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# **VF Corporation 1996 Annual Report**



**We Know Our Customers**

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# **We Are VF**

**VF Corporation is one of the largest apparel manufacturers in the world. For nearly a century, we've grown by offering consumers high quality, high value branded apparel. Our leading brands in jeanswear, intimate apparel, decorated knitwear and specialty apparel span virtually every channel of distribution. By understanding consumer needs and working in partnership with our retail customers, our goal is to be the world's most responsive apparel company.**

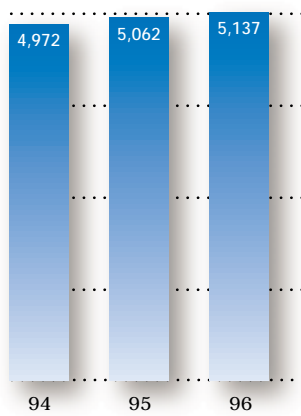
# Financial Highlights

*In thousands, except per share amounts*

	1996	1995	1994
<b>Summary of Operations</b>			
Net sales	\$5,137,178	\$5,062,299	\$4,971,713
Operating income	557,283	347,390	530,506
Net income	299,524	157,291	274,536
Return on average common equity	16.2%	8.8%	16.8%
<b>Financial Position</b>			
Working capital	\$ 940,059	\$ 799,317	\$ 638,834
Current ratio	2.2 to 1	1.9 to 1	1.7 to 1
Common shareholders' equity	1,973,739	1,771,506	1,734,009
<b>Per Common Share</b>			
Earnings—primary	\$ 4.64	\$ 2.41	\$ 4.20
Dividends	1.46	1.38	1.30
Book value	30.88	27.92	27.02

## Sales

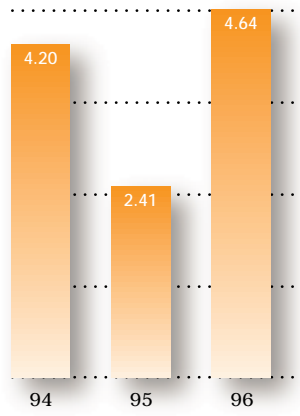
*Dollars in millions*



*Sales in 1996 reached another all-time record.*

## Earnings Per Share

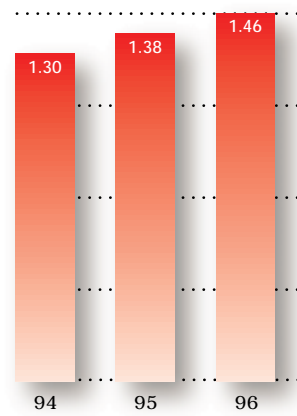
*Dollars*



*Earnings rebounded sharply in 1996, also hitting record levels.*

## Dividends Per Share

*Dollars*



*Dividends in 1996 totaled \$1.46 per common share, up 6%*



Carina

Lee

Cutter's

TIMBER CREEK  
BY WRANGLER

CHASE  
AUTHENTICS

Bullwark

Healthtex

BOLERO

RED KAP

WOLF  
CREEK

INTIMA CHERRY

BASSETT-WALKER  
BW

JANSPORT

DALMATIANS



VASSARETTE  
SWIMWEAR

Belcor

Vanity Fair  
THE BEAUTY OF COMFORT

GENUINE AMERICAN  
MAVERICK  
JEANS BRAND

Variance

PREMIUM QUALITY  
WRANGLER  
AUTHENTIC JEANS

JANTZEN

BIG BEN

VASSARETTE  
SIGNATURE LACE

Gemma

Lee  
SPORT  
Genuine Casualwear

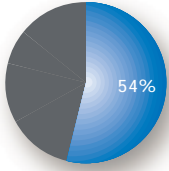
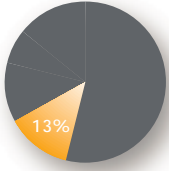
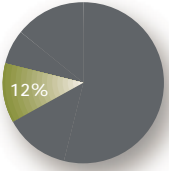
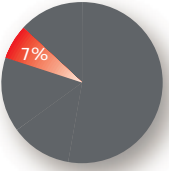
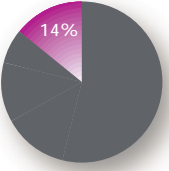
Silber

