to this Agreement or any other wrongdoing,

11. Non-Waiver. The failure Loan Document may be brought in the courts of either party the State of New York sitting in New York County and of the United States District Court of the for the Southern District of New York and any appellate court from any thereof, and by execution and delivery of this Agreement, each Borrower accepts for itself and in connection with its properties, generally and unconditionally, the exclusive jurisdiction of the aforesaid court, and irrevocably agrees to insist, be bound by any judgment rendered by such court in connection with this Agreement. Each Borrower irrevocably designates and appoints the General Counsel of the Primary Operating Company, whose address is c/o VSE Corporation, 6348 Walker Lane, Alexandria, VA 22310, as its agent to receive on its behalf service of all process in any one such proceeding in the courts of the State of New York sitting in New York County and of the United States District Court of the for the Southern District of New York and any appellate court from any thereof, such service being hereby acknowledged by each Borrower to be effective and binding on it in every respect. A copy of any such process so served shall be mailed by registered or more instances, certified mail to the Borrowers at the address to which notices are to be addressed in accordance with this Agreement, except that any failure to mail such copy shall not affect the validity of service of process. The Borrowers shall at all times maintain an agent for service of process pursuant to this provision. If any Borrower fails to appoint such an agent, or if such agent refuses to accept service, such Borrower hereby agrees that service upon it by mail shall constitute sufficient notice. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Administrative Agent or the Lenders to bring proceedings against any Borrower in the courts of any other jurisdiction.

12.8 Changes in Capital Requirements. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, the Dodd-Frank Wall Street Reform and Consumer Protection Act approved by the federal Government on compliance June 30, 2010, Basel III adopted by the Basel Committee on Banking Supervision or any other law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Government affects or would affect the amount of capital or liquidity required or expected to be maintained by the Administrative Agent or any Lender, or person controlling the Administrative Agent or any Lender, and the Administrative Agent determines (in its sole and absolute discretion) that the rate of return on its, such Lender's or such controlling person's capital as a consequence of its commitments or the loans made by the Administrative Agent or such Lender is reduced to a level below that which the Administrative Agent, such Lender or such controlling person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by the Administrative Agent to the Borrowers, the Borrowers shall immediately pay directly to the Administrative Agent, for its own account or for the account of such Lender (as the case may be), additional amounts sufficient to compensate the Administrative Agent, such Lender or such controlling person for such reduction in rate of return. A statement of the Administrative Agent as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrowers. In determining such amount, the Administrative Agent may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

12.9 Other Agents, Arrangers, Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent", "documentation agent", "co-agent",

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"book manager", "book running manager", "lead manager", "arranger", "lead arranger" or "co-arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with or performance of any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

12.10 Modification and Waiver. Subject to Section 10.3 of this Agreement, neither this Agreement nor any term, condition, covenant or agreement hereof may be changed, waived, discharged or terminated orally, but that may be accomplished only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

12.11 Transferability.

(a) No Borrower shall assign any of its rights, interests or Obligations under this Agreement or any other Loan Document.

(b) No Lender shall assign its interests under this Agreement or any other Loan Document to any Person, without the prior written consent of both the Administrative Agent and the Borrowers; provided that (i) the Borrowers' consent shall not be required for assignments from one Lender to another Lender or to its affiliates or at any

time during which an Event of Default shall have occurred and be continuing or a funded Term Loan to an Eligible Assignee; and (ii) the Borrowers' consent and the Administrative Agent's consent shall not be unreasonably withheld or delayed. Subject to obtaining such consent (as required), any Lender may assign its interest at any time under this Agreement and the other Loan Documents, provided that (a) the purchaser of any such interest is an Eligible Assignee, and if such assignment is an unfunded revolving commitment, whose total assets exceed Five Hundred Million and No/100 Dollars (\$500,000,000.00); (b) prior written notice of such sale or assignment, which notice must identify the name, address and contact person of the Eligible Assignee, shall have been issued by such transferring Lender to the Administrative Agent and the Borrowers; (c) the dollar equivalent of the Percentage of the transferring Lender being assigned equals or exceeds Five Million and No/100 Dollars (\$5,000,000.00) or such lesser amount as may constitute such transferring Lender's remaining Percentage; (d) the Administrative Agent shall have received a duly executed Assignment and Acceptance Agreement, in the form of Exhibit 8 attached hereto (each, an "Assignment and Acceptance Agreement"); and (e) if the proposed assignee of the transferring Lender is not an Affiliate of the transferring Lender or another Lender hereunder, an assignment fee in the amount of Three Thousand Five Hundred and No/100 Dollars (\$3,500.00) shall have been paid to the Administrative Agent to reimburse the Administrative Agent for costs and expenses incurred in connection with the assignment. No Lender may assign its interests to a Borrower or an Affiliate of a Borrower or to a natural Person, holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person.

(c) Subject to the acceptance and recording thereof by the Administrative Agent, from and after the effective date specified in each Assignment and Acceptance Agreement, the Eligible Assignee thereunder shall be a party to this Agreement and shall, to the extent of the interest assigned by such Assignment and Acceptance Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 12.20 and 12.21 of this Agreement with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, and the surrender by the assigning Lender of its Note, the Borrowers (at their expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this clause shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Subsection (e) below.

(d) The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain a copy of each Assignment and Acceptance Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and their Percentage of, and principal amounts (and related interest amounts) of the Loans, participations under Letters of Credit and other amounts due hereunder, or owing to, each Lender pursuant to the terms promises hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding any notice to the contrary. The Register shall be available for inspection by any Lender (with respect to any entry relating to such Lender's Loans or conditions Percentage) or the Borrowers at any reasonable time and from time to time upon reasonable prior notice.

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(e) Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural person) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Percentage of the Loans (including such Lender's participations in the Letters of Credit or Swing Line Loans) owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or the other Loan Documents provided that the participation agreement may permit the participant to exercise vote on issues requiring the consent of all Lenders.

(f) A Participant shall not be entitled to receive any greater payment hereunder than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrowers' prior written consent (such consent not to be unreasonably withheld or delayed).

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its rights, shall not be construed obligations hereunder or substitute any such pledgee or assignee for such Lender as a waiver party hereto.

(h) The words "execution," "signed," "signature," and words of like import in any Assignment and Acceptance Agreement shall be deemed to include electronic signatures or relinquishment the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Record Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

12.12 Governing Law; Binding Effect. This Agreement, and any claim, controversy or dispute arising under or related to this Agreement, the relationship of the Borrowers and the Administrative Agent and/or the Lenders and/or the interpretation and enforcement of the rights and duties of the Borrowers, the Administrative Agent and/or the Lenders, shall be governed and construed by the laws of the State of New York (without regard to conflict of laws principles) and be binding upon each Borrower and inure to the benefit of the parties hereto and their respective successors and assigns.

12.13 Announcements. In consideration of the Administrative Agent's and the Lenders' agreements hereunder, each Borrower consents to the publication by the Administrative Agent and the Lenders of one or more tombstones or similar advertising material relating to the financing transactions contemplated by this Agreement so long as no economic or financial details are contained therein (but permitting however, a description of the type and purpose of the Loans), and further consents to the reasonable use by the Administrative Agent and the Lenders of each VSE Entity's name, trademark, logo and other identifying images to identify the Borrowers as customers of the Administrative Agent and the Lenders and/or otherwise to reasonable use by the Administrative Agent and the Lenders in each of their promotional and other marketing campaigns and activities. The Administrative Agent and the Lenders reserve the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements; provided, however, that none of the Administrative Agent nor the Lenders shall provide any information of any financial, confidential or proprietary nature to such term, promise, industry trade organizations without the prior written consent of the Borrowers.

12.14 Joint and Several Liability. Each Borrower shall be jointly and severally liable for the payment and performance of all obligations and liabilities hereunder.

12.15 Materiality. Unless the context clearly indicates to the contrary, determinations regarding the materiality of any act, event, condition or right with respect to further compliance with or performance, circumstance shall be in the reasonable judgment of the Administrative Agent.

12.16 Your Understanding. Allowed Delay By signing this Agreement, you admit and agree that:

You have read this Agreement.

- a) You understand it is legally binding, and you are advised to review it with a lawyer of your choice.
- b) You have the opportunity to take up to 21 calendar days to consider whether to sign this Agreement, during which time you are advised to discuss it with a lawyer of your choice before or after signing it and, if you sign it before the end of that period, you do so of your own free will and with the full knowledge that you could have taken the full period.
- c) You realize and understand that the release covers certain claims, demands, and causes of action against the Company and any Released Persons, including those under ADEA.
- d) You understand that the terms of this Agreement are not part of an exit incentive or other employment termination program being offered to a group or class of employees.
- e) You are signing this Agreement knowingly, voluntarily with the understanding of its consequences, and you have not been forced or coerced in any way.

