

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

For the quarterly period ended JULY 2, 1994

or

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 1-5256

V. F. CORPORATION  
(Exact name of registrant as specified in its charter)

PENNSYLVANIA  
(State or other jurisdiction of  
incorporation or organization)

23-1180120  
(I.R.S. Employer  
Identification No.)

1047 NORTH PARK ROAD, WYOMISSING, PA 19610  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 610-378-1151

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  .

On July 30, 1994, there were 64,690,202 shares of Common Stock outstanding.

## VF CORPORATION

## INDEX

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VF CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JULY 2 1994	JULY 3 1993	JULY 2 1994	JULY 3 1993
<S> NET SALES	<C> \$1,186,324	<C> \$1,053,411	<C> \$2,309,359	<C> \$2,070,055
COSTS AND OPERATING EXPENSES				
Cost of products sold	806,149	725,865	1,566,572	1,419,283
Marketing, administrative and general expenses	258,861	223,247	512,771	445,036
	----- 1,065,010	----- 949,112	----- 2,079,343	----- 1,864,319
OPERATING INCOME		121,314	104,299	230,016
OTHER INCOME (EXPENSE)				205,736

Interest income	1,980	2,419	4,488	5,359
Interest expense	(21,579)	(17,993)	(40,770)	(36,215)
Miscellaneous, net	(4,001)	1,912	(8,150)	2,198
	-----	-----	-----	-----
	(23,600)	(13,662)	(44,432)	(28,658)
	-----	-----	-----	-----
 INCOME BEFORE INCOME TAXES		97,714	90,637	185,584
				177,078
 INCOME TAXES		38,798	34,906	73,770
				68,618
	-----	-----	-----	-----
 NET INCOME		\$ 58,916	\$ 55,731	\$ 111,814
				\$ 108,460
	=====	=====	=====	=====
 EARNINGS PER COMMON SHARE				
Primary	\$0.90	\$0.85	\$1.71	\$1.68
Fully diluted	0.88	0.83	1.67	1.64
 CASH DIVIDENDS PER COMMON SHARE		\$0.32	\$0.30	\$0.64
				\$0.60

</TABLE>

See notes to consolidated financial statements.

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VF CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	JULY 2 1994	JANUARY 1 1994	JULY 3 1993	
	-----	-----	-----	
	<C>	<C>	<C>	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and equivalents	\$ 25,456	\$ 151,564	\$ 31,103	
Accounts receivable, less allowances: Jul 2-\$34,475; Jan 1-\$28,808; Jul 3-\$33,281	731,165	511,887	656,537	
Inventories:				
Finished products	638,920	486,045	583,142	
Work in process	151,123	119,582	137,360	
Materials and supplies	170,305	173,140	145,184	
	-----	-----	-----	
	960,348	778,767	865,686	
Other current assets	81,370	57,962	71,249	
	-----	-----	-----	
Total current assets	1,798,339	1,500,180	1,624,575	
 PROPERTY, PLANT AND EQUIPMENT		1,372,230	1,250,023	1,251,020
Less accumulated depreciation		597,962	537,264	555,966
	-----	-----	-----	
	774,268	712,759	695,054	

INTANGIBLE ASSETS	918,670	575,359	536,535
OTHER ASSETS	104,577	89,050	104,564
	-----	-----	-----
	\$3,595,854	\$2,877,348	\$2,960,728
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	\$ 534,204	\$ 35,648	\$ 132,264
Current portion of long-term debt	3,370	110,119	52,221
Accounts payable	263,794	246,503	246,280
Accrued liabilities	367,504	267,578	316,226
	-----	-----	-----
Total current liabilities	1,168,872	659,848	746,991
LONG-TERM DEBT	623,896	527,573	634,186
OTHER LIABILITIES	156,042	126,978	122,735
REDEEMABLE PREFERRED STOCK		62,788	63,309
DEFERRED CONTRIBUTION TO EMPLOYEE STOCK OWNERSHIP PLAN		(45,033)	(47,760)
	-----	-----	-----
	17,755	15,549	13,614
COMMON SHAREHOLDERS' EQUITY			
Common Stock	64,668	64,489	64,386
Additional paid-in capital	549,891	543,165	538,220
Foreign currency translation adjustments	(6,019)	(12,865)	(16,082)
Retained earnings	1,020,749	952,611	856,678
	-----	-----	-----
	1,629,289	1,547,400	1,443,202
	-----	-----	-----
	\$3,595,854	\$2,877,348	\$2,960,728
	=====	=====	=====

</TABLE>

See notes to consolidated financial statements.

