

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

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

Annual Report Pursuant to Section 15(d) of the Securities
Exchange Act of 1934
For the fiscal year ended December 27, 1995

OR

Transition Report Pursuant to Section 15(d) of the Securities
Exchange Act of 1934
For the transition period _____

VSE CORPORATION
EMPLOYEE
ESOP/401(k)
PLAN
(Full Title of the Plan)

VSE Corporation
2550 Huntington Avenue
Alexandria, Virginia 22303
(Name and Address of Issuer)

Required information

The VSE Corporation ESOP/401(k) Plan (the Plan) is subject to ERISA and the financial statements and schedules have been prepared in accordance with the financial reporting requirements of ERISA.

Financial Statement

Statements of Net Assets Available for Benefits as of
December 27, 1995 and 1994

Statements of Changes in Net Assets Available for Benefits
for the years ended December 27, 1995 and 1994

Notes to Financial Statements as of December 27, 1995 and 1994

Schedule of Assets Held for Investment Purposes as of
December 27, 1995

Schedule of Reportable Transactions for the Year Ended
December 27, 1995

EXHIBITS

None

SIGNATURES

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

VSE CORPORATION EMPLOYEE ESOP 401(k)

PLAN

By: /s/ M. A. Robin

M. A. Robin
Senior Vice President, Director of Human
Resources, Trustee

VSE Corporation
ESOP/401(k) Plan

Financial Statements
As of December 27, 1995 and 1994
Together With Auditors' Report

Report of Independent Public Accounts

To the Trustees of the VSE Corporation Employee ESOP/401(k) Plan:

We have audited the accompanying statements of net assets available for benefits, of the VSE Corporation Employee ESOP/401(k) Plan as of December 27, 1995 and 1994, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the VSE Corporation Employee ESOP/401(k) Plan as of December 27, 1995 and 1994, and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of Assets Held for Investment Purposes and Reportable Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Washington, D.C.,
March 12, 1996

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Schedule of Reportable Transactions for the Year Ended December 27, 1995	11

SCHEDULES OMITTED AS NOT APPLICABLE
FOR THE YEAR ENDED DECEMBER 27, 1995

Description

Schedule of Loans or Fixed Income Obligations

Schedule of Leases in Default or Classified as Uncollectible

Schedule of Nonexempt Transactions

<TABLE>

VSE CORPORATION EMPLOYEE ESOP/401(k) PLAN
STATEMENTS OF NET ASSETS
AVAILABLE FOR BENEFITS
AS OF DECEMBER 27

<CAPTION>

	1995	1994
	-----	-----
<S>	<C>	<C>
ASSETS		

Investments at fair value (Exhibit A and Note 2)

VSE Corporation common stock (Note 4)

PAYSOP/ESOP	\$ 6,972,836	\$ 4,059,881
401(k) Stock Fund	1,447,741	839,191

Mutual funds

George Putnam Fund of Boston	3,394,695	0
Putnam Fund for Growth and Income	479,802	0
Putnam Global Growth Fund	400,369	0
Putnam Voyager Fund	2,410,135	0
Putnam Diversified Income Trust	915,783	0
Putnam Asset Allocation Fund - Conservative Portfo	249,333	0
Vanguard Wellington	0	3,182,395
American Capital Comstock	0	1,399,392
American Capital Government Securities	0	479,382

	-----	-----
	16,270,694	9,960,241

Investments at contract value

Putnam Stable Value Fund	1,765,464	0
Government Separate Accounts	2,746,149	3,082,689
Guaranteed Interest Contracts	1,186,271	3,553,986
Vanguard U.S. Treasury Money Market Portfolio	0	330,443
Notes receivable (Note 1)	432,158	438,833
Cash surrender value of life insurance policies	136,419	152,350

	-----	-----
Total investments	22,537,155	17,518,542

Cash, principally in interest-bearing accounts	398,577	443,476
Contribution receivable from employer	162,658	17,267
Other receivable	21,882	0

	-----	-----
Total assets	23,120,272	17,979,285

LIABILITIES

Other liabilities	5,015	5,015
	-----	-----
Total liabilities	5,015	5,015
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS		\$23,115,257 \$17,974,270
	=====	=====