YOU MAY REVOKE THIS AGREEMENT FOR A PERIOD OF SEVEN (7) CALENDAR DAYS FOLLOWING THE DAY YOU SIGN THIS AGREEMENT. ANY REVOCATION WITHIN THIS PERIOD MUST BE SUBMITTED, IN WRITING, TO MS. KRISTA STAFFORD AND STATE "I HEREBY REVOKE MY ACCEPTANCE OF OUR AGREEMENT." THE REVOCATION MUST BE EMAILED TO MS. STAFFORD AT KRSTAFFORD@VSECORP.COM AND MAILED TO HER AT COMPANY HEADQUARTERS AND POSTMARKED WITHIN SEVEN (7) CALENDAR DAYS AFTER YOU SIGN THIS AGREEMENT. IF THE LAST DAY OF THE REVOCATION PERIOD IS A SATURDAY, SUNDAY, OR LEGAL HOLIDAY, THE REVOCATION PERIOD SHALL NOT EXPIRE UNTIL THE NEXT FOLLOWING DAY WHICH IS NOT A SATURDAY, SUNDAY, OR LEGAL HOLIDAY. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED.

If you wish to accept the terms described in this Agreement, please signify your agreement by signing your name in the space provided on the bottom of this page. Please return The due date or end date of anything that would otherwise be due or end on a day that is not a Business Day shall be extended to the signed document via email to Ms. Krista Stafford, next succeeding Business Day unless such Business Day

[Signature page to follow]

For good falls in another calendar month, in which case such due date or end date shall be on the next preceding Business Day.

12.17 **Reliance on the Administrative Agent.** Each Borrower shall be entitled to assume that any and valuable consideration, including mutually enforceable promises as described above, all consents, approvals or notices issued or granted by the Parties accept Administrative Agent pursuant to the terms and conditions of this Agreement. Agreement were, to the extent necessary, authorized by the Required Lenders or all of the Lenders, as applicable.

12.18 **The Patriot Act.** The Administrative Agent and the Lenders hereby notify the Borrowers that pursuant to the requirements of the Patriot Act, they are required to obtain, verify and record information that identifies the VSE Entities, which information includes the name and address of the VSE Entities and other information that will allow the Administrative Agent and the Lenders to identify the VSE Entities in accordance with the Patriot Act.

12.19 **Counterparts.** This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same document. Each party hereto hereby agrees to be bound by its facsimile or PDF signature.

12.20 **Taxes.** All payments by the Borrowers of principal of, and interest on, the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by the Administrative Agent's or any Lender's Net Income or receipts (such non-excluded items being called "Taxes"). If any withholding or deduction from any payment to be made by the Borrowers hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrowers will:

AGREED: FOR COMPANY: (A) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(B) promptly forward to the Administrative Agent an official receipt or other documentation satisfactory to the Administrative Agent evidencing such payment to such authority; and

(C) pay to the Administrative Agent, for its own account or for the account of such Lender (as the case may be), such additional amount or amounts as is necessary to ensure that the net amount actually received by the Administrative Agent, for its own account or for the account of such Lender (as the case may be), will equal the full amount the Administrative Agent or such Lender (as applicable) would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Administrative Agent or any Lender with respect to any payment received by the Administrative Agent or any Lender hereunder, the Administrative Agent or such Lender may pay such Taxes and the Borrowers will promptly pay such additional amount (including any penalties, interest or expenses) as is necessary in order that the net amount received by the Administrative Agent or such Lender (as the case may be) after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount the Administrative Agent or such Lender (as the case may be) would have received had such Taxes not been asserted.

If the Borrowers fail to pay any Taxes when due to the appropriate taxing authority or fail to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrowers shall indemnify the Administrative Agent and the Lenders for any incremental Taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

If a payment made to a Lender under any Loan Document would be subject to US federal withholding tax imposed under FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA, such Lender shall deliver to the Primary Operating Company and to the Administrative Agent, if applicable, at the time or times prescribed by law and at such time or times reasonably requested by the Primary Operating Company or the

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Administrative Agent such documentation prescribed by applicable law and such additional documentation reasonably requested by the Primary Operating Company or the Administrative Agent as may be necessary for the Primary Operating Company or the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this paragraph, "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Robert A. Moore 12.21 John A. Cuomo Indemnity.

Printed Name Printed Name(a) Each Borrower, on its own behalf, and on behalf of each other VSE Entity, releases and shall indemnify, defend and hold harmless the Administrative Agent, each Lender and each Affiliate of a Lender that is at any time a counterparty under a Hedging Contract, and their respective directors, officers, employees and agents (each an "indemnified party"), of and from any claims, demands, liabilities, obligations, judgments, injuries, losses, penalties, damages and

costs and expenses (including reasonable legal fees) that may at any time be imposed on, incurred by or asserted against the Administrative Agent or any Lender or any other indemnified party (collectively, "Losses") (i) resulting from, under, pursuant or related to this Agreement and the other Loan Documents, in breach or violation of any representation, warranty, covenant or undertaking contained in this Agreement or the other Loan Documents, or caused by acts or conduct of the VSE Entities (ii) resulting from any VSE Entity's failure to comply with any or all laws, statutes, ordinances, Government rules, regulations or standards, whether federal, state or local, or court or administrative orders or decrees, (including, without limitation, CERCLA, HMTA, RCRA or any other applicable environmental law, rule, order or regulation), (iii) resulting from any claim by any other creditor of any VSE Entity against the Administrative Agent or any Lender arising out of any transaction, whether hereunder or in any way related to the Loan Documents and all costs, expenses, fines, penalties or other damages resulting therefrom, and (iv) resulting from or caused by any third party or any VSE Entity in connection with or as a result of this Agreement, any other Loan Document, any transaction from time to time contemplated hereby or thereby, or any transaction financed in whole or in part, or directly or indirectly, with the proceeds of any Loan made hereunder; provided, however, that no indemnified party hereto shall be entitled to indemnification for Losses to the extent such Losses arise out of such indemnified party's gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction.

(b) Promptly after receipt by an indemnified party under Subsection (a) above of notice of the commencement of any action by a third party, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such Subsection, notify the indemnifying party in writing of the commencement thereof. The failure to so notify the indemnifying party shall relieve the indemnifying party from any liability which it may have to any indemnified party under such Subsection only if the indemnifying party is unable to defend such actions as a result of such failure to so notify. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such Subsection for any legal expenses of other counsel, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party cannot settle any action for which it has assumed the defense without the indemnified party's express written consent.

12.22 Acknowledgment Regarding any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Hedging Contract or any other agreement or instrument that is a QFC (such support, "QFC Credit Support", and each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might

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otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

/s/ Robert A. Moore As used in this /s/ John A. Cuomo Section 12.22, the following terms have the following meanings:

Signature Signature "BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

- (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

12.23 **Acknowledgement and Consent to Bail-In of Affected Financial Institutions.** Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

President (a) the application of any Write-Down and Chief Executive Officer Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any applicable Resolution Authority.

12.24

Title **Representations and Warranties of Lenders and LC Issuers.** Each Lender and LC Issuer represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility, and (ii) in participating as a Lender or LC Issuer, it is engaged in making, acquiring or holding commercial loans and in providing other facilities set forth herein as may be applicable to such Lender or LC Issuer, in each case in the ordinary course of business, and not for the purpose of investing in the general performance or operations of the Borrowers, or for the purpose of purchasing, acquiring or holding any other type of financial instrument such as a security (and each Lender and each LC Issuer agrees not to assert a claim in contravention of the foregoing, such as a claim under any federal or state securities law).