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VF CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	SIX MONTHS ENDED	
	JULY 2 1994	JULY 3 1993
	-----	-----
	<C>	<C>
<S>		
OPERATIONS		
Net income	\$ 111,814	\$ 108,460
Adjustments to reconcile net income to cash used by operations:		
Depreciation	61,152	54,612
Amortization of intangible assets	15,439	8,892
Other	15,592	105
Changes in current assets and liabilities:		
Accounts receivable	(167,002)	(171,098)
Inventories	(76,593)	(128,152)

Accounts payable	(13,231)	206	
Other, net	50,741	52,902	
	-----	-----	
Cash used by operations	(2,088)	(74,073)	
INVESTMENTS			
Capital expenditures	(68,940)	(103,751)	
Sale of outlet facilities	-	62,000	
Business acquisitions	(494,751)	-	
Other, net	(5,449)	(11,738)	
	-----	-----	
Cash invested	(569,140)	(53,489)	
FINANCING			
Increase in short-term borrowings	496,317	8,434	
Proceeds from long-term debt	99,207	98,557	
Payment of long-term debt	(114,475)	(234,945)	
Sale of Common Stock	-	231,900	
Cash dividends paid	(43,478)	(40,730)	
Other, net	7,549	9,129	
	-----	-----	
Cash provided by financing	445,120	72,345	
	-----	-----	
NET CHANGE IN CASH AND EQUIVALENTS		(126,108)	(55,217)
CASH AND EQUIVALENTS - BEGINNING OF YEAR		151,564	86,320
	-----	-----	
CASH AND EQUIVALENTS - END OF PERIOD		\$ 25,456	\$ 31,103
	=====	=====	

</TABLE>

See notes to consolidated financial statements.

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VF CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended July 2, 1994 are not necessarily indicative of results that may be expected for the year ending December 31, 1994. For further information, refer to the consolidated financial statements and notes included in the Corporation's Annual Report on Form 10-K for the year ended January 1, 1994.

NOTE B - EARNINGS PER COMMON SHARE

Primary earnings per share are computed by dividing net income, after deducting preferred dividends, by the weighted average number of common shares outstanding. Fully diluted earnings per share assume the conversion of Preferred Stock and the exercise of stock options that have a dilutive effect.

NOTE C - CAPITAL

There are 150,000,000 authorized shares of Common Stock, no par value - stated capital \$1 a share. At July 2, 1994, there were 64,668,172 shares outstanding, excluding 1,770,467 treasury shares. At January 1, 1994 and July 3, 1993, there were 64,488,660 and 64,385,742 shares outstanding, excluding 1,769,131 and 1,767,185 treasury shares, respectively.

There are 25,000,000 authorized shares of Preferred Stock, \$1 par value. Of these shares, 2,000,000 were designated as Series A, of which none have been issued, and 2,105,263 shares were designated and issued as 6.75% Series B Preferred Stock, of which 2,033,631 shares were outstanding at July 2, 1994, 2,050,491 at January 1, 1994 and 2,061,842 at July 3, 1993.

NOTE D - ACQUISITIONS

On January 4, 1994, the Corporation acquired H. H. Cutler Company for a total consideration of \$154.7 million. Also on January 19, 1994, the Corporation acquired Nutmeg Industries, Inc. for a total consideration of \$352.2 million. The acquisitions have been accounted for as purchases, and accordingly, operating results of the companies have been included in the consolidated financial statements since the dates of acquisition. The following pro forma results of operations assume that these acquisitions had occurred at the beginning of 1993:

<TABLE>  
<CAPTION>

In thousands, except per share amounts	Second Quarter 1993	Six Months 1993
<S>	<C>	<C>
Net sales	\$1,139,427	\$2,233,821
Net income	50,747	97,385
Earnings per common share:		
Primary	\$0.78	\$1.51
Fully diluted	0.76	1.47

</TABLE>

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VF CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Consolidated net sales increased 13% for the second quarter and 12% for the six months compared with the 1993 periods. Approximately \$70 million and \$148 million of the respective increases represent sales of divisions acquired since the 1993 periods, with the remainder due primarily to unit volume growth within existing divisions. Net income increased 6% for the quarter and 3% for the six months.

