

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 4, 1998

Commission file number: 1-5256

V. F. CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA                      23-1180120  
(State or other jurisdiction of        (I.R.S. employer  
incorporation or organization)        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 2, 1998, there were 121,670,346 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)

<TABLE>

<CAPTION>

	THREE MONTHS ENDED	
	APRIL 4	APRIL 5
	1998	1997
	----	----
<S>	<C>	<C>
NET SALES	\$ 1,326,205	\$ 1,262,781
<b>COSTS AND OPERATING EXPENSES</b>		
Cost of products sold	872,980	844,944
Marketing, administrative and general expenses	309,912	290,542
Other operating (income) expense	399	152
	-----	-----
	1,183,291	1,135,638
	-----	-----
 OPERATING INCOME	 142,914	 127,143
 <b>OTHER INCOME (EXPENSE)</b>		
Interest income	1,802	4,236
Interest expense	(14,896)	(12,618)
Miscellaneous, net	356	(801)
	-----	-----
	(12,738)	(9,183)
	-----	-----
 INCOME BEFORE INCOME TAXES	 130,176	 117,960
 INCOME TAXES	 52,070	 47,774
	-----	-----
 NET INCOME	 \$ 78,106	 \$ 70,186
	=====	=====
 <b>EARNINGS PER COMMON SHARE</b>		
Basic	\$ 0.63	\$ 0.54
Diluted	0.62	0.53
 CASH DIVIDENDS PER COMMON SHARE	 \$ 0.20	 \$ 0.19

</TABLE>

See notes to consolidated financial statements.

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

<TABLE>  
<CAPTION>

	APRIL 4 1998	JANUARY 3 1998	APRIL 5 1997	
<S>	<C>	<C>	<C>	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and equivalents	\$ 69,716	\$ 124,094	\$ 219,745	
Accounts receivable, less allowances: Apr 4 - \$43,088; Jan 3 - \$39,576; Apr 5 - \$42,175	728,708	587,934	682,247	
Inventories:				
Finished products	540,713	434,000	436,148	
Work in process	179,781	166,947	165,469	
Materials and supplies	167,594	173,808	141,570	
	-----	-----	-----	
	888,088	774,755	743,187	
Other current assets	140,230	114,683	115,750	
	-----	-----	-----	
Total current assets	1,826,742	1,601,466	1,760,929	
<b>PROPERTY, PLANT AND EQUIPMENT</b>		1,613,329	1,568,952	1,566,074
Less accumulated depreciation	890,480	862,962	840,467	
	-----	-----	-----	
	722,849	705,990	725,607	
<b>INTANGIBLE ASSETS</b>		911,125	814,332	842,596
<b>OTHER ASSETS</b>		229,221	200,994	185,315
	-----	-----	-----	
	\$ 3,689,937	\$ 3,322,782	\$ 3,514,447	
	=====	=====	=====	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ 253,516	\$ 24,191	\$ 24,641	
Current portion of long-term debt	787	450	1,277	
Accounts payable	285,669	301,103	291,011	
Accrued liabilities	521,877	440,164	485,877	
	-----	-----	-----	
Total current liabilities	1,061,849	765,908	802,806	
<b>LONG-TERM DEBT</b>	516,840	516,226	517,616	
<b>OTHER LIABILITIES</b>	157,237	143,813	164,248	
<b>REDEEMABLE PREFERRED STOCK</b>		55,756	56,341	57,661
<b>DEFERRED CONTRIBUTIONS TO EMPLOYEE STOCK OWNERSHIP PLAN</b>		(24,740)	(26,275)	(30,306)
	-----	-----	-----	
	31,016	30,066	27,355	
<b>COMMON SHAREHOLDERS' EQUITY</b>				
Common Stock	121,608	121,225	64,010	
Additional paid-in capital	773,585	744,108	681,555	
Foreign currency translation	(39,292)	(36,110)	(13,372)	
Retained earnings	1,067,094	1,037,546	1,270,229	
	-----	-----	-----	
	1,922,995	1,866,769	2,002,422	
	-----	-----	-----	
	\$ 3,689,937	\$ 3,322,782	\$ 3,514,447	
	=====	=====	=====	

</TABLE>

See notes to consolidated financial statements.