The accompanying notes are an integral part of these financial statements.
 </TABLE>

<TABLE>
 VSE CORPORATION EMPLOYEE ESOP/401(k) PLAN
 STATEMENTS OF CHANGES IN NET ASSETS
 AVAILABLE FOR BENEFITS
 FOR THE YEARS ENDED DECEMBER 27

<CAPTION>

	1995	1994		
	-----	-----	<C>	<C>
INCREASES				
Contributions (Note 1)				
Employee Stock Ownership Plan		\$ 472,294	\$	480,477
401(k)	1,811,961	1,676,709		
(Decrease)/increase in cash surrender value of life insurance policies	(15,931)	8,584		
Income from investments				
Interest	299,795	524,561		
Dividends	704,362	585,731		
Net realized/unrealized gains on investments (Note 2)	4,771,615	263,982		
	-----	-----		
	8,044,096	3,540,044		
	-----	-----		
DECREASES				
Insurance premiums	11,152	18,467		
Distributions (Note 1)	2,891,957	2,399,232		
	-----	-----		
	2,903,109	2,417,699		
	-----	-----		
NET INCREASE	5,140,987	1,122,345		
BEGINNING NET ASSETS AVAILABLE FOR BENEFITS				
	-----	-----		
	17,974,270	16,851,925		
ENDING NET ASSETS AVAILABLE FOR BENEFITS				
	-----	-----		
	\$23,115,257	17,974,270		
	=====	=====		

The accompanying notes are an integral part of these financial statements.
 </TABLE>

VSE CORPORATION EMPLOYEE ESOP/401(k) PLAN
 NOTES TO FINANCIAL STATEMENTS
 AS OF DECEMBER 27, 1995 AND 1994

1. DESCRIPTION OF THE PLAN

Internal Revenue Service (IRS) Qualification

 The VSE Corporation Employee ESOP/401(k) Plan (the "Plan") was adopted by the Board of Directors of VSE Corporation (the "Company") in 1984. The Plan, as amended through March 24, 1987, was determined to be a

qualified pension plan under Internal Revenue Code Section 401 via a determination letter dated March 24, 1987. As a result, the underlying trust was exempt from Federal taxes. In December 1995, the Plan was amended to meet certain requirements of the Tax Reform Act of 1986 and other regulations. The Trustees subsequently filed a restated Plan and Trust Agreement with the Internal Revenue Service for a determination of continued Plan qualification. The Trustees are of the opinion that the Plan meets the IRS requirements and therefore the Trust continues to be tax exempt.

Change in Plan Administrator

Effective January 1, 1995, the Board of Directors of the Company has appointed Putnam Investments ("Putnam") as a third party plan administrator. Putnam provides fund investments and daily recordkeeping services for the Plan. Plan assets were transferred to Putnam during 1995.

Eligibility

Effective January 1, 1995, employees are eligible to participate in the Plan after attaining age 18 and completing 1,000 hours of service in a plan year.

Contributions

The Company may elect to make a contribution to the Plan principally for the purchase of Company stock on behalf of each participant based upon a percentage of each participant's compensation in the plan year or other uniform formula. This contribution is allocated to each participant's account on the last day of the plan year (December 27) unless the employee returns a signed waiver of participation to the Trustees. For the plan years ended December 27, 1995 and 1994, the Company elected to make a contribution equal to 2.0 percent of each participant's annual compensation, subject to Plan provisions. The Company stock is held by the Plan for the participants, and each participant is entitled to certain stockholder rights.

Employee Stock Ownership Plan ("ESOP") contributions are subject to a graded vesting schedule: 20 percent vested after three years of service, then increasing in 20 percent increments to 100 percent vested after seven years. Any forfeitures of nonvested benefits are recognized after the terminated participant has incurred a one-year break in service (as defined in the Plan), with the forfeiture applied to reduce the Company's contribution in subsequent years. Total forfeitures applied as a reduction of the Company's contribution were \$92,047 and \$85,503 for 1995 and 1994, respectively.

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Participants may also elect to defer a portion of earnings into the Plan each pay period pursuant to Section 401(k) of the Internal Revenue Code. The minimum salary deferral is \$10 per pay period. The maximum salary deferral depends upon participation levels and Federal guidelines.

