

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 APRIL 5, 1997

Commission file number: 1-5256

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V. F. CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	23-1180120
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

1047 NORTH PARK ROAD  
WYOMISSING, PENNSYLVANIA 19610  
(Address of principal executive offices)

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

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 and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

On May 3, 1997, there were 63,916,249 shares of Common Stock outstanding.

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VF CORPORATION

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

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	THREE MONTHS ENDED	
	APRIL 5 1997	MARCH 30 1996
	----- <C>	----- <C>
<S> NET SALES	\$ 1,262,781	\$ 1,158,123
COSTS AND OPERATING EXPENSES		
Cost of products sold	844,944	777,606
Marketing, administrative and general expenses	290,542	269,789
Other operating expense	152	579
	----- 1,135,638	----- 1,047,974
OPERATING INCOME	127,143	110,149
OTHER INCOME (EXPENSE)		
Interest income	4,236	2,060
Interest expense	(12,618)	(17,867)
Miscellaneous, net	(801)	(1,186)
	----- (9,183)	----- (16,993)
INCOME BEFORE INCOME TAXES	117,960	93,156
INCOME TAXES	47,774	37,226
NET INCOME	\$ 70,186	\$ 55,930
EARNINGS PER COMMON SHARE		
Primary	\$ 1.08	\$ 0.86
Fully diluted	1.06	0.85
CASH DIVIDENDS PER COMMON SHARE	\$ 0.38	\$ 0.36

See notes to consolidated financial statements.

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VF CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)

<TABLE>  
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	APRIL 5 1997 (Unaudited)	JANUARY 4 1997 (Unaudited)	MARCH 30 1996 (Unaudited)	
<S>	<C>	<C>	<C>	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and equivalents	\$ 219,745	\$ 270,629	\$ 85,435	
Accounts receivable, less allowances: Apr 5 - \$42,175; Jan 4 - \$40,253; Mar 30 - \$36,864	682,247	592,942	677,061	
Inventories:				
Finished products	436,148	394,962	525,809	
Work in process	165,469	168,774	142,872	
Materials and supplies	141,570	167,087	163,863	
	743,187	730,823	832,544	
Other current assets	115,750	111,932	113,875	
<b>Total current assets</b>	<b>1,760,929</b>	<b>1,706,326</b>	<b>1,708,915</b>	
<b>PROPERTY, PLANT AND EQUIPMENT</b>		1,566,074	1,543,351	1,496,615
Less accumulated depreciation	840,467	821,827	758,686	
	725,607	721,524	737,929	
<b>INTANGIBLE ASSETS</b>		842,596	863,930	875,264
<b>OTHER ASSETS</b>		185,315	157,755	144,902
	<u>\$ 3,514,447</u>	<u>\$ 3,449,535</u>	<u>\$ 3,467,010</u>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ 24,641	\$ 17,528	\$ 148,643	
Current portion of long-term debt	1,277	1,298	2,155	
Accounts payable	291,011	320,056	273,120	
Accrued liabilities	485,877	427,385	419,959	
<b>Total current liabilities</b>	<b>802,806</b>	<b>766,267</b>	<b>843,877</b>	
<b>LONG-TERM DEBT</b>	<b>517,616</b>	<b>519,058</b>	<b>613,276</b>	
<b>OTHER LIABILITIES</b>	<b>164,248</b>	<b>164,077</b>	<b>175,990</b>	
<b>REDEEMABLE PREFERRED STOCK</b>		57,661	58,092	59,746
<b>DEFERRED CONTRIBUTIONS TO EMPLOYEE STOCK OWNERSHIP PLAN</b>		(30,306)	(31,698)	(35,557)
	27,355	26,394	24,189	
<b>COMMON SHAREHOLDERS' EQUITY</b>				
Common Stock	64,010	63,908	63,764	
Additional paid-in capital	681,555	668,554	608,232	
Foreign currency translation	(13,372)	6,428	12,422	
Retained earnings	1,270,229	1,234,849	1,125,260	
	2,002,422	1,973,739	1,809,678	
	<u>\$ 3,514,447</u>	<u>\$ 3,449,535</u>	<u>\$ 3,467,010</u>	

</TABLE>

See notes to consolidated financial statements.