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

<TABLE>  
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	THREE MONTHS ENDED	
	APRIL 4	APRIL 5
	1998	1997
	----	----
<S>	<C>	<C>
<b>OPERATIONS</b>		
Net income	\$ 78,106	\$ 70,186
Adjustments to reconcile net income to cash provided by operations:		
Depreciation	33,817	32,546
Amortization of intangible assets	8,044	6,949
Other, net	6,842	(23,043)
Changes in current assets and liabilities:		
Accounts receivable	(117,011)	(102,073)
Inventories	(23,237)	(19,821)
Accounts payable	(27,247)	(25,265)
Other, net	47,368	64,623
	-----	-----
Cash provided by operations	6,682	4,102
<b>INVESTMENTS</b>		
Capital expenditures	(39,446)	(41,370)
Business acquisitions	(228,155)	0
Other, net	840	499
	-----	-----
Cash invested	(266,761)	(40,871)
<b>FINANCING</b>		
Increase (decrease) in short-term borrowings	229,757	8,364
Payment of long-term debt	(52)	(78)
Purchase of Common Stock	(23,179)	(10,178)
Cash dividends paid	(25,213)	(25,247)
Proceeds from issuance of stock	23,895	12,325
Other, net	493	699
	-----	-----
Cash provided (used) by financing	205,701	(14,115)
	-----	-----
NET CHANGE IN CASH AND EQUIVALENTS	(54,378)	(50,884)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	124,094	270,629
	-----	-----
CASH AND EQUIVALENTS - END OF PERIOD	\$ 69,716	\$ 219,745
	=====	=====

</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 three months ended April 4, 1998 are not necessarily indicative of results that may be expected for the year ending January 2, 1999. 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 3, 1998.

NOTE B - EARNINGS PER COMMON SHARE

Earnings per share amounts for 1997 have been restated in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share. Earnings per share are computed as follows (in thousands, except per share amounts):

<TABLE>

<CAPTION>

	First Quarter		
	1998	1997	
	----	----	
<S>	<C>	<C>	
Basic earnings per share:			
Net income	\$ 78,106	70,186	
Less Preferred Stock dividends and redemption premium	1,585	1,151	
	-----	-----	
Net income available for Common Stock	=====	\$ 76,521	\$ 69,035
		=====	
Weighted average Common Stock outstanding	=====	121,251	127,926
		=====	
Basic earnings per share	\$ 0.63	\$ 0.54	
Diluted earnings per share:			
Net income	\$ 78,106	\$ 70,186	
Increased ESOP expense if Preferred Stock were converted to Common Stock	289	316	
	-----	-----	
Net income available for Common Stock and dilutive securities	=====	\$ 77,817	\$ 69,870
		=====	
Weighted average Common Stock outstanding		121,251	127,926
Additional Common Stock resulting from dilutive securities:			
Preferred Stock	2,890	2,988	
Stock options	1,311	942	
	-----	-----	
Weighted average Common Stock and dilutive securities outstanding	=====	125,452	131,856
		=====	
Diluted earnings per share	\$ 0.62	\$ 0.53	

</TABLE>

NOTE C - CAPITAL

The Company declared a two-for-one stock split in November 1997. References in this report to per share amounts have been restated, but numbers of shares presented are based on the actual amounts outstanding.

At April 4, 1998, there were 150,000,000 authorized shares of Common Stock, no par value - stated capital \$1 a share. At April 4, 1998, there were 121,607,566 shares outstanding, excluding 14,397,870 treasury shares. At January 3, 1998 and April 5, 1997, there were 121,225,298 and 64,009,905 shares outstanding, excluding 13,910,519 and 2,539,948 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 1,805,868 shares were outstanding at April 4, 1998, 1,824,820 at January 3, 1998 and 1,867,558 at April 5, 1997.

#### NOTE D - ACQUISITION

On January 8, 1998, the Company acquired the common stock of Bestform Group, Inc. for \$184.3 million in cash, plus repayment of \$44.4 million in debt. This acquisition has been accounted for as a purchase, and accordingly, operating results have been included in the financial statements from the date of acquisition. The net assets of Bestform are included based on a preliminary allocation of the purchase price, with approximately \$109 million representing intangible assets. Final asset and liability valuations are not expected to have a material effect on the financial statements.