Distributions

Participants (or their beneficiaries) are eligible to receive Plan benefits upon retirement, disability, termination of employment, or death. Benefits are generally paid following termination of employment. Participants generally receive benefits in a lump sum. Distributions are typically made in cash from liquidation of the participant's account or from the Plan's repurchase of the individual account balance.

The Plan permits participants to borrow against their respective 401(k) accounts, subject to Plan provisions and procedures prescribed by the Trustees. After-tax repayments of principal and interest are credited to the participant's account. Loans are reflected in the Statement of Net Assets Available for Benefits as notes receivable. Participants may apply in certain limited situations to withdraw funds from their 401(k) accounts due to a qualifying financial hardship in accordance with IRS regulations.

Ownership Rights (Vesting)

Participants are 100 percent vested in their 401(k) salary deferral contributions and their Payroll-based Stock Ownership Plan ("PAYSOP") contributions allocated prior to 1987. No contributions were made to the PAYSOP after 1986. All contributions to the ESOP, beginning in 1987, are subject to a graded vesting schedule as described in the subsection "Contributions" within this note.

Termination

In the event of Plan termination, each participant is fully vested in amounts held within the Plan for the participant's benefit.

Plan Continuation

The Company expects to continue the Plan indefinitely, but reserves the right to change, modify, or discontinue it in whole or in part at any time, subject to the provisions of ERISA. However, no such action will divest a participant of the vested rights and benefits provided by contributions allocated to the participant's account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Company stock is purchased in the over-the-counter market or from stockholders. Participants direct the investment of their respective 401(k) accounts among the investment options available under the Plan. Marketable securities, excluding Company Stock, and mutual funds are valued at quoted market prices as of December 27, 1995 and 1994, or as of the closest preceding day on which a transaction occurred. To minimize potential price fluctuations, as the Company's stock is thinly traded, the Plan uses the average closing price over the previous 30 days to value Company stock.

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Dividends and realized capital gains are reinvested. Guaranteed interest contracts (GICs) are valued at principal plus interest paid or accrued as of December 27, 1995 and 1994, respectively. Each GIC yields a fixed rate of return until maturity of the contract for contributions received during a stated contribution period. The Trustees are of the opinion that contract value plus interest accrued approximates the fair value of the GICs. The remaining GIC as of December 27, 1995, was liquidated subsequent to plan year end at the existing contract value.

Like GICs, government separate accounts (GSAs) yield a fixed rate of return until contract maturity for contributions received during a stated contribution period. The insurance carrier invests the contributions in U. S. Treasury and other Federal agency securities. GSAs are valued at principal plus interest paid or accrued as of December 27, 1995 and 1994. The Trustees are of the opinion that contract value plus interest accrued approximates the fair value of the GSAs. The GSAs were liquidated subsequent to plan year end at existing contract values.

Life insurance offered under the Plan builds cash value as determined by the insurance carrier. In accordance with Federal regulations, no more than 25 percent of a participant's contributions for the plan year may be invested in life insurance. On August 12, 1994, an Order of Rehabilitation was placed on the assets of Confederation Life Insurance Company. As a result of this court order, Confederation Life policies are subject to certain restrictions, such as access to surrender values, until a rehabilitation plan is approved and put into effect. Confederation Life is still under the Order of Rehabilitation as of December 27, 1995. For the plan year ended December 27, 1995, the Plan owned 19 Confederation Life policies with a total cash value of \$129,663.

There are no sales commissions on the purchase or sale of Putnam mutual funds.

Participants may redirect the investment of their salary deferral contributions through Putnam on a daily basis. A participant may also elect to transfer funds from one Putnam mutual fund (other than the life insurance and the fixed rate contracts) into another Putnam option

on a daily basis.

As of February 1, 1996, participants may no longer invest 401(k) contributions in VSE stock. Existing account balances in VSE stock will remain unless transferred by each participant to a Putnam investment.