DENIM  
RIDERS

RUSTLER

RELAXED FIT

# VF Brands

					
<b>Channel of Distribution</b>	<b>Jeanswear</b>	<b>Intimate Apparel</b>	<b>Decorated Knitwear</b>	<b>Playwear</b>	<b>Specialty Apparel</b>
<b>Department Stores</b>	Lee Marithé & François Girbaud* JOE BOXER® Jeans!*	Vanity Fair	Lee Sport Nutmeg	Healthtex Lee Nike*	JanSport Jantzen Nike*
<b>Discount Stores</b>	Wrangler Riders Rustler Timber Creek	Vassarette	Cutler Sports	Cutler Wrangler	Wolf Creek Big Ben
<b>Specialty Stores</b>	Wrangler Western Rugged Wear		Nutmeg JanSport		JanSport Nike* Red Kap
<b>International</b>	Lee Wrangler Maverick	Lou Bolero Carina Variance Siltex Belcor Intima Cherry Gemma	Nutmeg		

\*licensed

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# To Our Shareholders

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ineteen ninety-six was notable for several reasons. First and foremost, both sales and earnings reached record levels. Earnings jumped 93 percent to \$4.64 per share, while sales rose slightly to \$5,137 million. While we believed our brand building and cost reduction strategies would pay off in 1996, the results in fact exceeded our expectations.

Second, our share price hit an all-time high, outpacing the performance of the S&P 500 index with a 28 percent gain for the year.

Accordingly, at the end of 1996 the market value of our company stood at \$4.3 billion, an increase of nearly \$1 billion over 1995 levels. Believing that our shares continue to represent good value, we announced a five million share repurchase program during the year.

Third, we announced our 25th consecutive year of increased dividend payments to shareholders, to \$1.46 per share. This brought the total return to our shareholders—the growth in share price plus reinvested dividends—to 31 percent in 1996.

Our financial position at year-end was extremely strong. Our debt to capital ratio reached a thirteen-year low, while cash flow from operations reached an all-time high. Our cash flow outlook remains positive, giving us the flexibility to pursue acquisitions, repurchase shares, maintain conservative debt levels and increase dividends.

Strengthened by these results, we have set in motion a number of exciting initiatives to drive profitable growth for VF, build shareholder value and secure our leadership in the apparel industry. Our goals are ambitious: two billion dollars in new sales over the next several years, an additional quarter of a billion dollar investment in our brands and continued growth in earnings consistent with our long-term target of eight to 10 percent annually.

## **Consumerization: A Blueprint for Leadership**

Our aim is simple and straightforward—and rather dramatic: we intend to change the landscape of the apparel industry. At the heart of this bold objective is a philosophy we call “consumerization.” Simply put, it means making sure that everything we do addresses the product needs of the consumers we serve.

Ongoing changes in our markets are demanding new approaches to our businesses. As we prepare for a new century, we’re determined to “consumerize” VF by eliminating boundaries within and between our businesses. This process will enable us to establish a direct line of communication—and a new level of intimacy—with our consumers. In turn, VF will emerge a powerful, streamlined company well prepared to meet the challenges of the 21st century.

The process of “consumerizing” VF has far reaching implications, from the way we design our products to the way we operate our organization.

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## **An Innovative Approach to Product Development**

While image-driven brands fight to capture the passing fashion whims of consumers, and others rely on rock-bottom pricing to attract shoppers, VF remains true to a strategy of “functional fashion” by designing products that meet discernible, functional needs.

Creating a more active, continuous link between consumer research and new product development is one of our most important consumerization initiatives. This link, which we call our Consumer Response System (CRS), will move us from a series of project-based research efforts to a more formalized, ongoing process. With CRS, VF is embarking on the most extensive consumer research program in its nearly 100-year history.

For example, in 1996 we launched the VF Consumer Monitor, a quarterly survey of apparel purchases by thousands of consumers. Through this Monitor, we are building a powerful set of indices to track market share and consumers’ awareness of our brands, their purchases and intent to repurchase, on a consistent basis across all VF brands.

In addition, our jeanswear companies are working together on a segmentation study involving thousands of consumers across all channels of retail distribution, which will help better identify where each brand fits in the marketplace and where there are opportunities for growth.

Later in this report, you’ll read about other research programs now underway with our Lee, Wrangler, Vanity Fair, Red Kap and JanSport brands, and how we’re turning our findings into highly successful new products.

## **A New Way to Serve Consumers**

While we look to CRS to enhance our new product development process, we’ll also build on VF’s strength in managing the space our products occupy in retail stores.

When we introduced our Market Response System (MRS) nearly seven years ago, we set the industry standard for customer responsiveness. Today, we are able to replenish retail inventories with our products automatically, based on actual sales information received electronically from our customers.