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SCHEDULE 1

Lenders	Total Commitment Amount Percentage/Commitment \$		Revolving Facility Percentage/Commitment \$		Term Facility Percentage /Commitment \$	
Citizens Bank, National Association	\$88,800,000.00	13.661538462%	\$47,815,384.62	13.661538462%	\$40,984,615.38	13.661538462%
Manufacturers and Traders Trust Company	\$80,250,000.00	12.346153846%	\$43,211,538.46	12.346153846%	\$37,038,461.54	12.346153846%
PNC Bank, National Association	\$80,250,000.00	12.346153846%	\$43,211,538.46	12.346153846%	\$37,038,461.54	12.346153846%

Royal Bank of Canada	\$80,250,000.00	12.346153846%	\$43,211,538.46	12.346153846%	\$37,038,461.54	12.346153846%
TD Bank, N.A.	\$80,250,000.00	12.346153846%	\$43,211,538.46	12.346153846%	\$37,038,461.54	12.346153846%
Truist Bank	\$80,250,000.00	12.346153846%	\$43,211,538.46	12.346153846%	\$37,038,461.54	12.346153846%
Wells Fargo Bank, National Association	\$80,250,000.00	12.346153846%	\$43,211,538.46	12.346153846%	\$37,038,461.54	12.346153846%
Capital One, National Association	\$51,250,000.00	7.884615385%	\$27,596,153.85	7.884615385%	\$23,653,846.15	7.884615385%
First-Citizens Bank & Trust Company	\$28,450,000.00	4.376923077%	\$15,319,230.77	4.376923077%	\$13,130,769.23	4.376923077%
TOTALS:	\$650,000,000.00	100%	\$350,000,000.00	100%	\$300,000,000.00	100%

Wiring Instructions Bank Name: Citizens Bank NA
ABA/Routing No.: 011500120
Account Name: LIQ_CLO Operating Account
Account No.: 0026693011
Attention: Agency Servicing
Reference: VSE CORPORATION

Contact Info Citizens Bank, National Association
20 Cabot Road MMF 140
Medford, MA 02155
Attention: Kathy Brouillette
Fax: 855-306-6453
Email: Kathy.Serrentino@citizensbank.com

EXHIBIT 2

VSE CORPORATION

INTEREST ELECTION FORM AND CERTIFICATION

Citizens Bank, National Association, 8614 Westwood Center Drive, Suite 250, Vienna, Virginia 22182

The undersigned, VSE CORPORATION, a Delaware corporation (the "Primary Operating Company"), for itself and as attorney-in-fact for and on behalf of each Borrower (hereinafter defined) under that certain Fourth Amended and Restated Business Loan and Security Agreement dated as of January 5, 2018 (as the same may be amended, modified or restated from time to time, the "Loan Agreement") by and among (i) Citizens Bank, National Association (as successor by merger to Citizens Bank of Pennsylvania, a Pennsylvania state chartered bank ("Citizens Bank")), acting in its individual capacity as the Swing Line Lender and as the administrative agent for the Lenders (the "Administrative Agent"), (ii) Citizens Bank, acting in its individual capacity as a Lender, and other Lender parties thereto from time to time (collectively, the "Lenders"), (iii) the Primary Operating Company, certain subsidiaries and affiliates of the Primary Operating Company and any Person who has become a Borrower party thereto pursuant to the Loan Agreement (each, a "Borrower" and collectively, the "Borrowers"), and (iv) Citizens Bank, National Association, as lead arranger, hereby requests that the sum of _____ and No/100 Dollars (\$ _____ .00), advanced and outstanding under the _____ Revolving Facility or _____ Term Facility (check one), bear interest on a _____ Term SOFR basis / Adjusted Eurocurrency Rate basis (check one). This election shall be effective for a _____ (select 1, 3 or 6 month period), commencing on _____, 20____ (an RFR Business Day not less than three (3) RFR Business Days nor more than five (5) RFR Business Days from the date of submission of this Interest Election Form and Certification), and expiring on _____, 20____ (not later than the Maturity Date). Capitalized terms used but not defined herein shall have the meaning attributable to such terms in the Loan Agreement.

CERTIFICATION

The undersigned certifies to the Administrative Agent, on behalf of each of the Borrowers and for the benefit of the Lenders, that (a) all of the representations and warranties of the Borrowers contained in the Loan Agreement and the other Loan Documents, if qualified by "materiality", are true and correct in all respects, and if not qualified by "materiality", are true and correct in all material respects, in each case as of the date hereof, unless such representation or warranty specifically refers to an earlier date or the Borrowers are unable to remake and redate any such representation or warranty, in which case the Borrowers have previously disclosed the same to the Administrative Agent and the Lenders in writing, and such inability does not constitute or give rise to an Event of Default;

and (b) no Event of Default exists under the Loan Agreement, and no act, event or condition has occurred or exists which with the giving of notice or the passage of time, or both, would constitute an Event of Default under the Loan Agreement.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Interest Election Form and Certification on this 20 day of 20 .

VSE CORPORATION, a Delaware corporation, acting on its own behalf and as attorney-in-fact for and on behalf of each Borrower

By: _____

Name: _____

Title: _____

² Adjusted Eurocurrency Rate options only available for Euro denominated loans.

Exhibit 10.2

Exhibit A Approved by Board of Directors; November 1, 2023

VSE CORPORATION DEFERRED SUPPLEMENTAL COMPENSATION PLAN

This Plan was previously adopted by the VSE Corporation Board of Directors effective as of January 1, 1994, amended and restated through December 17, 2008, again through June 1, 2010, again effective January 1, 2013, again effective January 1, 2021, and further amended and restated effective November 1, 2023

Proprietary Rights Agreement

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VSE CORPORATION DEFERRED SUPPLEMENTAL COMPENSATION PLAN
Effective January 1, 1994, and as amended through November 1, 2023

PART ONE

EMPLOYER CONTRIBUTIONS

1. **Purpose.** The purpose of the VSE Corporation Deferred Supplemental Compensation Plan (the "Plan") and any related Trust Agreement (the "Trust") is to enable VSE Corporation (the "Company") to provide incentive and reward for its management team based on individual and overall corporate performance.

2. Participation.

(a) Participants in the Plan shall include, subject to the approval of the Company's Board of Directors (the "Board"), full-time employees of the Company and its wholly owned subsidiaries who are classified by the Company as key executives and other corporate officers. New participants may be entitled to a prorated contribution during the initial year of participation. A participant must be employed by the Company as of December 31 of a year to be eligible for a contribution for that year.

(b) Each participant is required to file with the Plan recordkeeper or its delegate a beneficiary designation. Participants may change beneficiary designations at any time by filing a replacement designation with the Corporate Secretary or its delegate. In the absence of a valid beneficiary designation, Plan benefits are paid to the estate of the deceased participant.

(c) The portion of each participant's account which was vested as of December 31, 2004, together with subsequent earnings adjustments thereto, shall sometimes be referred to herein as a "Grandfathered Account," which is not subject to the provisions of Section 409A of the Internal Revenue Code (to be known as "Section 409A"). The portion of each participant's account which was not vested as of December 31, 2004, together with subsequent earnings adjustments thereto and/or investment gains and/or losses, as applicable, shall sometimes be referred to herein as a "Non-Grandfathered Account," which is subject to the provisions of Section 409A.

3. **Funding.** With the approval of the Board, the Company may enter into a Trust to receive and invest contributions and any Trust earnings and/or investment gains and/or losses, as applicable, on behalf of participants. Any Company contribution to the Plan shall be irrevocable and shall be used to pay benefits under the Plan, subject to the claims of the general creditors of the Company.

4. **Contribution.** Subject to the terms and conditions of this Plan and related Trust, each year the Board in its discretion may elect to make an annual contribution of up to 12 percent of consolidated net income for the year. The Board in its discretion may adjust the annual contribution level for changes in accounting principles, capitalization, or similar changes or events.

5. **Allocation of Contributions.** Each participant's allocation from the annual contribution shall be determined annually by the Compensation and Human Resources Committee of the Board, considering among other things, individual performance and the significance of the contribution made towards the Company's results. If additional participants are added to the Plan in accordance with Section 2(a) herein, the Board shall determine the supplemental contribution applicable to such participants. Investment gains and/or losses shall be credited to participants' respective accounts pursuant to Section 6B of the Plan.

If the responsibilities of a participant are reduced to a level in which the individual would no longer be classified as a key executive or other corporate officer, such individual shall no longer be eligible to participate in Part One of the Plan and shall not receive an employer contribution for service performed after the date of the reduction of such responsibilities. The determination of whether and when the responsibilities of a participant have been reduced will be made by the Chief Executive Officer of the Company, in his sole discretion.

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VSE CORPORATION DEFERRED SUPPLEMENTAL COMPENSATION PLAN

Effective January 1, 1994, and as amended through November 1, 2023

6. Vesting.

(a) **Pre-2021 Vesting Schedule.** Except as otherwise provided in paragraph (b) below, for any participant who ceased to be eligible to participate in employer contributions pursuant to this Part One prior to January 1, 2021 (including, without limitation, as described in Section 5 of the Plan), vesting of such participant's account under this Part One, including any Trust earnings and/or investment gains and/or losses, as applicable, occurred as follows:

Years of ServicePercent Vested

0 to 5	0%
6	20%
7	40%
8	60%
9	80%
10	100%

(b) Post-2020 Vesting Schedule. For any participant who is eligible to participate in employer contributions pursuant to this Part One as of January 1, 2021 or who becomes eligible to participate in employer contributions pursuant to this Part One on or after January 1, 2021, vesting of such participant's account under this Part One, including any Trust earnings and/or investment gains and/or losses, as applicable, occurs as follows:

Years of ServicePercent Vested

0 to 2	0%
3	50%
5	100%

For the avoidance of doubt, effective January 1, 2021, each individual who is eligible to receive employer contributions pursuant to this Part One as of such date shall be deemed to be immediately vested with respect to the portion of the participant's account under this Part One (including any Trust earnings and/or investment gains and/or losses, as applicable) that would be vested under this paragraph (b) based on such participant's total years of service; provided, however, that in no event shall any modification to a participant's existing vesting schedule result in any change to the timing of payment of the participant's benefits hereunder.

