



March 28, 2006

Via e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Securities and Exchange Commission  
Division of Corporate Finance  
450 Fifth Street, NW  
Washington, DC 20549

Subject: File No. 265-23

Gentlemen:

Thank you for addressing the problems created by the "one-size-fits-all" Sarbanes-Oxley Act ("SOX"). We appreciate your efforts to improve public reporting and accountability at a cost which does not unduly harm and penalize public corporations.

VSE completed fiscal 2005 with annual revenues of about \$280 million, a market capitalization of about \$99 million, and a public float (as defined) of about \$60 million. Based on these results and the recommendations of the Advisory Committee on Smaller Public Companies, VSE will be classified as a "microcap" company, based on market capitalization, but will not be exempt from the external audit requirement of SOX 404 because our annual revenues exceeded \$250 million. However, in our industry (Government contracting) as in several others, revenues taken alone can be a misleading indicator depending on a variety of factors generally subsumed under the heading of "gross" versus "net" revenues.

In many cases, the SEC has relied properly on market capitalization to establish compliance, thresholds, and has further refined this term by using "public float" to identify the market capitalization used to define an "accelerated filer."

We strongly recommend that the SEC continue to base its SOX exemptions based on market capitalization and "public float," not annual revenues.

Sincerely yours,

VSE CORPORATION

A handwritten signature in black ink, appearing to read "D. M. Ervine", with a long horizontal flourish extending to the right.

D. M. Ervine  
Chairman, President and CEO/COO

DME:emm