Now we’re taking MRS to a new level of excellence, by actually “micro-marketing” our products to consumers on a store-by-store basis. Essentially, this means we will tailor product assortments in specific stores to respond to the requirements of specific consumer segments. Through a combination of data mining techniques, store-specific consumer profiles and customized in-store presentations, we intend to break new ground in consumer responsiveness. We’ll begin to test this program, dubbed the VF MicroMarketer, on a limited basis in 1997.



*Mackey McDonald  
President and  
Chief Executive Officer*

*Larry Pugh  
Chairman*

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## Building on Our Strengths

Clearly, in both product development and retail space management, we are leveraging well-established leadership positions. The same holds true for what we see as our greatest opportunities for growth. In 1996, the members of VF's Operating Committee, whom you see pictured throughout this letter, worked with our division managements to analyze our markets and brands to determine where best to direct our investments. We concluded that four key categories—jeanswear, intimate apparel, workwear and day-packs—presented the areas of greatest strength and opportunity for us. Strong, established brands and leading market shares give us a distinct competitive advantage. And over the next several years, we're committed to investing an additional quarter of a billion dollars to realize this potential.

The Wrangler and Rustler brands, for example, hold a dominant share in the men's jeanswear category in discount stores. Through our Wrangler for Women and Riders jeans programs, we seek to capture a similar position on the women's side.

Department stores also offer opportunities to expand our market share in jeans. Continuing its aggressive marketing program, Lee is determined to become the women's brand of

choice for casual dressing. Its new *Lee Riveted* line had an outstanding first year and will serve as the cornerstone for the brand's new product efforts in 1997. And early in 1997 we announced a licensing agreement to manufacture and market JOE BOXER® Jeans!, a premium jeanswear collection targeted to young men.

Our international jeans sales have more than doubled over the past five years, but our market shares are still well below those we enjoy in the U.S., representing a considerable opportunity for growth. Most of our expansion has occurred in Western Europe, but growth is accelerating in newer markets such as Eastern Europe and Asia. While we've built the foundation of our international jeans business on the strength of the Lee and Wrangler brands, we're also pleased with the rapid growth in our Maverick brand, which is sold through European discount stores.

In intimate apparel, Vanity Fair Intimates has emerged from a period of restructuring and consolidation primed for renewed growth. Working together, Vanity Fair, Vassarette and Private Brands have developed a pipeline of new products for each business segment, which are slated for rollout in 1997. Already firmly established in France and Spain with a number of European brands, we will also continue to explore new global opportunities in intimate apparel.

The acquisition of Bulwark Protective Apparel, Inc., a premium brand of flame-resistant apparel, capped 1996 for our workwear company, Red Kap. Long the market leader in occupational apparel, Red Kap's low-cost manufacturing base and service capabilities are helping to fuel expansion in service, safety and executive apparel. These fast growing areas still represent only a small percentage of Red Kap's total base.



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*Dan MacFarlan*  
Vice President and Chairman –  
Knitwear, Playwear and

*Bob Shearer*  
Vice President –  
Controller

In daypacks, JanSport capitalized on its dominant market position on two fronts in 1996. *Wolf Creek*, a new line of daypacks for discount stores, was successfully launched in 1996 and should contribute significantly to growth in 1997 as well. Taking steps to establish the JanSport brand internationally, we also entered a number of European markets during the year.

Our other product categories—knitwear, playwear and swimwear—also enjoy strong brand positions and steadily improving performance. In knitwear, we signed an exclusive new licensing agreement with NASCAR race driver Dale Earnhardt for trackside apparel and launched a new label, *Chase Authentics*. Our licensed sports apparel business improved markedly in 1996, while our private label and licensed Nike knitwear lines continued their healthy growth. In playwear, Healthtex made progress toward improving its competitive position through the addition of offshore production and a more fashionable product offering. Our licensed Disney character and Nike childrenswear lines were outstanding performers in 1996, a testament to the appeal of these megabrands. And Jantzen was once again the number one swimwear brand in department stores, continuing its strong turnaround. We will continue to maximize the profit potential of these categories, an important part of VF's diversified portfolio, and manage them to ensure the best return to our shareholders.

### **A New Structure to Support Growth**

For VF, consumerization is not just a new way of thinking. It also represents a new way of doing things. To “consumerize” VF from the bottom up, we've embarked on the most extensive reorganization in our company's history.