(c) Measuring Years of Service. For purposes of paragraphs (a) and (b) above, a year of service shall mean a continuous period of 12 months of employment beginning on the individual's date of hire and successive anniversaries thereof. If an individual terminates employment with the Company or any of its wholly owned subsidiaries, and is rehired after such termination, such individual's years of service shall include all continuous periods of 12 months of employment prior to the individual's date of rehire and all such periods on and after the individual's date of rehire.

Prior years of service with an entity that is acquired by or merged into the Company or any of its wholly owned subsidiaries shall not be counted as years of service under the Plan unless otherwise required by an employment agreement in place at the time of the acquisition or merger.

(d) Special Vesting Rule for Individuals Entering the Plan On or After Attaining Age 55. On and after September 1, 2012, individuals who first become participants in the Plan on or after attaining age 55 shall become 100% vested upon the earlier of (i) meeting the requirements of the vesting schedule set forth in paragraph (a) or (b) above, as applicable, or (ii) attaining age

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VSE CORPORATION DEFERRED SUPPLEMENTAL COMPENSATION PLAN
Effective January 1, 1994, and as amended through November 1, 2023

65. For example, if an individual first becomes a participant in the Plan (on or after January 1, 2021) at age 61, he shall be 0% vested in years 0-2, 50% vested in year 3, and 100% vested upon attaining age 65 in year 4. For purposes of this paragraph (d), a year of service shall mean a continuous period of 12 months of employment beginning on the date the individual commenced participation in the Plan and successive anniversaries thereof.

(e) Special Vesting Rule for Participants Attaining Age 65. Participants in the Plan attaining age 65 prior to September 1, 2012, will become 100% vested upon completion of five years of service. For this purpose, a year of service shall mean a continuous period of twelve months of employment beginning on the individual's date of hire (or rehire) and successive anniversaries thereof.

(f) Special Vesting Schedule for Death and Disability. Benefits are fully vested in the event of a participant's death or disability (as defined in Section 7(a) of the Plan).

(g) Forfeiture of Nonvested Amounts. Should a participant cease to be employed by the Company for any reason before vesting, the nonvested portion of the participant's account is forfeited and canceled. The Company is under no obligation to pay nonvested benefits.

Vested amounts are subject to the claims of general creditors of the Company and the provisions of this Plan, including the forfeiture provisions set forth in Section 8 of the Plan.

6A. Participant Accounts.

(a) Participant Accounts. For the purposes of measuring its obligations to provide benefits under the Plan, the Company, or its delegate, shall establish and maintain an individual account with respect to each participant. The individual account may consist of one, two or three sub-accounts, as applicable.

(b) Company Contribution Sub-Account. The Company contribution sub-account consists of Company contributions, if any, made in accordance with Section 4 of Part One of the Plan, as adjusted for any Trust earnings, losses and interest accruals (prior to June 1, 2010) and investment gains and/or losses (on and after June 1, 2010), administrative expenses, or distributions as described herein.

(c) Salary Reduction Contribution Sub-Account. The salary reduction contribution sub-account consists of a participant's salary reduction contributions, if any, made in accordance with Part Two of the Plan, as adjusted for any Trust earnings, losses and interest accruals (prior to June 1, 2010) and investment gains and/or losses (on and after June 1, 2010), administrative expenses, or distributions as described herein.

(d) Matching Contribution Sub-Account. The matching contribution sub-account consists of Company matching contributions, if any, made in accordance with Section 18A of the Plan, as adjusted for any investment gains and/or losses, administrative expenses, or distributions as described herein.

(e) Participant Investment Options. All assets of the Plan shall be invested solely at the discretion of the Company. For purposes of calculating participant investment returns, the participant will specify the investment options that are deemed to be applied to his accounts (with respect to amounts designated by the Company as available for participant investment election). If a participant fails to make such an election, he will be deemed to have selected a specified investment fund as determined by the Company. The chosen investment option or options will apply to a participant's accounts on and after the date on which such amounts, absent deferral, would have been paid to the participant. Amounts designated by the Company as not available for participant investment election shall be invested solely in the discretion of the Company and participant investment returns on those amounts shall be determined in accordance with those investments.

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The Company shall have the authority to modify the rules and restrictions relating to the investment options, including the authority to change such investment options prospectively, as it, in its sole discretion, deems necessary.

(f) Allocation Shall Not Vest Title in Any Participant. The fact that allocation is made and amounts credited to the account of a participant shall not vest in such participant any right, title or interest in and to any assets of the Company, except at the time or times and upon the terms and conditions expressly set forth in the Plan.

(g) Statement of Accounts. The Participant may access a statement showing the current balance of his accounts from the Plan recordkeeper at any time.

6B. Investment Returns.

(a) Investment Return on Participant Accounts. Subject to the procedures and options established by the Company with respect to amounts designated by the Company as available for participant investment election, a participant shall have the right to direct the investment of his accounts.

Although the Company shall have the obligation to follow a participant's investment directions, the Company, in its sole discretion, may satisfy its obligation from time to time in one or both of the following ways: (i) the Company may invest such designated assets allocable to the participant's accounts in the specific investments, in the specific amounts and for the specific periods directed by the participant; and the Company must credit or charge the participant's accounts with the earnings, gains and/or losses resulting from such investments; and (ii) the Company may invest such designated assets allocable to the participant's accounts in any manner, in any amount and for any period of time which the Company in its sole discretion may select; but the Company must credit or charge the participant's accounts with the same earnings, gains and/or losses that the participant would have incurred if the Company had invested the so designated assets allocable to the participant's accounts in the specific investments, in the specific amounts and for the specific periods directed by the participant.

Subject to the procedures established by the Company or its delegate, a participant may change his investment directions for his accounts at any time.

(b) Investment of Deferred Amounts. All deferred amounts shall be invested by the Company as part of its corporate assets. Upon the occurrence of a Change in Control, as determined pursuant to procedures in the Plan and/or Trust, the Company shall immediately transfer to the Trustee an amount equal to the current value of all participant accounts to be held, administered and disposed of by the Trustee as provided in the Trust Agreement in accordance with the provisions of the Plan.

(c) Status of Trust Investments. All investments made by the Trustee shall be made solely for the purpose of aiding the Company in measuring and meeting its obligations under this Plan. The Trustee shall be named sole owner and beneficiary of all such investments and of all rights and privileges conferred by the terms of the instruments evidencing such investments. Nothing stated herein shall cause such investments to be treated as anything other than the general assets of the Company, nor shall anything stated herein cause such investments to represent the vested, secured or preferred interest of the participant or his beneficiaries. To the extent that any person acquires a right to receive payments from the Company under the Plan, such rights shall not be greater than the right of any unsecured general creditor of the Company.

7. Distribution.

(a) Plan benefits are payable following termination of employment (with respect to Grandfathered Accounts) and separation from service as defined in Treas. Reg. Section 1.409A-1(h) (with respect to Non-Grandfathered Accounts), retirement, disability as defined by Social Security guidelines or the Company's long-term disability policy, or death. With respect

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to disability as defined by the Company's long-term disability policy, a participant shall only be considered to have incurred a disability in connection with a Non-Grandfathered Account for these purposes if the participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under such long-term disability policy. Participants terminating employment due to embezzlement or serious violation of Company policy in the sole determination of the Board shall forfeit all rights under Part One of this Plan and the Company is under no obligation to make benefit payments to the participant.

(b) Subject to Section 8(b) of the Plan, Vested Plan benefits under this Part One will be paid in the form of a lump sum two years after termination of employment (the "Waiting Period"), or upon attainment of age 65, if earlier, unless a different method of distribution which provides for a longer period of deferral is elected in writing by the participant prior to participation in the Plan. If a different method of distribution is elected for a Non-Grandfathered Account, the terms of the distribution must comply with the requirements of Section 409A.