The following pro forma results of operations assume that Bestform had been acquired at the beginning of 1997 (in thousands, except per share amounts):

<TABLE>

<CAPTION>

	First Quarter 1997
	----
<S>	<C>
Net sales	\$1,337,377
Net income	72,297
Earnings per common share:	
Basic	\$0.56
Diluted	0.55

</TABLE>

#### NOTE E - COMPREHENSIVE INCOME

Effective January 4, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income. Comprehensive income consists of net income from operations, plus certain changes in assets and liabilities that are not included in net income but are instead reported within a separate component of shareholders' equity under generally accepted accounting standards. The Company's comprehensive income was as follows (in thousands):

<TABLE>

<CAPTION>

	First Quarter	
	1998	1997
	----	----
<S>	<C>	<C>
Net income as reported	\$78,106	\$ 70,186
Other comprehensive income:		
Foreign currency translation adjustments, net of income taxes	(3,182)	(19,800)
	-----	-----
Comprehensive income	\$74,924	\$ 50,386
	=====	=====

</TABLE>

#### RESULTS OF OPERATIONS

Consolidated sales increased 5% for the quarter ended April 5, 1998, compared with the first quarter of 1997. Businesses acquired since last year's first quarter increased sales by 6%. In the translation of foreign currencies into the U.S. dollar, a stronger U.S. dollar reduced sales comparisons by 2% (and earnings by \$.02 per share).

Domestic intimate apparel sales increased from the acquisition of Bestform Group, Inc. (Bestform) and the continuing growth of the Vassarrette brand. Sales

of domestic jeanswear increased during the quarter, particularly in the Lee, Riders and Timber Creek brands. Total international sales for both our jeanswear and intimate apparel businesses declined for the quarter due to the effects of a stronger U.S. dollar in translating foreign currencies and to weak retail conditions in several key European markets. Sales also declined in knitwear due to difficult market conditions.

Gross margins improved to 34.2% of sales in the quarter, compared with 33.1% in the 1997 period. The margin improvement occurred in most businesses and resulted from the continuing shift to lower cost sourcing, lower raw material costs and improved operating efficiencies.

Marketing, administrative and general expenses were 23.4% of sales during the quarter, compared with 23.0% in 1997. Marketing expenses as a percent of sales in the last two years have been above historical spending levels as management has increased advertising and other efforts to support and build its brands. In addition, expenses have increased as a percent of sales due to the implementation of shared services and common systems.

Net interest expense increased in 1998 due to a reduced level of cash and increased short-term borrowings related to the acquisition of Bestform in January 1998.

The effective income tax rate for the three months of 1998 was 40.0%, based on the expected rate for the year, compared with 40.5% in the prior year.

#### FINANCIAL CONDITION AND LIQUIDITY

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

<TABLE>  
<CAPTION>

	APRIL 4 1998	JANUARY 3 1998	APRIL 5 1997
	----	----	----
	(Dollars in millions)		
<S>	<C>	<C>	<C>
Working capital	\$764.9	\$835.6	\$958.1
Current ratio	1.7 to 1	2.1 to 1	2.2 to 1
Debt to total capital	28.6%	22.5%	21.3%

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Accounts receivable balances at the end of the first quarter of 1998 are higher than at the comparable date in 1997 and at year-end 1997 due primarily to the acquisition of Bestform. In addition, first quarter balances are higher than year-end balances due to seasonal sales patterns. Days sales outstanding are consistent for all dates presented.

Inventories at the end of the first quarter of 1998 include those of Bestform. Excluding Bestform, inventories are consistent with the 1997 year-end level and 6% higher than the level at the end of the first quarter of 1997 due primarily to sales growth expectations.

Intangible assets increased during 1998 due to the acquisition of Bestform.

The increase in short-term borrowings relates to the acquisition of Bestform in January 1998.

During the first quarter of 1998, the Company repurchased 487,000 shares of its Common Stock in open market transactions for a total cost of \$23.2 million. Under its current authorization from the Board of Directors, the Company may repurchase up to an additional 4.7 million Common Shares.

The Company announced subsequent to the end of the quarter the formation of a majority-owned subsidiary to manufacture and market Wrangler products in Japan. The transaction is expected to close near the end of the second quarter.

#### CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements included herein are "forward-looking statements" within the meaning of the federal securities laws. This includes 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; 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.

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## PART II - OTHER INFORMATION

### Item 2 - Changes in the Rights of the Company's Security Holders

In October 1997, the Board of Directors adopted a new Shareholder Rights Plan to replace the former rights plan which expired on January 25, 1998. Under the new Plan, the Company declared a dividend of one Right for each share of VF Common Stock outstanding on January 25, 1998. The Rights become exercisable ten days after an outside party acquires, or makes an offer for, 15% or more of the Common Stock. Once exercisable, each Right will entitle its holder to buy 1/100 share of Series A Preferred Stock for \$175. If the Company is involved in a merger or other business combination or an outside party acquires 15% or more of the Common Stock, each Right will be modified to entitle its holder (other than the acquirer) to purchase common stock of the acquiring company or, in certain circumstances, VF Common Stock having a market value of twice the exercise price of the Right. In some circumstances, Rights other than those held by an acquirer may be exchanged for one share of VF Common Stock. The Rights, which expire in January 2008, may be redeemed at \$.01 per right prior to their becoming exercisable.