In the past, we've operated through a number of highly autonomous divisions. While this structure generally served us well, it has also resulted in redundancies. The competitive nature of our industry, along with a need to steadily increase investment in our brands, call for a simpler and more efficient organizational structure.

The “new” VF will consist of five coalitions—North and South American Jeanswear, Intimate Apparel, Knitwear, Playwear and International—each of which supports a number of streamlined, consumer-focused marketing companies. While we have organized our coalitions according to product categories, in some cases we cross these lines to make the most of our capabilities.

The North and South American Jeanswear coalition encompasses four marketing companies: Lee, Wrangler Western, Mass Market and Designer Jeans. The Intimate Apparel coalition includes our Vanity Fair, Vassarlette and Private Brands lingerie business-



*John Schamberger  
Vice President and  
Chairman – North  
and South America  
Jeanswear Coalition*

*Candace Cummings  
Vice President –  
Administration and  
General Counsel*

*Jerry Johnson  
Vice President –  
Finance and Chief  
Financial Officer*



*Tim Lambeth  
Vice President and  
President – European  
and Asian Operations*

*Frank Pickard  
Vice President –  
Treasurer*

*Susan Larson  
Williams  
Vice President –  
Human Resources*

businesses, as well as Jantzen and JanSport. Knitwear has been reorganized into Licensed Apparel and Private Label/Printwear, while Playwear continues to consist of Healthtex and our licensed Disney and Nike childrenswear businesses. On the international front, a single management team now oversees both our jeanswear and intimates businesses.

Over the next several years, we will consolidate much of the logistical, sourcing and asset management within these coalitions, a monumental task given the breadth and depth of our operations. At the same time, our newly established Service Center will centralize information systems and transaction processing for all of our domestic operations.

We are convinced that these changes will give our organization more flexibility—and an entrepreneurial edge. Both the coalitions and Service Center will support our manufacturing and operational needs in a new, more efficient way. And the savings we gain from these changes will in turn be used to fund our aggressive brand investment program.

### **Embracing Change—And Opportunity**

The next several years will likely be ones of unprecedented change for VF. And while we expect to encounter challenges along the way, we are confident that our skill in developing consumer-responsive products and managing retail space will strengthen our industry leadership for the 21st century. Indeed, we anticipate a period of renewed sales growth as our programs in jeanswear, intimate apparel, workwear and daypacks take hold. And our new organizational structure should free the financial resources needed to drive the global expansion of our brands.

Most of all, we expect these changes to benefit all of the people who make VF what it is. Together we have always taken on the challenges of our volatile industry, answering them with ingenuity and hard work, plain and simple. Together we now approach the start of a new era with excitement and enthusiasm. So, to our Board of Directors, the thousands of VF associates around the globe and you, our shareholders, we express sincere appreciation for your constant support.

Mackey J. McDonald  
President and  
Chief Executive Officer

Lawrence R. Pugh  
Chairman

# We Know Our Customers



**C**onsumer Response System...the VF MicroMarketer... Coalitions...some examples of consumerization at VF. What's it all about? Simply, we're adapting our services, systems and structure, and doing whatever it takes, to better meet the needs of our consumers. In the process, we're once again setting new standards in responsiveness, with an increased investment in brand building and an emphasis on looking at our products through the eyes of those who buy them. Consumerization is our way of making sure each and every one of our customers, from toddlers and teens to cowboys, industrial workers and fashion-conscious women, gets apparel that's designed for that individual.

# Lee – Delivering Consumer-Driven



**T**alk about casual business attire for men and it's simple: button-down shirt, khakis and bold-print tie. But address the same issue for women and suddenly the variables and complexity mount. In 1996, Lee sought some simple, effective solutions to this dilemma. Through Lee Blueprint, a fully integrated marketing program—the most ambitious in the brand's history—we put in motion a variety of initiatives designed to propel Lee to the forefront of the casual dress movement for women. For starters, we commissioned a national research firm to conduct a quantitative survey to give us an inside track on what women think about casual apparel in the workplace.

Overall, Lee learned that most women surveyed now wear casual attire to work—in fact, it's permitted for 84 percent of the women questioned. But fully 49 percent expressed the need for more guidance in incorporating denim and related casual items into their wardrobes. Not surprising to us, of course, participants cited Lee as the leader when it came to denim style and fit.