During the Waiting Period, the participant is not entitled to additional Company contributions. A participant's account balance will continue to be invested based on his elections made in accordance with Section 6A(e) of the Plan (or deemed investment elections, if applicable), and shall fluctuate during the two-year Waiting Period based on the returns associated with such investment options. During any deferral period elected by the participant in excess of such two-year waiting period, the participant will not be entitled to any further Company contributions, and the participant's account balance shall continue to be invested in accordance with Section 6A(e) of the Plan and continue to fluctuate as specified in the prior sentence. The election filed by the participant may specify that the payment of the participant's distribution will be made in the form of (i) a lump sum at any time after the expiration of the Waiting Period or attainment of age 65, if earlier, but in no event more than ten (10) years following such expiration, or (ii) installment payments at a rate no more frequently than annually over a time period not to exceed ten (10) years following expiration of the Waiting Period, or upon attainment of age 65, if earlier than the expiration of the Waiting Period. Any such election made by a participant shall be irrevocable. The final distribution amount shall be equal to the participant's account balance on the business day immediately preceding the payout date. In the event of the participant's death, disability, or termination of employment (with respect to a Grandfathered Account) or separation from service (with respect to a Non-Grandfathered Account) at age 65 or older, vested Plan benefits may be payable to the participant (or designated beneficiary of a deceased participant) prior to the expiration of a two-year waiting period but subject to the terms of any prior election filed by the participant. For these purposes, separation from service shall mean the definition set forth in Treas. Reg. Section 1.409A-1(h).

(c) Benefits are fully vested and immediately payable in the event of a Change in Control of the Company. For these purposes, "Change in Control" means an occasion upon which (i) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as now in effect or as hereafter amended (the "Exchange Act")) other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation controlled by the Company, acquires (either directly and/or through becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act)), directly or indirectly, securities of the Company representing 50% or more of the combined voting power of the

Company's then outstanding securities (or has acquired securities representing 50% or more of the combined voting power of the Company's then outstanding securities during the 12-month period ending on the date of the most recent acquisition of Company securities by such person); or (ii) during any period of twelve (12) consecutive months (not including any period prior to the adoption of this Plan), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement

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with the Company to effect a transaction described in clauses (i) or (iii) of this paragraph (c)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (iii) any of (a) the Company consummates a merger, consolidation, reorganization, recapitalization or statutory share exchange (a "Business Combination"), other than a Business Combination which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power and at least 50% of the combined total fair market value of the securities of the Company or such surviving entity outstanding immediately after such Business Combination, (b) the Company's shareholders approve a plan of complete liquidation of the Company, or (c) the Company completes the sale or other disposition of all or substantially all of its assets in one or a series of transactions.

(d) Effective for distributions determined between January 1, 2001 and December 31, 2010, final distribution amounts shall be equal to the participant's account balance as of the end of the calendar month in which the participant terminated employment or the end of the calendar month immediately preceding the date the participant terminated employment, whichever is less, subject to adjustments to reflect interest credited in the event a further election is filed. Effective for distributions determined as of June 1, 2010, or later, a participant's final distribution amount shall be equal to the participant's account balance on the business day immediately preceding the date in which the participant terminated employment, subject to adjustments to reflect investment gains and/or losses in the event a further election is filed.

(e) Effective for distributions determined as of January 1, 2001, or later, within 30 days of termination of employment, the Company will provide each vested participant, in person or by written notice delivered by receipted method to the participant's last known address as shown in Company's records, with a letter indicating the vested benefits payable to the participant and providing the participant with a copy of the required Non-Compete Agreement (as defined below in Section 8(a) of the Plan), if applicable, that the participant executed upon his or her initial participation in the Plan. If, within 90 days of providing notice, the participant does not return the written communication to the Company or if it is returned to the Company without forwarding address, then the Company will treat such participant non-response as a declination to apply for benefits or to comply with the Plan's requirements. Accordingly, such vested benefits will be forfeited and canceled and neither the Plan nor the Company shall have any further obligation to the participant with respect to the payment of benefits under the Plan.

8. Agreement Acknowledging Duties, Confidentiality and Post-Employment Restrictions to Refrain from Competition.

(a) In consideration of being granted benefits under Part One of this Plan and as a condition precedent to receiving benefits under it, upon eligibility each participant that is not then a party to a Restrictive Covenant Agreement (as defined below in Section 8(c) of the Plan) is required to execute and deliver to the Company a Non-Compete Agreement, in substantially the same form as Exhibit A attached hereto ("Non-Compete Agreement").

(b) In the event of any breach by the participant of (i) the Restrictive Covenant Provisions, with respect to a participant who is party to a Restrictive Covenant Agreement, or (ii) the Non-Compete Agreement, with respect to a participant who is not party to a Restrictive Covenant Agreement, the Company may cancel the participant's benefits under Part One of this Plan and all rights of the participant under this Plan terminate.

(c) For purposes of this Plan, "Restrictive Covenant Agreement" means an effective employment agreement or other agreement between the participant and the Company, other than

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the Non-Compete Agreement, that includes non-competition restrictive covenants. For purposes of this Plan, "Restrictive Covenant Provisions" means any of the restrictive covenant provisions in an applicable Restrictive Covenant Agreement.

(d) Nothing in this Plan shall in any way limit or restrict any other remedies available to the Company and subsidiaries for breach of the Restrictive Covenant Agreement or the Non-Compete Agreement, as applicable.

9. **Limitation of Rights.** Nothing in this Plan shall be construed to:

(a) Limit the right of the Company to terminate participant's employment at any time, or serve as evidence of any agreement or understanding that the Company will employ the participant in any particular position or at any particular rate of compensation; or

(b) Give the participant any secured interest to any asset of the Company as collateral for the right to receive payment hereunder. All rights of the participants created under the Plan and related Trust are unsecured contractual rights against the Company.

10. **Nonalienation of Benefits.** No rights or benefits under this Plan are subject to transfer, sale, assignment, pledge, or other encumbrance of any kind, nor are rights or benefits subject to the debts, contracts, liabilities or torts of the participant or beneficiary. If a participant or beneficiary becomes bankrupt or attempts to transfer, sell, assign, pledge or otherwise encumber any right or benefit under this Plan, that participant's rights or benefits in the sole discretion of the Company may be terminated.

11. **Amendment or Termination.** The Board may waive requirements, amend or terminate all or part of this Plan at any time. No amendment, termination, or waiver shall affect the right to any benefits already accrued to the credit of any participant or beneficiary at the time of amendment, termination, or waiver. Upon termination of the Plan, no additional benefits shall accrue to the credit of any participant or beneficiary. Notwithstanding the above, the payment of any benefits under this Plan which are subject to Section 409A may not be accelerated except in compliance with the provisions of Treas. Reg. Section 1.409A-3(j)(4)(ix) or such other events and conditions which may be permitted in generally applicable guidelines published in the Internal Revenue Bulletin. The Board reserves any discretion to distribute benefits in accordance with the requirements of such regulations and/or such guidelines.

12. **ERISA Exemption.** This Plan is intended to be exempt from the provisions of ERISA and is an "unfunded" plan maintained "for the purpose of providing deferred compensation of a select group of management or highly compensated employees."

13. **Authority.** This Plan is governed by the laws of the Commonwealth of Virginia. This Plan may be subject to approval by the Administrative Contracting Officer pursuant to Federal Acquisition Regulations, Department of Labor, and/or other Government entities.

13A. **Section 409A.** To the extent that such requirements are applicable, the Plan is intended to comply with the requirements of Section 409A and shall be interpreted and administered in accordance with that intent. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. The nature of any such amendment shall be determined by the Board. Notwithstanding the above, if the participant qualifies as a "specified employee," as defined in Treas. Reg. Section 1.409A-1(i), incurs a separation from service for any reason other than death and becomes entitled to a distribution under the Plan, then to the extent required by Section 409A, no distribution otherwise payable to the participant with respect to a Non-Grandfathered Account during the first six (6) months after the date of such separation from service, shall be paid to the participant until the date which is one day after the date which is six (6) months after the date of such separation from service (or, if earlier, the date of the participant's death).

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14. **Effective Date.** This Plan was originally effective January 1, 1994 (with the provisions relating to the satisfaction of the requirements established pursuant to Section 409A being deemed made effective as of the earliest date necessary to ensure compliance with Section 409A). This Plan has been most recently amended and restated effective November 1, 2023.

15. **Administration.** The Plan will be administered by the Board, which has authority to adopt rules and regulations for carrying out the Plan and to interpret, construe, and implement the Plan's provisions. The Board may delegate its administrative authority over the Plan to the Compensation and Human Resources Committee of the Board. All decisions of the Board, or its delegate, will be final, conclusive, and binding upon all parties with an interest in the Plan.