The following investments exceed 5% of net assets as of December 27, 1995:

VSE Corporation Common Stock	\$ 8,420,577
George Putnam Fund of Boston	3,394,695
Putnam Voyager Fund	2,410,135
GSA with Metropolitan Life Insurance Company	1,880,461
Putnam Stable Value Fund	1,765,464
GIC with Massachusetts Mutual Life Insurance Company	1,186,271
Other	3,479,552

Total Investments	\$22,537,155
	=====

Due to Participants

In accordance with generally accepted accounting principles, amounts allocated to accounts of participants who have terminated from the Company but have not submitted their distribution election as of year end are not reported as liabilities on the Statement of Net Assets Available for Benefits. Additionally, since these accounts have not been processed and approved for distribution, they are not reflected as liabilities on IRS Form 5500 (Annual Return/Report of Employee Benefit Plan.)

Realized and Unrealized Gains and Losses

To comply with Department of Labor regulations, the Plan has calculated realized and unrealized gains and losses based on the value of investments at the beginning of the plan year or at time of purchase during the plan year. Realized gains\losses on Company stock were \$37,097 and \$0, and on mutual fund shares were \$424,228 and (\$16,211), for the plan years ended December 27, 1995 and 1994, respectively. Unrealized gains\losses of \$3,513,894 and \$823,529 were recorded for Company stock, and unrealized gains\losses of \$796,396 and \$(543,336) were recorded for mutual fund shares respectively, for the plan years ended December 27, 1995 and 1994.

1994 Reclassification

Certain 1994 balances have been reclassified to conform to the 1995 presentation.

3. REPORTABLE TRANSACTIONS

The Plan reports each transaction or series of transactions involving the purchase or sale of assets exceeding five percent of Plan assets as of the beginning of the plan year. Reportable transactions for the plan year ended December 27, 1995, are included in Exhibit B.

Party-in-interest Transactions

The Plan made certain purchases of Company stock through Wachtel & Co., Inc., and Koonce Securities, Inc., which have representatives serving on the Company's Board of Directors. The Trustees are of the opinion that transactions are made on terms equivalent to those otherwise available from other brokers or financial institutions.

Certain investments are managed by Putnam Investments through the Putnam Fiduciary Trust Company. Putnam Investments is a third party administrator as defined by the Plan, therefore, these transactions qualify as party-in-interest.

4. EMPLOYER SECURITIES

Section 407(b) of ERISA permits the Plan to hold an investment in Company stock in excess of ten percent of the fair market value of the Plan's assets.

Acquisition Loans

 The Trustees may incur loans to finance the acquisition of Company stock for the ESOP. For the plan years ended December 27, 1995 and 1994, there were no such loans outstanding.

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5. ADMINISTRATIVE EXPENSES

The administrative expenses of the Plan are paid by the Company.

6. DETAIL OF SIGNIFICANT ACCOUNT BALANCES BY INVESTMENT ALTERNATIVE

The Plan provides for participant-directed account balances. The summary of significant account balances by investment alternative as of December 27, 1995, and for the year then ended is detailed in the chart on the following page.

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<TABLE>

<CAPTION>

	Participant Directed											
	Mutual Funds											
	Putnam Investments											
	Guaranteed Investment Contract	Government Separate Accounts	Putnam Stable Value	Putnam George	Diversi- Growth and Income	Global Growth	VSE diversified Life Income Voyager	Notes Insurance Trust	Corp. Receiv- Policies	able	Common Stock	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Investments at market, contract, or cash value	1,186,271	2,746,149	1,765,464	3,394,695	479,802	400,369	2,410,135	915,783	136,419	432,158	1,447,741	
Investment income												
Interest (A)	97,452	157,042	-	-	-	-	-	25,944	-	-	-	
Dividends (A)	-	-	63,754	228,675	27,803	22,709	130,739	43,804	-	-	21,058	
Unrealized gains (A)	-	-	-	360,500	33,426	10,848	341,643	45,749	-	-	600,939	
Realized gains (A)	-	-	-	62,316	2,745	5,110	61,260	2,207	-	-	37,097	
Participant contributions (A)	-	-	322,508	228,272	277,765	270,622	402,691	98,503	11,152	-	134,834	
Distributions to participants (A)	657,471	458,140	116,599	314,056	13,441	39,185	278,699	34,087	-	57,642	86,922	