Quickly turning statistics into strategy, we launched *Lee Riveted*, a line of premium jeans, casualwear and denim-related items to respond to a more fashion-conscious consumer. One of the most successful new product launches in Lee's history, the line will be expanded in 1997 to include Dungarees (a line of work-wear-inspired pants and overalls), wide leg jeans and youthwear.

# Value



Lee Blueprint is off to a strong start in establishing Lee as the women's source for denim. We've rolled out nationwide in-store and in-mall events, including one-on-one consultations with consumers, denim workshops and high-energy fashion shows. *Ten Easy Pieces*, our guide to simple, stylish casual dressing for work, evenings and weekends, was distributed to consumers around the country. And Lee Blueprint has gone even further, seeking to give something back to the women we serve.

On October 25, we sponsored Lee National Denim Day, a nationwide casual dress day, to raise funds for breast cancer research, an issue of critical concern to women. Over 700,000 employees representing more than 3,000 companies partici-

pated, raising pledges of \$3.5 million for the Susan G. Komen Breast Cancer Foundation. Lee also sponsored a 30-minute television special, *Breast Cancer: News Women Should Know*, which aired on cable networks.

Lee National Denim Day will continue in 1997, as will efforts to target women's interests in fashion, entertainment, sports and music. For example, Lee will be the exclusive denim and casual apparel sponsor for the debut season of the Women's National Basketball Association (WNBA). In all we do, our primary objective is to surround our consumers completely—with products, events and information that speak directly to their individual concerns and diverse lifestyles.

# Wrangler Europe – Extending Our



**T**rade boundaries may be disappearing, but Europe remains a patchwork of diverse countries, cultures and languages. Responding to the particular personality and preference of each individual market takes the right skills—and, of course, the right products. In Europe, Wrangler's got it all. In fact, our jeanswear speaks the vernacular wherever we go.

Wrangler grew in each of its European markets in 1996. While we made it look easy, a set of complex, and evolving, strategic initiatives actually supported our success. For one thing, we invested heavily in communicating a single brand image across all of our markets and media. A centralized advertising function gives our message a fundamental consistency, and at the same

time helps us identify what's unique country by country. A new marketing campaign being developed for 1997 in conjunction with our Wrangler counterparts in the U.S. ensures a continuing link with our American roots *and* makes room for differences.

Products, too, must be adapted to suit consumer preferences, regardless of where they live. For example, our "Texas" jean—our standard, regular fit authentic western jean—continues to be our biggest seller in Europe. Yet research conducted in Germany, the United Kingdom, France, the Netherlands and Italy revealed that an overwhelming majority of young male consumers prefer a button-fly style. An astounding opportunity to contemporize our product had been uncovered. So in

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# Reach Across the Continent



1996 we launched “Texas-B,” our first button-fly jean, throughout Europe. The product was a spectacular success in Germany where it was rolled out in 150 stores and boosted our market share there.

This example of *mass customization*—adapting core products to meet newly uncovered consumer preferences—is being applied to both existing and new markets, including Eastern Europe. Though Poland, Hungary and Russia are still small markets for us, they offer considerable potential for growth. Strengthening our distribution network to support a steady flow of products and building new relationships with local retailers contributed to significant growth in 1996, with more planned for 1997.

No one knows the value of a brand like Wrangler, and we make sure this expertise is shared with retailers around the world. Even in the United Kingdom, one of our largest European markets where we enjoy a leading market position, we’re constantly striving to make the best even better. A restructured sales organization, improved flow replenishment capability, new in-store fixtures and training for retail salespeople contributed to a strong year there. Going forward, Wrangler’s growth in Europe will come from its continuing ability to convey a single, powerful brand identity in each of our distinctly different consumer markets.

# Intimates – Getting Close to Our



**I**n 1996 Vanity Fair Intimates did more than simply reengineer its product development process. The company, as one senior executive described it, “injected a burst of energy into a nearly 100 year-old culture.”

The most dramatic and obvious change came with our decision to consolidate management and operations for our Vanity Fair, Vassarette and Private Brands businesses in Atlanta. We removed all boundaries to facilitate sharing of information and to be able to identify and apply best practices across all three businesses. Most importantly, we focused our efforts on creating a direct link with our consumers to ensure that their preferences drive all phases of our product development process. At year end, with a new name (Vanity Fair

“Intimates” rather than “Mills”), structure, look and spirit, a whole new company had emerged.