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PART TWO

SALARY REDUCTION CONTRIBUTIONS

15. **Purpose.** Section 1 is hereby incorporated by reference.

16. **Participation.**

(a) Participants in the Plan shall include, subject to the approval of the Board, full-time and part-time employees of the Company and its wholly owned subsidiaries who are classified by the Company as key executives and other corporate officers.

(b) Section 2(b) is hereby incorporated by reference.

17. **Funding.** The Trust established pursuant to Section 3 shall be used to receive and invest salary reduction contributions as described in Section 18 and any Trust earnings and/or investment gains and/or losses, as applicable, on behalf of participants. Contributions to the Plan shall be irrevocable and shall be used to pay benefits under the Plan, subject to the claims of the general creditors of the Company.

18. **Salary Reduction Contributions.** Subject to the terms and conditions of this Plan and related Trust, an eligible participant may elect to enter into a salary reduction agreement whereby the participant accepts a voluntary reduction of amounts otherwise due and the Company agrees to contribute a like amount into the Trust as a salary reduction contribution (to be known as the "salary reduction contribution"). Amounts eligible for the salary reduction agreement may include compensation, Board fees, bonus compensation, and other taxable income payable by the Company to the participant. Prior to January 1, 2005, participants may elect to modify prospectively their respective salary reduction agreements at any time with respect to taxable income not yet earned. Effective January 1, 2005, participants may elect to modify prospectively their respective salary reduction agreements only if such modification is made by December 31 of the calendar year preceding the calendar year to which the modified salary reduction agreement relates and only with respect to taxable income not yet earned.

18A. **Matching Contribution.** The Board may at any time and from time-to-time specify a matching formula for a given calendar year to match a participant's annual salary reduction contribution made to the Plan (to be known as the "matching contribution") pursuant to Section 18. If the Board adopts a matching formula for a given calendar year, a participant who is eligible to make a salary reduction contribution to the Plan for such year shall be eligible for the matching contribution, unless otherwise specified by the Board. The Board may also specify an annual maximum matching contribution. All matching contributions shall be contributed to the Plan by the Company in the time and manner as determined by the Board.

A participant's matching contribution under this Section 18A shall be allocated to his matching contribution account, which shall specify the balance posted to the record of each participant consisting of his allocated share of matching contributions and adjustments, if any, as of each date the assets of the Plan are valued.

The Board, in its sole discretion, shall determine the distribution provisions and/or requirements applicable to matching contributions and the vesting schedule for such matching contributions.

19. **Allocation of Contributions.** Each salary reduction contribution and matching contribution shall be credited to a participant's respective accounts and shall be accounted for separately from the Company's annual contribution described in Section 4 of the Plan. Investment gains and/or losses related to salary reduction contributions and matching contributions shall be credited to participants' respective accounts pursuant to Section 6B of the Plan.

20. **Vesting.** All salary reduction contributions, pursuant to this Part Two including any Trust earnings or losses on such contributions (prior to June 1, 2010) and investment gains

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and/or losses on such contributions (on and after June 1, 2010) are 100% vested at all times. The Board, in its sole discretion, shall determine the vesting schedule for matching contributions from time to time.

20A. Participant Accounts. Section 6A is hereby incorporated by reference.

20B. Investment Returns. Section 6B is hereby incorporated by reference.

21. Distribution.

(a) **Grandfathered Accounts.** Plan benefits related to salary reduction contributions are payable following termination of employment or directorship, retirement, disability as defined by Social Security guidelines or the Company's long-term disability policy or death.

Such benefits will be paid in a lump sum within ninety (90) days following the date of the participant's termination of employment unless an alternative method of benefit payment is elected in writing by the participant no less than 12 months prior to the date of such termination of employment. The elected alternative method of benefit payment may provide for the payment of a lump sum no more than ten (10) years from the date of such termination of employment or for the payment of installment amounts no more frequently than quarterly over a period of time not to exceed ten (10) years from the date of the participant's termination of employment. Each payment will be subject to applicable tax withholding based upon a tax election form completed by the participant which is generally a Form W-4 (Employee's Withholding Allowance Certificate). In the absence of a completed tax election form, the Company shall make payment on the best information available. The final distribution amount shall be equal to the participant's account balance on the business day immediately preceding the payout date.

The Company may provide for distribution of some or all of the Grandfathered Accounts established in connection with the Plan if it is determined or appears that such distribution is or may be required to enable the Plan to continue to qualify for exemption from the requirements of Parts 2 - 4 of Title II of ERISA or as otherwise required by applicable law.

(b) **Non-Grandfathered Accounts.** Except as otherwise permitted in paragraph (d) below, Plan benefits related to salary reduction contributions in Non-Grandfathered Accounts are payable following separation from service (as defined in Treas. Reg. Section 1.409A-1(h)) as an employee or director, retirement, disability as defined by Social Security guidelines or the Company's long-term disability policy or death. With respect to disability as defined by the Company's long-term disability policy, a participant shall only be considered to have incurred a disability in connection with a Non-Grandfathered Account for these purposes if the participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under such long-term disability policy.

Such benefits will be paid in a lump sum between January 1st and March 15th of the calendar year following a participant's separation from service. However, a participant may elect an alternate payment option by filing an election specifying that the payment of the participant's distribution will be made in the form of (i) a lump sum on a date certain after separation from service, but in no event more than ten (10) years following such separation from service, or (ii) installment payments at a rate no more frequently than annually over a time period not to exceed ten (10) years following separation from service. Such election may provide for acceleration in the event of death or disability. Any such election made by a participant shall be irrevocable. The final distribution amount shall be equal to the participant's account balance on the business day immediately preceding the payout date. For these purposes, separation from service shall mean the definition set forth in Treas. Reg. Section 1.409A-1(h).

(c) **Change in Control.** Benefits are immediately payable in the event of a Change in Control of the Company. The term Change in Control is set forth in Section 7(c).

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(d) **In-Service Distributions.** The Plan shall permit in-service distributions for salary reduction contributions made to the Plan on and after June 1, 2010.

To elect an in-service distribution, a participant must select a scheduled withdrawal year pursuant to the provisions of this paragraph (d). For purposes of this paragraph (d), the term "scheduled withdrawal year" shall mean the distribution year elected by a participant for an in-service withdrawal of amounts from the participant's salary reduction contribution account that were deferred in a given calendar year beginning on and after June 1, 2010, and gains and/or losses attributable thereto, as set forth on the election for such calendar year. A participant's scheduled withdrawal year with respect to such amounts can be no earlier than three (3) years from the last day of the calendar year for which such amounts are contributed to the Plan by a participant.

In the case of a participant who has elected an in-service withdrawal, such participant shall receive his distributable amount, but only with respect to those deferrals of compensation, and investment gains and/or losses on such deferrals, as shall have been elected by the participant to be

subject to the scheduled withdrawal year. Participants may elect to have such amounts paid in the form of a lump sum distribution or annual installments not to exceed ten (10) years. Such lump sum distribution shall be paid, or such installments shall commence, no later than March 15th of the participant's scheduled withdrawal year.

A participant may extend the scheduled withdrawal year for any scheduled in-service distribution, provided such extension occurs at least one (1) year before the January 1st of the scheduled withdrawal year and provided that the first payment with respect to which such election is made is deferred for a period of not less than five (5) years from the year such payment would otherwise have commenced or have been made (the "one year/five year rule"). For purposes of the one year/five year rule, installment payments shall be treated as an entitlement to a single payment.

If a participant (an employee or director) has a separation from service (as defined in Treas. Reg. Section 1.409A-1(h)) with the Company prior to a scheduled withdrawal year, then notwithstanding the scheduled withdrawal year, Plan benefits related to salary reduction contributions shall be payable in a lump sum between January 1st and March 15th of the calendar year following such separation from service.

(e) **Hardship Distribution.** The Plan shall permit hardship distributions for salary reduction contributions made to the Plan on and after June 1, 2010.

A hardship distribution may be made to a participant who has a severe financial hardship resulting from an unforeseeable emergency. An unforeseeable emergency shall mean a severe financial hardship to the participant resulting from an illness or accident of the participant, the participant's spouse, or a dependent (as defined in Section 152(a) of the Code) of the participant, loss of the participant's property due to casualty or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant. The circumstances that would constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, a hardship distribution may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under this Plan.

22. Non-Compete Agreement Inapplicable. Plan benefits related to salary reduction contributions in this Part Two are not subject to execution of or compliance with a Restrictive Covenant Agreement or a Non-Compete Agreement. It is expressly understood that the provisions with respect to Restrictive Covenant Agreements and Non-Compete Agreements set forth in Section 8, as applicable, continue to apply to all other Plan benefits related to Company contributions pursuant to Part One of this Plan.