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

At the Annual Meeting of Shareholders of the Company held on April 21, 1998, the following three nominees to the Board of Directors were elected to serve until the 2001 Annual Meeting:

<TABLE>

<CAPTION>

	Votes For ----- <C>	Votes Withheld ----- <C>
Robert D. Buzzell	99,523,392	4,277,122
Edward E. Crutchfield	98,781,099	5,019,415
George Fellows	98,632,589	5,167,925

</TABLE>

In addition, the proposal to increase the number of shares of Common Stock that the Company is authorized to issue from 150 million to 300 million was approved by the shareholders. The vote was 96,504,447 for, 6,935,040 against and 361,027 abstaining.

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

- (a) Exhibit 3(A) - Articles of Amendment with Respect to Designation of Series A Participating Cumulative Preferred Stock (Incorporated by reference to Exhibit 3(C) to Form 10-K for the fiscal year ended January 3, 1998)



Exhibit 3(B) - Article Fifth of the Amended and Restated  
Articles of Incorporation

Exhibit 4(A) - Rights Agreement, dated as of October 22, 1997,  
between the Company and First Chicago Trust Company of New  
York (Incorporated by reference to Exhibit 4(F) to Form 10-K  
for the fiscal year ended January 3, 1998)

Exhibit 27 - Financial data schedule as of April 4, 1998

- (b) Reports on Form 8-K - There were no reports on Form 8-K filed  
for the three months ended April 4, 1998.

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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.

V.F. CORPORATION

-----  
(Registrant)

By: /s/ Gerard G. Johnson

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

Date: May 15, 1998

By: /s/ Robert K. Shearer

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

Exhibit 3(B)

Microfilm Number \_\_\_\_\_ Filed with the Department of State on May 12, 1998

Entity Number 0372201 \_\_\_\_\_  
Secretary of the Commonwealth j/c

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION  
DSCB:15-1915 (Rev 91)

In compliance with the requirements of 15 Pa.C.S. § 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

- 1. The name of the corporation is: V.F. Corporation
- 2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) 1047 North Park Road      Wyomissing,      PA      19610

---

Number and Street	City	State	Zip	County
-------------------	------	-------	-----	--------

(b) c/o \_\_\_\_\_  
Name of Commercial Registered Office Provider

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

- 3. The statute by or under which it was incorporated is: The Act of April 29, 1874
- 4. The date of its incorporation is: December 4, 1899
- 5. (Check, and if appropriate complete, one of the following):

- The amendment shall be effective upon filing these Articles of Amendment in the Department of State.
- // The amendment shall be effective on \_\_\_\_\_ at \_\_\_\_\_ a.m.  
Date      Hour

- 6. (Check one of the following):
- The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1914(c).
- // The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 1914(c).

- 7. (Check, and if appropriate complete, one of the following):
- // The amendment adopted by the corporation, set forth in full, is as follows:
- /x/ The amendment adopted by the corporation as set forth in full in Exhibit A attached hereto and made a part hereto.

- 8. (Check if the amendment restates the Articles):
- \_\_\_\_ The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused

these Articles of Amendment to be signed by a duly authorized officer thereof this 29th day of April 1998.

VF Corporation

-----  
(Name of Corporation)

By: Mackey J. McDonald

-----  
(Signature)

Title: President and Chief Executive Officer

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Exhibit A

Article FIFTH of the Amended and Restated Articles of Incorporation of V.F. Corporation is amended by deleting the first, second and third sentences thereof and substituting in lieu thereof the following:

This Corporation is authorized to issue two classes of shares to be designated respectively "Preferred Stock" and "Common Stock"; the total number of shares which this Corporation shall have authority to issue is 325,000,000. The number of shares of Preferred Stock shall be 25,000,000, and the par value of each share of such class shall be One Dollar (\$1.00). The number of shares of Common Stock shall be 300,000,000, without par value.

Except as amended as set forth above, Article FIFTH remains in full force and effect.

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<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from financial statements included in Form 10-Q for April 4, 1998 and is qualified in its entirety by reference to such financial statements.

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