

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): February 23, 2006

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

DELAWARE  
(State or Other Jurisdiction of Incorporation or Organization)

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

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

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

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

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

VSE CORPORATION

Item 2.02 Results of Operations

Attached hereto as Exhibit 99.1 is a copy of the Registrant's new release  
dated February 23, 2006 announcing the consolidated financial results for 2005.

Item 9.01 Financial Statements and Exhibits

(C) Exhibits

Exhibit  
Number

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99.1 News Release, February 23, 2006 entitled "VSE Reports  
Financial Results for 2005"

SIGNATURES

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

VSE CORPORATION  
(Registrant)

Date: February 28, 2006

/s/ T. R. Loftus

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T. R. Loftus  
Senior Vice President and  
Chief Financial Officer

# VSE REPORTS FINANCIAL RESULTS FOR 2005

Company Earns \$6.2 million (\$2.58 per diluted share)  
on Revenues of \$280 million;  
CEO Anticipates Continued Growth in 2006

Alexandria, Virginia, February 23, 2006 - VSE Corporation (Nasdaq: VSEC)  
reported consolidated financial results for the three- and twelve-month periods  
ended December 31, 2005 and 2004, as follows:

<TABLE>

VSE Corporation and Subsidiaries  
Consolidated Statements of Income  
(dollars in thousands, except share data)

<CAPTION>

	Three Months		Twelve Months			
	2005	2004	2005	2004		
	----	----	----	----		
<S>	<C>	<C>	<C>	<C>		
Revenues, principally from contracts		\$ 64,938	\$ 57,142	\$ 280,139	\$ 216,011	
Costs and expenses of contracts		62,426	55,336	269,780	209,841	
	-----	-----	-----	-----		
Gross profit		2,512	1,806	10,359	6,170	
Selling, general and administrative expenses			240	186	580	636
Interest income, net		(126)	(26)	(210)	(102)	
	-----	-----	-----	-----		
Income before income taxes		2,398	1,646	9,989	5,636	
Provision for income taxes		885	649	3,820	2,191	
	-----	-----	-----	-----		
Income from continuing operations		1,513	997	6,169	3,445	
Loss from discontinued operations, net of tax		-	-	-	(1)	
	-----	-----	-----	-----		
Net income		\$ 1,513	\$ 997	\$ 6,169	\$ 3,444	
	=====	=====	=====	=====		
Weighted average shares outstanding:						
Basic		2,351,452	2,264,029	2,322,736	2,231,848	
Diluted		2,418,857	2,345,865	2,392,027	2,309,932	
Earnings per share:						
Basic - Income from continuing operations		\$ .64	\$ .44	\$ 2.66	\$ 1.54	
Basic - Loss from discontinued operations		.00	.00	.00	.00	
	-----	-----	-----	-----		
Basic - Net income		\$ .64	\$ .44	\$ 2.66	\$ 1.54	
	=====	=====	=====	=====		
Diluted - Income from continuing operations		\$ .63	\$ .43	\$ 2.58	\$ 1.49	
Diluted - Loss from discontinued operations		.00	.00	.00	.00	
	-----	-----	-----	-----		
Diluted - Net income		\$ .63	\$ .43	\$ 2.58	\$ 1.49	
	=====	=====	=====	=====		

</TABLE>

## Financial Results

VSE revenues increased about \$7.8 million (up 14%) and \$64.1 million (up 30%) for the three- and twelve-month periods compared to the same periods of last year. Increases in 2005 were primarily due to work on the Army's Trailer Ballistic Protection System program and to an increase in work in VSE's BAV, Communications and Engineering, Fleet Maintenance, and Systems Engineering Divisions.

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VSE net income increased about \$516 thousand (up 52%) and \$2.7 million (up 79%) for the three- and twelve-month periods compared to the same periods of last year. Increases in 2005 were primarily due to the profits associated with the additional revenues and to an increase in gross margins. The increase in gross margins was attributed to allocating fixed corporate costs over a larger revenue base and to an increase in the percentage of work performed on

time and materials and firm fixed price contracts, which tend to have higher profit margins than cost reimbursement contracts.

#### CEO Comments

VSE Chairman, President and CEO/COO Don Ervine said, "The financial results reported today are in line with the positive trend in VSE operations and results reported over the past four years. Beginning in 2002, VSE revenues have grown significantly as our customers' needs and funding have grown. With the increase in revenues, we have been able to allocate our corporate costs over a larger base and improve our margins on certain time and materials and fixed price contracts. "

"As previously reported, during the fourth quarter of 2005 we received new contracts and delivery orders representing potential revenues of up to \$495 million. Our contract funding or "bookings" during all of 2005 increased to about \$390 million, up 28% from 2004, and our funded backlog increased to about \$276 million at the end of 2005, up 64% from the prior year-end. Based on these new awards, increased bookings, and funded backlog, and on our sense of VSE's favorable position in several of the markets we serve, we anticipate continued strength in VSE revenues and net income in 2006."

#### Safe Harbor

This news release contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements" under federal securities laws. All such statements are intended to be subject to the safe harbor protection provided by applicable securities laws. For discussions identifying some important factors that could cause actual VSE results to differ materially from those anticipated in the forward looking statements in this news release, see VSE's public filings with the Securities and Exchange Commission.

VSE provides diversified services to the engineering, energy and environment, defense, and homeland security markets from more than 20 locations across the United States and around the world. For more information on VSE services and products, please see the Company's web site at [www.vsecorp.com](http://www.vsecorp.com) or contact Len Goldstein, Director of Business and New Product Development, at (703) 317-5202.

News Contact: C. S. Weber, CAO, (703) 329-4770

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