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

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED	
	APRIL 5	MARCH 30
	1997	1996
	<C>	<C>
<b>OPERATIONS</b>		
Net income	\$ 70,186	\$ 55,930
Adjustments to reconcile net income to cash provided by operations:		
Depreciation	32,546	33,169
Amortization of intangible assets	6,949	7,156
Other, net	(23,043)	6,199
Changes in current assets and liabilities:		
Accounts receivable	(102,073)	(55,785)
Inventories	(19,821)	5,102
Accounts payable	(25,265)	(1,554)
Other, net	64,623	67,284
	-----	-----
Cash provided by operations	4,102	117,501
<b>INVESTMENTS</b>		
Capital expenditures	(41,370)	(36,993)
Other, net	499	13,728
	-----	-----
Cash invested	(40,871)	(23,265)
<b>FINANCING</b>		
Increase (decrease) in short-term borrowings	8,364	(80,185)
Payment of long-term debt	(78)	(1,350)
Purchase of Common Stock	(10,178)	-
Cash dividends paid	(25,247)	(23,926)
Proceeds from issuance of stock	12,325	12,568
Other, net	699	17
	-----	-----
Cash used by financing	(14,115)	(92,876)
	-----	-----
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	<b>(50,884)</b>	<b>1,360</b>
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<b>270,629</b>	<b>84,075</b>
	-----	-----
<b>CASH AND EQUIVALENTS - END OF PERIOD</b>	<b>\$ 219,745</b>	<b>\$ 85,435</b>
	=====	=====

</TABLE>

See notes to consolidated financial statements.

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 three months ended April 5, 1997 are not necessarily indicative of results that may be expected for the year ending January 3, 1998. For further information, refer to the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended January 4, 1997.

#### 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.

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share," which establishes new standards for computations of earnings per share. The Statement will be effective for periods ending after December 15, 1997, with prior periods restated to comply with the new standards at that time. If the Statement had been effective for the quarters ended April 5, 1997 and March 30, 1996, there would have been no significant change in earnings per share as presented in the accompanying Consolidated Statements of Income.

#### NOTE C - CAPITAL

There are 150,000,000 authorized shares of Common Stock, no par value - stated capital \$1 a share. At April 5, 1997, there were 64,009,905 shares outstanding, excluding 2,539,948 treasury shares. At January 4, 1997 and March 30, 1996, there were 63,907,874 and 63,763,865 shares outstanding, excluding 2,399,323 and 1,381,332 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 1,867,558 shares were outstanding at April 5, 1997, 1,881,515 at January 5, 1997 and 1,935,082 at March 30, 1996.

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

#### RESULTS OF OPERATIONS

The sales dollar increase of 9% for the quarter ended April 5, 1997 resulted from an 11% increase in unit sales, offset by the negative impact of the translation of foreign currencies into the U.S. dollar, as the U.S. dollar strengthened in relation to the currencies of most European countries where the Company has operations.

The sales increase was broad-based; that is, most of the Company's businesses experienced strong percentage sales dollar increases, with the exception of our international operations. Domestic jeanswear sold through the mass markets reflected particularly strong increases, driven by our Wrangler and Rustler brands. U.S. intimate apparel brands also contributed significantly to the sales increase with expanded distribution of the Vassarette brand and a strong private label business. Our Red Kap occupational apparel business also posted a significant sales increase resulting from unit volume growth, aided by the August 1996 acquisition of Bulwark Protective Apparel. While total international sales were flat with the prior year quarter, sales increases in international jeans, excluding the effects of currency translation, were comparable to the gains in the U. S.

Gross margins improved to 33.1% of sales, compared with 32.9% in the 1996 quarter. The margin improvement resulted from lower raw material costs, lower cost sourcing and a higher percentage of products sold at regular pricing than

experienced in the same quarter of 1996.

Marketing, administrative and general expenses were 23.0% of sales, compared with 23.3% in the prior year period. Administrative expenses declined as a percent of sales as a result of the cost reduction initiatives begun in late 1995. Marketing expenses also declined as a percent of sales despite an increase of \$17 million in total marketing spending. This increase results from additional promotional spending in the Company's targeted growth areas of jeanswear, intimate apparel, international businesses and daypacks.

Net interest expense declined significantly in 1997 due to a higher level of cash and reduced short and long-term borrowings.

The effective income tax rate for the first quarter of 1997 was 40.5%, compared with 40.0% in the prior year, based on the expected rate for the year.

Earnings per share for the 1997 quarter advanced 26% over the prior year quarter, with the effects of a strong U.S. dollar on foreign currency translation reducing earnings by \$.04 per share.

## FINANCIAL CONDITION AND LIQUIDITY

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

	APRIL 5 1997	JANUARY 4 1997	MARCH 30 1996
	-----	-----	-----
	(Dollars in millions)		
Working capital	\$958.1	\$940.1	\$865.0
Current ratio	2.2 to 1	2.2 to 1	2.0 to 1
Debt to total capital	21.3%	21.4%	29.7%

Days sales outstanding in accounts receivable are consistent for all dates presented. Inventories at the end of the 1997 first quarter are slightly higher than at the end of 1996. They are, however, significantly lower than the level at the end of the 1996 first quarter, reflecting improved inventory management and controls.