During 1994, the Corporation was reorganized into five new business groups consisting of Jeanswear, Decorated Knitwear, Intimate Apparel, Playwear and Specialty Apparel. Sales and operating profit by business group are summarized as follows:

<TABLE>  
<CAPTION>

	SECOND QUARTER			SIX MONTHS		
	1993 1994	PERCENT (RESTATED)	CHANGE	1993 1994	PERCENT (RESTATED)	CHANGE
	-----	-----	-----	-----	-----	-----
	(IN THOUSANDS)			(IN THOUSANDS)		

<S>	<C>	<C>	<C>	<C>	<C>	<C>
<b>NET SALES</b>						
Jeanswear	\$ 618,469	\$ 593,292	4%	\$1,207,469	\$1,178,558	2%
Decorated Knitwear	128,790	79,733	62	245,673	142,485	72
Intimate Apparel	172,186	164,089	5	347,051	333,797	4
Playwear	81,567	52,184	56	159,412	97,205	64
Specialty Apparel	185,312	164,113	13	349,754	318,010	10
	-----	-----	-----	-----	-----	-----
	\$1,186,324	\$1,053,411	13%	\$2,309,359	\$2,070,055	12%
	=====	=====	=====	=====	=====	=====
<b>OPERATING PROFIT</b>						
Jeanswear	\$ 90,412	\$ 74,043	22%	\$ 170,956	\$ 150,904	13%
Decorated Knitwear	(2,609)	(1,967)	(33)	(7,982)	(5,258)	(52)
Intimate Apparel	12,635	15,476	(18)	30,137	31,331	(4)
Playwear	7,904	6,042	31	14,053	8,711	61
Specialty Apparel	22,736	19,678	16	42,432	38,048	12
	-----	-----	-----	-----	-----	-----
	131,078	113,272	16%	249,596	223,736	12%
	=====	=====	=====	=====	=====	=====
<b>CORPORATE EXPENSES</b>						
		(9,764)	(8,973)	(19,580)	(18,000)	
<b>INTEREST, NET</b>						
	(19,599)	(15,574)		(36,282)	(30,856)	
<b>OTHER INCOME (EXPENSE)</b>						
	(4,001)	1,912		(8,150)	2,198	
	-----	-----	-----	-----	-----	-----
<b>INCOME BEFORE INCOME TAXES</b>						
	\$ 97,714	\$ 90,637		\$ 185,584	\$ 177,078	
	=====	=====	=====	=====	=====	=====

</TABLE>

The Jeanswear business group consists of the Lee and Wrangler divisions in the United States (except for preschool sizes classified in Playwear) and in international markets, primarily in Europe. This business group also includes Girbaud, which designs and markets licensed jeanswear products in the United States under the Marithe & Francois Girbaud(R) label. Sales and operating profit for both the quarter and six months increased strongly for Lee and Wrangler in both domestic and international markets. Sales and profits declined at Girbaud, however, where consumer resistance to premium-priced jeans has impacted performance since mid-1993.

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The Decorated Knitwear business group includes Bassett-Walker, Nutmeg, Cutler sports apparel and JanSport imprinted apparel. The 1994 sales increase is due to the addition of Nutmeg and Cutler, both newly acquired in January 1994. Sales and profits for the first six months are at an expected low level due to the seasonal nature of this group.

The Intimate Apparel business group includes the operations of Vanity Fair Mills and Barbizon domestically and the intimate apparel divisions in Europe. Quarterly and six month sales for the group rose due to increased sales of Vassarette products at Vanity Fair. Domestic operating margins improved from increased manufacturing efficiencies at Vanity Fair, offset by reduced profits in Europe due to the continuing recession in France and Spain.

The Playwear business group consists of Healthtex, the playwear and sleepwear operations of Cutler and the preschool sizes of Lee and Wrangler in the United States. Playwear sales increased due to the acquisition of Cutler in 1994. Operating profits exceeded the prior year periods due primarily to higher profits in existing divisions.

The Specialty Apparel business group consists primarily of the Red Kap and Jantzen divisions and JanSport equipment. The group's sales and operating

profit increases in the quarter and six months resulted from growth at Red Kap and JanSport equipment.