23. Limitation of Rights. Section 9 is hereby incorporated by reference.

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24. Nonalienation of Benefits. Section 10 is hereby incorporated by reference.

25. Amendment or Termination. Section 11 is hereby incorporated by reference.

26. ERISA Exemption. Section 12 is hereby incorporated by reference.

27. Authority. Section 13 is hereby incorporated by reference.

27A. Section 409A. Section 13A is hereby incorporated by reference.

28. Effective Date. Part Two of this Plan related to salary reduction contributions is effective January 1, 1997 (with the provisions relating to the satisfaction of the requirements established pursuant to Section 409A being deemed made effective as of the earliest date necessary to ensure compliance with Section 409A). Part Two of this Plan related to matching contributions is effective June 1, 2010. This Plan has been most recently amended and restated effective November 1, 2023.

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Exhibit A

AGREEMENT

ACKNOWLEDGING DUTIES, CONFIDENTIALITY

AND POST-EMPLOYMENT RESTRICTIONS

THIS AGREEMENT is made as of, 20, by and between VSE Corporation, a Delaware corporation (which, together with its subsidiaries, is hereinafter collectively referred to as "VSE"), and ("Employee").

WHEREAS, VSE is employing Employee in a position of trust and confidence to aid VSE in the conduct of its business; and

WHEREAS, VSE requires as a condition of employment that Employee covenant and agree to devote Employee's full and best efforts and abilities to VSE on a full-time basis; not to engage in any activity during the term of employment with VSE (the "Employment Term"), nor during an agreed period after the Employment Term ends, that is in conflict with VSE's interests; and to preserve VSE's trade secrets, confidential and proprietary information; and

WHEREAS, VSE and Employee desire to set forth in writing the terms and conditions of these covenants and agreements;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, VSE and Employee, intending legally to be bound, hereby agree as follows:

1. VSE is in the business of providing, directly and indirectly, goods and services to agencies, departments and other units of the United States Government, including as a contractor, subcontractor, vendor and supplier. The federal agencies, departments and other units with which VSE has contracted or to which VSE has provided goods and services at any time during the 24 months prior to any termination of the Employment Term are referred to herein as "Customers."

2. During the Employment Term, Employee (a) shall devote full and best efforts and abilities to VSE on a full-time basis; (b) shall not directly or indirectly engage in any activity, whether or not for profit, gain or other pecuniary advantage, that creates a conflict of interest with Employee's duties to VSE or otherwise materially interferes with Employee's employment obligations to VSE; and (c) shall not be employed by, hold any directorship or other office in, hold any equity interest in, or have any other interest in any corporation, limited liability company, partnership, company, firm or other business entity that contracts with, provides, or seeks to contract with or provide, goods or services to federal agencies, departments or other units of the U.S. Government. During the Employment Term, Employee shall faithfully perform in accordance with Employee's duty of loyalty to VSE.

3. During the period commencing on the effective date of any termination of the Employment Term (whether voluntarily or involuntarily) and ending on the first anniversary thereof (the "Restricted Period"), Employee shall not engage, directly or indirectly, in any capacity, including as an owner, equity holder, stockholder, proprietor, partner, member, lender or investor in any business or enterprise that provides, directly or indirectly, or seeks to provide goods or services to any Customer for which VSE employees worked or functions were performed

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under Employee's management or supervision if such goods or services are the same as or similar to those provided to the Customer by VSE.

4. During the Restricted Period, Employee shall not, directly or indirectly, as an employee, officer, manager, director, independent contractor, agent, consultant or in any other capacity:

(a) solicit, encourage or induce any Customer to terminate or limit the Customer's business relationship with VSE;

(b) provide any services that are the same as or similar to the services Employee performed while employed by VSE; or

(c) solicit, induce, recruit or encourage any of VSE's employees or contractors to leave VSE, cease providing services to VSE or otherwise diminish their relationship with VSE.

5. Employee has and will have access to trade secrets, confidential documents, and proprietary information including, but not limited to, research or development activities, inventions, discoveries, processes, methods, procedures, software, codes or data, computer programs, names of suppliers and customer contacts; bids and proposals; financial information; legal opinions; information concerning the business and affairs of VSE (which includes financial statements, financial projections and budgets, rates, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials); notes, analysis, compilations, studies, summaries and other material prepared by or for VSE containing or based, in whole or in part, on information included in the foregoing records and specifications that are owned, developed, used, or retained by VSE and which have not been publicly disclosed (excluding limited disclosures for business purposes) by VSE; and information belonging to customers and other third parties that VSE is under an obligation to keep confidential (collectively, "Confidential Information"). During the Employment Term and continuing thereafter, Employee shall not disclose any Confidential Information, nor use it in any way other than as required to perform employment duties.

6. Employee agrees that the time periods and scope set forth in this Agreement in which competition and non-solicitation are prohibited are reasonable and appropriate and necessary to protect VSE from unfair competition. If a court, however, holds that the restrictions stated in this Agreement are unreasonable or otherwise unenforceable, Employee and VSE agree that the maximum period or scope determined to be reasonable by such court will be substituted for the stated period or scope.

7. Employee and VSE agree that if a breach or threatened breach of this Agreement by Employee occurs, Employee acknowledges that VSE would be irreparably harmed and shall be entitled to injunctive relief, both preliminary and permanent, without bond. In addition, VSE shall be entitled to any other legal or equitable remedies as may be available under law, together with all reasonable attorneys' fees and costs necessary to enforce this Agreement.

8. The interpretation, validity and performance of this Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard to its conflicts of law principles. All disputes arising hereunder will be heard exclusively in a court of competent jurisdiction in the Commonwealth of Virginia. Employee hereby waives any objection to such jurisdiction or to the venue of any such proceeding brought in such a court.

9. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their successors, assigns and heirs.

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VSE CORPORATION DEFERRED SUPPLEMENTAL COMPENSATION PLAN
Effective January 1, 1994, and as amended through November 1, 2023

10. If any provision of this Agreement is declared or held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability will not invalidate or render unenforceable the entirety of this Agreement, but rather this Agreement will be construed as if not containing the invalid or unenforceable provision.

11. This Agreement does not constitute a contract of employment for a fixed term. Employee is free to resign from employment and VSE is free to terminate the Employment Term (Employee's employment), at any time, for any or no reason.

AGREED

VSE CORPORATION

By:

Title:

EMPLOYEE

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Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

The following is a listing of the subsidiaries of the Registrant:

	Jurisdiction Organization
Energetics Incorporated	Maryland
Akimeka, Arena Solutions Group, LLC	Hawaii
Wheeler Fleet Solutions, Co.	Delaware
VSE Aviation, Inc.	Pennsylvania
Global Parts Group, Inc.	Delaware
VSE Aviation Services, Inc.	Kansas
VSE Aviation, Inc.	Florida
VSE Aviation Singapore PTE LTD	Florida
VSE Aviation Services, LLC	Singapore
	Kansas
VSE Aviation, Inc.	Florida
VSE Aviation Services, Co.	Kansas
VSE Aviation Germany GmbH	Germany
Global Parts Group, Inc. Desser-Graham Partnership, L.P.	Kansas Delaware
Diamond GP, LLC	Delaware
Desser Holding Company, LLC	Delaware
Desser Tire & Rubber Co., LLC	Delaware
Aero-Cee Bailey's Holding Company	Delaware
Aero Wheel & Brake Service Corporation	California
Cee Bailey's Aircraft Plastics	California
Watts Desser Limited	United Kingdom
Desser Tire & Rubber Co., Pty Ltd	Australia
Sabrinae Limited	United Kingdom
Watts Aviation Services Ltd	United Kingdom
Rotable Repairs Group Limited	United Kingdom
Rotable Repairs Limited	United Kingdom

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We have issued our reports dated March 9, 2023 March 7, 2024, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of VSE Corporation on Form 10-K for the year ended December 31, 2022 December 31, 2023. We consent to the incorporation by reference of said reports in the Registration Statements of VSE Corporation on Form S-3 (File No. 333-248139) and on Forms S-8 (File No. 333-257247, 333-195803, File No. 333-195802, and File No. 333-134285).