Cash balances are much higher and short-term debt levels are significantly lower at the end of the first quarter of 1997 than at the comparable date in 1996 due to the strong cash flow from operations during the 1996 year.

During the first quarter, the Company repurchased 150,000 shares of its Common Stock in open market transactions for a total of \$10.2 million. Under its current authorization from the Board of Directors, the Company may repurchase up to an additional 4.5 million Common Shares. The Company has indicated that it intends to accelerate its share repurchase program from the first quarter rate.

## CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements included herein are "forward-looking statements" within the meaning of the federal securities laws. This includes any statements concerning plans and objectives of management relating to the Company's operations or economic performance, and assumptions related thereto. In addition, the Company and its representatives may from time to time make other oral or written statements that are also forward-looking statements.

These forward-looking statements are made based on management's expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. Management cautions that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Important factors that could cause the actual results of operations or financial condition of the Company to differ include, but are not necessarily limited to, the overall level of consumer spending for apparel; changes in trends in the segments of the market in which the Company competes; the financial strength of the retail industry; actions of competitors that may impact the Company's business; timely completion of the Company's cost reduction initiatives; and the impact of unforeseen economic changes in the markets where the Company competes, such as changes in interest rates, currency exchange rates, inflation rates, recession, and other external economic and political factors over which the Company has no control.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

Reference is made to Item 3, Legal Proceedings, in the Company's Form 10-K and to "Other Matters" included in Management's Discussion and Analysis of Operations and Financial Condition in the Company's annual report for the year ended January 4, 1997. During the first quarter, the trial date for the "acid wash" litigation was set for November 1997.

Item 2 - Changes in Securities

During the quarter, the Company issued a total of 9,000 shares of restricted Common Stock to certain senior officers of the Company pursuant to terms of the 1995 Key Employee Restricted Stock Plan in transactions not involving an offer or sale of securities for purposes of the Securities Act of 1933, as amended.

Item 4 - Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Shareholders of the Company held on April 15, 1997, the four nominees to the Board of Directors were elected as follows:

<TABLE>  
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	Votes For -----	Votes Withheld -----
<S>	<C>	<C>
To serve until the 1999 Annual Meeting:		
William E. Pike	58,362,701	785,659
To serve until the 2000 Annual Meeting:		
Robert J. Hurst	57,704,466	1,443,894
M. Rust Sharp	57,591,231	1,557,129
L. Dudley Walker	58,349,798	798,562

In addition, the proposal to adopt the 1996 Stock Compensation Plan was approved by the shareholders. The vote was 49,657,758 for, 5,988,265 against and 453,420 abstaining.

Item 6 - Exhibits and Reports on Form 8-K

- (a) Exhibit 11 - Computation of earnings per share for the three months ended April 5, 1997 and March 30, 1996.  
  
Exhibit 27 - Financial data schedule as of April 5, 1997.
- (b) Reports on Form 8-K - There were no reports on Form 8-K filed for the three months ended April 5, 1997.

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.

V.F. CORPORATION

-----  
(Registrant)

By: /s/ Gerard G. Johnson

-----  
Gerard G. Johnson  
Vice President - Finance  
(Chief Financial Officer)

Date: May 9, 1997

By: /s/ Robert K. Shearer

-----  
Robert K. Shearer  
Vice President - Controller  
(Chief Accounting Officer)



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

<TABLE>  
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	THREE MONTHS ENDED	
	APRIL 5	MARCH 30
	1997	1996
	-----	-----
<S>	<C>	<C>
<b>PRIMARY EARNINGS PER SHARE</b>		
Net income	\$70,186	\$55,930
Less Preferred Stock dividends and redemption premium	-----	1,151 1,124
Net income available to common stockholders	=====	\$69,035 \$54,806
Average number of common shares outstanding	=====	63,963 63,564
Primary earnings per share	=====	\$ 1.08 \$ 0.86
<b>FULLY DILUTED EARNINGS PER SHARE</b>		
Net income	\$70,186	\$55,930
Increased ESOP contribution required if Preferred Stock were converted to Common Stock	-----	316 336
Fully diluted earnings	=====	\$69,870 \$55,594
Average number of common shares outstanding	63,963	63,564
Additional common equivalent shares resulting from:		
Conversion of Preferred Stock	1,494	1,548
Dilutive effect of stock options	471	345
Average number of common and common equivalent shares	-----	65,928 65,457
Fully diluted earnings per share	=====	\$ 1.06 \$ 0.85

</TABLE>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS INCLUDED IN FORM 10-Q FOR APRIL 5, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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