

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): July 31, 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 news release dated July 31, 2006 announcing the consolidated financial results for the three- and six-month periods ended June 30, 2006.

Item 9.01 Financial Statements and Exhibits

(C) Exhibits

Exhibit
Number

99.1 News Release, July 31, 2006 entitled "VSE Reports
Second Quarter 2006 Results"

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: August 1, 2006

/s/ T. R. Loftus

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

VSE REPORTS SECOND QUARTER 2006 RESULTS
Company Earns \$0.84 Per Share Diluted in Quarter

Alexandria, Virginia, July 31, 2006 - VSE Corporation (Nasdaq: VSEC) reported the following consolidated financial results for the periods ended June 30, 2006 and 2005:

<TABLE>

VSE Corporation and Subsidiaries

Consolidated Statements of Income (unaudited)

(in thousands, except share and per share amounts)

<CAPTION>

	Three Months		Six Months	
	2006	2005	2006	2005
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<S>	<C>	<C>	<C>	<C>
Revenues	\$ 94,844	\$ 72,682	\$ 158,144	\$ 138,601
Costs and expenses of contracts		91,354	69,716	152,266
			133,471	
Gross profit	3,490	2,966	5,878	5,130
Selling, general and administrative expenses	295	111	418	167
Interest income, net	(83)	(22)	(220)	(41)
Income before income taxes		3,278	2,877	5,680
Provision for income taxes		1,251	1,112	2,168
				1,935
Net income	\$ 2,027	\$ 1,765	\$ 3,512	\$ 3,069
Earnings per share:				
Basic	\$.86	\$.76	\$ 1.49	\$ 1.34
Diluted	.84	.74	1.45	1.30
Weighted average shares outstanding:				
Basic	2,366,712	2,310,864	2,364,001	2,295,182
Diluted	2,420,224	2,377,254	2,426,734	2,365,668

</TABLE>

Financial Results

VSE revenues increased about \$22.2 million (up 30%) and \$19.5 million (up 14%) for the three- and six-month periods compared to the same periods of last year, primarily due to maintenance and logistics services performed on VSE's Rapid Response support contract. Increased revenues from equipment refurbishment services provided to the U.S. Army Reserve and services provided by VSE's Energetics subsidiary also contributed to the Company's increases in revenues.

VSE net income increased about \$262 thousand (up 15%) and \$443 thousand (up 14%) for the three- and six-month periods compared to the same periods of last year. The increases in net income were primarily due to increases in profits on certain Navy contracts, increased profits from Energetics services, and to profits associated with an increase in revenues and the ability to spread corporate fixed costs over a larger revenue base.

- more -

VSE Corporation News Release (continued)

CEO Comments

Commenting on the financial results, VSE Chairman, President and CEO/COO Don Ervine said, "VSE experienced record highs for both revenues and earnings in the second quarter of 2006. Our funded backlog of \$264 million as of June 30, 2006, compared to \$262 million as of March 31, 2006, has kept pace with the second quarter revenue increase, which will enable us to sustain our growth in coming quarters, and we anticipate our results for the year will exceed our results for last year. I look forward to reporting on our continued progress in

the months ahead."

Mr. Ervine added, "Our growth over the last two years has been the result of good marketing, teamwork, and the versatility of our managers and employees in identifying and responding to emerging customer requirements in a timely and professional manner. We currently have several promising bids under evaluation and we continue to pursue promising opportunities in the markets we serve."

Accounting for Stock-based Compensation

Effective January 1, 2006, VSE adopted the fair value recognition provisions of FASB Statement 123(R) to account for stock-based compensation. As a result, VSE's net income was reduced by about \$78,000 for the six-month period ended June 30, 2006, or about \$.03 per share basic and diluted. Results for prior period have not been restated. On a pro forma basis, VSE net income for the six-month period ended June 30, 2005, would have been reduced by about \$112,000 or about \$.05 per share basic and diluted had the company adopted SFAS 123(R) in the prior-year period.

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 or contact Len Goldstein, Director of Business and New Product Development at (703) 317-5202.

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