/s/ GRANT THORNTON LLP

Arlington, Virginia
March 9, 2023 7, 2024

CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John A. Cuomo, certify that:

1. I have reviewed this annual report on Form 10-K of VSE Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 9, 2023 7, 2024

/s/ John A. Cuomo

John A. Cuomo

Chief Executive Officer and President

CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen D. Griffin, certify that:

1. I have reviewed this annual report on Form 10-K of VSE Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2023 7, 2024

/s/ Stephen D. Griffin

Stephen D. Griffin

Senior Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as President and Chief Executive Officer of VSE Corporation (the "Company"), does hereby certify that to the best of the undersigned's knowledge:

1) our Annual Report on Form 10-K for the year ending **December 31, 2022** **December 31, 2023** (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in our Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March **9, 2023** **7, 2024**

/s/ John A. Cuomo

John A. Cuomo

Chief Executive Officer and President

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Senior Vice President and Chief Financial Officer of VSE Corporation (the "Company"), does hereby certify that to the best of the undersigned's knowledge:

1) our Annual Report on Form 10-K for the year ending **December 31, 2022** **December 31, 2023** (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in our Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March **9, 2023** **7, 2024**

/s/ Stephen D. Griffin

Stephen D. Griffin

Senior Vice President and
Chief Financial Officer

Exhibit 97.1

VSE CORPORATION

Compensation Clawback Policy

Effective November 1, 2023

Purpose

As required pursuant to the listing standards of The Nasdaq Stock Market (the "**Stock Exchange**"), Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and Rule 10D-1 under the Exchange Act, the Board of Directors (the "**Board**") of VSE Corporation (the "**Company**") has adopted this Compensation Clawback Policy (the "**Policy**") to empower the Company to recover Covered Compensation (as defined below) erroneously awarded to a Covered Officer (as defined below) in the event of an Accounting Restatement (as defined below).

Policy Statement

Unless a Clawback Exception (as defined below) applies, the Company will recover reasonably promptly from each Covered Officer the Covered Compensation Received (as defined below) by such Covered Officer in the event that the Company is required to prepare an

accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (each, an **"Accounting Restatement"**). If a Clawback Exception applies with respect to a Covered Officer, the Company may forgo such recovery under this Policy from such Covered Officer.

Covered Officers

For purposes of this Policy, **"Covered Officer"** is defined as any current or former "Section 16 officer" of the Company within the meaning of Rule 16a-1(f) under the Exchange Act, as determined by the Board or the Compensation and Human Resources Committee of the Board (the **"Committee"**). Covered Officers include, at a minimum, "executive officers" as defined in Rule 3b-7 under the Exchange Act and identified under Item 401(b) of Regulation S-K.

Covered Compensation

For purposes of this Policy:

- **"Covered Compensation"** is defined as the amount of Incentive-Based Compensation (as defined below) Received during the applicable Recovery Period (as defined below) that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received during such Recovery Period had it been determined based on the relevant restated amounts and computed without regard to any taxes paid.

Incentive-Based Compensation Received by a Covered Officer will only qualify as Covered Compensation if: (i) it is Received on or after October 2, 2023; (ii) it is Received after such Covered Officer begins service as a Covered Officer; (iii) such Covered Officer served as a Covered Officer at any time during the performance period for such Incentive-Based Compensation; and (iv) it is Received while the

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Company has a class of securities listed on a national securities exchange or a national securities association.

For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Covered Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount of such Incentive-Based Compensation that is deemed to be Covered Compensation will be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and the Company will maintain and provide to the Stock Exchange documentation of the determination of such reasonable estimate.

- **"Incentive-Based Compensation"** is defined as any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (as defined below). For purposes of clarity, Incentive-Based Compensation includes compensation that is in any plan, other than tax-qualified retirement plans, including long term disability, life insurance, and supplemental executive retirement plans, and any other compensation that is based on such Incentive-Based Compensation, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans.
- **"Financial Reporting Measure"** is defined as a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures.
- Incentive-Based Compensation is deemed **"Received"** in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

Recovery Period

For purposes of this Policy, the applicable “**Recovery Period**” is defined as the three completed fiscal years immediately preceding the Trigger Date (as defined below) and, if applicable, any transition period resulting from a change in the Company’s fiscal year within or immediately following those three completed fiscal years (provided, however, that if a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year comprises a period of nine to 12 months, such period would be deemed to be a completed fiscal year).

For purposes of this Policy, the “**Trigger Date**” as of which the Company is required to prepare an Accounting Restatement is the earlier to occur of: (i) the date that the Board, applicable Board committee, or officers authorized to take action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare the Accounting Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare the Accounting Restatement.

Clawback Exceptions

The Company is required to recover all Covered Compensation Received by a Covered Officer in the event of an Accounting Restatement unless (i) one of the following conditions are

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met and (ii) the Committee has made a determination that recovery would be impracticable in accordance with Rule 10D-1 under the Exchange Act (under such circumstances, a “**Clawback Exception**” applies):

- the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered (and the Company has already made a reasonable attempt to recover such erroneously awarded Covered Compensation from such Covered Officer, has documented such reasonable attempt(s) to recover, and has provided such documentation to the Stock Exchange);
- recovery would violate home country law that was adopted prior to November 28, 2022 (and the Company has already obtained an opinion of home country counsel, acceptable to the Stock Exchange, that recovery would result in such a violation, and provided such opinion to the Stock Exchange); or
- recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code and regulations thereunder. For purposes of clarity, this Clawback Exception only applies to tax-qualified retirement plans and does not apply to other plans, including long term disability, life insurance, and supplemental executive retirement plans, or any other compensation that is based on Incentive-Based Compensation in such plans, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans.

Prohibitions

The Company is prohibited from paying or reimbursing the cost of insurance for, or indemnifying, any Covered Officer against the loss of erroneously awarded Covered Compensation.

Administration and Interpretation

Notwithstanding anything in this Policy to the contrary, the Committee will administer, interpret and operate this Policy in accordance with the final rules and regulations promulgated by the U.S. Securities and Exchange Commission (the “**SEC**”), the final listing standards adopted by the Stock Exchange, and any applicable SEC or Stock Exchange guidance or interpretations issued from time to time, regarding the recovery of erroneously awarded compensation pursuant to Section 10D of the Exchange Act (collectively, the “**Guidance**”). The Committee will have full and exclusive authority and discretion to supplement, amend, interpret, modify, replace, enforce and/or terminate (in whole or in part) this Policy, including the authority to correct any defect, supply any omission or reconcile any ambiguity, inconsistency or conflict in the Policy, subject to the Guidance. The Committee will review the Policy from time to time and will have full and exclusive authority to take any action it deems appropriate. Questions regarding this Policy should be directed to the Company’s Chief Legal Officer.

The Committee will have the authority to offset any compensation or benefit amounts that become due to the applicable Covered Officers to the extent permissible under Section 409A of the Internal Revenue Code of 1986, as amended, and as it deems necessary or desirable to recover any Covered Compensation.

This Policy shall not preclude any other compensation recoupment or clawback policies, arrangements or provisions of the Company (“Other Recovery Provisions”), to the extent

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recovery of compensation is achieved by the Company under this Policy, there shall be no duplication of recovery under Other Recovery Provisions, except as may be required by law.

Each Covered Officer, upon being so designated or assuming such position, is required to execute and deliver to the Company's Chief Legal Officer an acknowledgment of and consent to this Policy, in the form attached to this Policy, (i) acknowledging and consenting to be bound by the terms of this Policy, (ii) agreeing to fully cooperate with the Company in connection with any of such Covered Officer's obligations to the Company pursuant to this Policy, and (iii) agreeing that the Company may enforce its rights under this Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under this Policy. For the avoidance of doubt, each Covered Officer will be fully bound by, and must comply with, this Policy, whether or not such Covered Officer has executed and returned such acknowledgement and consent form to the Company.

Disclosure

This Policy, and any recovery of Covered Compensation by the Company pursuant to this Policy that is required to be disclosed in the Company's filings with the SEC, will be disclosed as required by the Securities Act of 1933, as amended, the Exchange Act, and related rules and regulations, including the Guidance.

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VSE CORPORATION

Compensation Clawback Policy Acknowledgment and Consent

The undersigned hereby acknowledges that he or she has received and reviewed a copy of the Compensation Clawback Policy (the “Policy”) of VSE Corporation (the “Company”), effective as of November 1, 2023, as adopted by the Company's Board of Directors.

Pursuant to such Policy, the undersigned hereby:

- acknowledges that he or she has been designated as (or assumed the position of) a “Covered Officer” as defined in the Policy;
- acknowledges and consents to the Policy;
- acknowledges and consents to be bound by the terms of the Policy;

- agrees to fully cooperate with the Company in connection with any of the undersigned's obligations to the Company pursuant to the Policy; and
- agrees that the Company may enforce its rights under the Policy through any and all reasonable means permitted under applicable law as the Company deems necessary or desirable under the Policy.

ACKNOWLEDGED AND AGREED:

Name:

Date:

[Compensation Clawback Policy Acknowledgment and Consent]

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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