Overall, gross margins increased to 32.0% and 32.2% of sales during the second quarter and six months, respectively, from 31.1% and 31.4% in 1993, due primarily to improved efficiencies in the Jeanswear group.

Marketing, administrative and general expenses were 21.8% and 22.2% of sales during the second quarter and six months of 1994, respectively, compared with 21.2% and 21.5% in the 1993 periods. The increase is attributable to higher distribution, business systems and other costs. Marketing, administrative and general expenses as a percent of sales in the first half of the year are historically at higher levels than annual amounts and are not necessarily representative of the trend expected for the year.

Net interest expense increased due to higher short-term borrowings related to the Nutmeg and Cutler acquisitions. The increase in miscellaneous expense results from higher goodwill amortization related to these acquisitions.

The effective income tax rate for the six months of 1994 was 39.8% versus 38.8% for the 1993 period, based on the expected effective rate for the year. The higher rate results from the change in the United States corporate income tax rate from 34% to 35% effective August 1993.

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## FINANCIAL CONDITION AND LIQUIDITY

The financial condition of the Corporation is reflected in the following:

<TABLE>  
<CAPTION>

	July 2 1994	January 1 1994	July 3 1993
	-----	-----	-----
	(Dollars in millions)		
<S>	<C>	<C>	<C>
Working capital	\$629.5	\$840.3	\$877.6
Current ratio	1.5 to 1	2.3 to 1	2.2 to 1
Total debt to capitalization	41.6%	30.3%	36.0%

</TABLE>

Days' sales outstanding in accounts receivable are consistent at all balance sheet dates.

Inventories are higher than at the comparable date in the prior year due to the acquisitions of Nutmeg and Cutler in January 1994. Inventories increased from year-end 1993 due to the acquisitions and to meet seasonal requirements.

Short-term borrowings were used to finance the January 1994 purchases of Nutmeg and Cutler. In addition, the Corporation used short-term borrowings to fund the January 1994 redemption of \$100.0 million of 8.00% notes due in 1997. On April 6, 1994, the redeemed notes were refinanced with 10 year, 7.60% notes.

## PART II - OTHER INFORMATION

### Item 6 - Exhibits and Reports on Form 8-K

- (a) Exhibit 11  
Computation of earnings per share for the three and six months ended July 2, 1994 and July 3, 1993.
- (b) Reports on Form 8-K  
A report on Form 8-K dated April 6, 1994 provided various



exhibits related to the \$100 million, 7.60% notes due  
April 1, 2004 that were issued on April 6, 1994.

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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.

/s/ V.F. CORPORATION  
(Registrant)

Date: August 10, 1994

/s/ G. G. JOHNSON  
G. G. JOHNSON  
Vice President-Finance  
(Chief Financial Officer)

/s/ R. K. SHEARER  
R. K. SHEARER  
Vice President/Controller  
(Chief Accounting Officer)

EXHIBIT 11  
VF CORPORATION  
COMPUTATION OF EARNINGS PER SHARE  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JULY 2 1994	JULY 3 1993	JULY 2 1994	JULY 3 1993

<S>

<C>      <C>      <C>      <C>

PRIMARY EARNINGS PER SHARE

Net income	\$58,916	\$55,731	\$111,814	\$108,460
Less preferred stock dividends	785	780	1,568	1,556
Net income available to common stockholders	\$58,131	\$54,951	\$110,246	\$106,904
Average number of common shares outstanding	64,645	64,327	64,589	63,586
Primary earnings per share	\$0.90	\$0.85	\$1.71	\$1.68

FULLY DILUTED EARNINGS PER SHARE

Net income	\$58,916	\$55,731	\$111,814	\$108,460
Increased ESOP contribution required if preferred stock were converted to common	379	397	758	793
Fully diluted earnings	\$58,537	\$55,334	\$111,056	\$107,667
Average number of common shares outstanding	64,645	64,327	64,589	63,586
Additional common equivalent shares resulting from:				
Conversion of preferred stock	1,627	1,650	1,630	1,652
Dilutive effect of stock options	321	381	334	419
Average number of common and common equivalent shares	66,593	66,358	66,553	65,657
Fully diluted earnings per share	\$0.88	\$0.83	\$1.67	\$1.64

</TABLE>