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	Total Participant and Non-Participant Directed		
	Non-Participant Directed	Participant Directed	Non-Participant Directed
<S>	<C>	<C>	<C>
Investments at market, contract, or cash value	6,972,836	249,333	22,537,155
	VSE Corp. Common Stock	Putnam Asset Allocation	

Investment income			
Interest (A)	-	-	280,438
Dividends (A)	91,862	11,034	641,438
Unrealized gains (A)	2,912,955	4,230	4,310,290
Realized gains (A)	-	348	171,083
Participant contributions (A)	-	-	1,746,34
Distributions to participants (A)	571,868	10,994	2,639,104

(A) Interest income above differs from the statement of changes in net assets available for benefits by \$19,357 which represents interest earned from the Plan's operating cash accounts. Dividend income above differs from the statement of changes in net assets available for benefits by \$62,924 which represents dividends earned on the Plan's prior mutual fund investments. The total of realized and unrealized gains above differs from the statement of changes in net assets available for benefits by \$290,242 which represents gains earned on the sale of the Plan's prior mutual fund investments. Distributions to participants above differs from the statement of changes in net assets available for benefits by \$252,853 which represents distributions from the Plan's prior mutual fund investments. Participant contributions above differs from the 401(k) contributions on the statement of changes in net assets available for benefits by \$65,614 which represents year-end contributions not received by Putnam until after December 27, 1995.

</TABLE>

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<TABLE>

VSE CORPORATION EMPLOYEE ESOP/401(k) PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 27, 1995

<CAPTION>

Description	Contract or	
	Cost	Market Value
-----	-----	-----
<S>	<C>	<C>
VSE Corporation common stock		
* PAYSOP/ESOP	\$ 3,034,871	\$ 6,972,836
* 401(k) Stock Fund	724,624	1,447,741
Mutual funds		
* George Putnam Fund of Boston	3,034,195	3,394,695
* Putnam Fund for Growth and Income	447,798	479,802
* Putnam Global Growth Fund	389,521	400,369
* Putnam Voyager Fund	2,068,491	2,410,135
* Putnam Diversified Income Trust	870,034	915,783
* Putnam Asset Allocation Fund - Conservative Portfolio	245,103	249,333
	-----	-----
	\$10,814,637	\$16,270,694
	=====	=====

Guaranteed Interest Contract

Massachusetts Mutual Life Insurance Company,
8.25% effective annual yield
Maturity date - January 1, 1996

1,186,271

Government Separate Accounts

Massachusetts Mutual Life Insurance Company,
6.45% effective annual yield
Maturity date - January 2, 1996

865,688

Metropolitan Life Insurance Company,
5.20% effective annual yield
Maturity date - December 31, 1995

1,880,461

* Putnam Stable Value Fund

1,765,464

Total Fixed Income Investment Contracts

5,697,884

Notes receivable - loans to participants
(interest rates vary from 6.0% to 10.5% with maturities
of 1 to 4 years)

432,158

Life insurance policies (at cash surrender value)

Confederation Life Insurance Company

129,663

Lincoln National Life Insurance Company

6,756

\$22,537,155
=====

* Party-in-interest.

The accompanying notes are an integral part of this schedule.

</TABLE>

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<TABLE>

VSE CORPORATION EMPLOYEE ESOP/401(k) PLAN
SCHEDULE OF REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 27, 1995

<CAPTION>

Description	Sales			
	Purchases	Proceeds	Cost	Gain/(Loss)
<S>	<C>	<C>	<C>	<C>
Mutual funds				
* George Putnam Fund of Boston	\$3,781,871	\$809,993	\$747,676	\$62,317
* Putnam Voyager Fund	\$2,375,381	\$368,150	\$306,890	\$61,260
* Putnam Diversified Income Trust	\$941,037	\$73,210	\$71,003	\$2,207
Vanguard Wellington	\$27,646	\$3,402,504	\$3,210,041	\$192,463
American Capital Comstock	\$8,132	\$1,487,320	\$1,407,100	\$80,220
Collective investment trust				
* Putnam Stable Value Fund	\$2,411,677	\$646,214	\$646,214	\$0

* Party-in-interest.

The accompanying notes are an integral part of this schedule.

</TABLE>

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