Vanity Fair Intimates is now united by a common vision and renewed commitment to growth. We’re determined to aggressively expand our share of the bra, panty and shapewear categories, the fastest growing market segments. To achieve this, we’ve reengineered our product development process to bring us closer to the women who wear our intimate apparel. The process starts with our new Marketing Intelligence group, working hand in hand with a new Research and Development team. Together, they are responsible for conducting comprehensive market and product analyses, all from the consumers’ point of view.

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# Customers



For example, in 1996 Vanity Fair conducted a series of 90-minute surveys in 800 selected consumers' homes across the country. The study was up front and personal, with researchers talking with consumers one-on-one about their intimate apparel use and preferences. The findings are helping us to formulate a creative platform that will drive product innovation and the development of highly targeted marketing communications. Because we've asked them, we're certain the products we bring to market are the ones our consumers want.

Our production process, too, has been revamped and now consists of highly efficient teams of designers, engineers, costers, pattern makers and others. A simplified production

calendar along with a more disciplined, strategic approach has already led to a sharp reduction in inventories.

In essence, we're taking product development from an art to a science. One of our first successes was *New Face of Lace™*, a line of products that met women's desire for soft, comfortable lace intimates. Consumer input also led to the development of *MicroSmooth™*, a new lighter weight fabrication that is cooler to the skin. Looking ahead, Vanity Fair Intimates anticipates a new era of growth based on the close relationships we're building with our consumers.

# Red Kap – A Culture of Service



**W**hat do your auto mechanic, the chef who cooks your meal, the airline ground service crew and your local utility lineman share in common? *They all wear Red Kap.* Though we're not exactly a household name, our products are everywhere, with Red Kap holding a dominant share of the domestic workwear market.

We've built our market leadership one step at a time, since 1923. While occupational apparel styles, fabrications and preferences have come and gone over the decades, Red Kap has stayed true to a heritage of service excellence. We learned long ago that in a business like ours, where we're often viewed

as playing an offstage role, quick and thorough response to our customers' needs is what makes the difference.

With the broadest product line in the industry, we can provide one-stop shopping for our customers—and service their orders with a speed and efficiency unmatched by our competition. In 1996, we set out to improve these capabilities with a \$7 million expansion of "The Rock," our central distribution and service facility in Nashville. By nearly doubling its capacity, we can ship goods faster, usually within one day of an order's receipt, at a lower overall cost.

More efficiency at The Rock spills over to our 10 regional distribution centers, which keep us close to our customers on a local level. Red-E-Service, our value-added program to customize



finished garments with embroidery, epaulets, reflective safety striping and similar trims can now be offered throughout our network. Specialized orders are filled quickly and easily, regardless of how many or how few garments our customers need.

At the heart of our distribution capability is a commitment to technology, as demonstrated by RKON, our PC-based electronic ordering system. It is the only one of its kind in the industry. And our state-of-the-art telecommunications system, a scaled-down version of those used by major telephone companies, handles thousands of calls and faxes each day.

But nowhere is Red Kap's service capability more visible than in our associates, at every level of the company. Their dedication to a job well done starts with an intimate knowledge of

our products and customers. Annually, we gather data from 20,000 uniform wearers to keep abreast of their changing needs, and our technical service teams conduct process audits of industrial laundries and advise on product wear and tear. This kind of research leads naturally to new product innovations. For example, we were first to market with both durable wear cotton garments and a 50% cotton/50% polyester jersey knit shirt that meet industrial standards. Their commitment to Total Quality Management means Red Kap associates are geared to doing whatever it takes to serve customers.

# JanSport – Measuring Success in



**I**magine a high school student who uses a daypack every day to carry everything from books and cosmetics to CDs and lunch. And suddenly, someone takes it away.

That's exactly what JanSport did when we conducted a week-long deprivation study to see how selected junior and senior high school students in Boston, Atlanta and Los Angeles would react. We asked sixteen young men and women in each city to keep daily journals about their lives without daypacks. The study yielded some expected—and unexpected—results and helped JanSport to identify what's most appealing and important in a backpack.

Almost all participants said they felt disorganized without their packs. Forced to remember to bring items they'd normally

just carry around, many students ended up forgetting, or worse, losing things they needed. While some came up with creative alternatives, relying on boxes, shopping bags and even companions as carryalls, nothing compared to their packs.

At some point in the study, most participants realized that they had never given their daypacks much thought—as long as they did their jobs and held up reasonably well. After living without them, they were better able to identify key attributes. Simply, the best daypacks were easy to carry and had lots of compartments to handle all of the varied items needed for school.

Importantly, the study confirmed our sense that as the leading brand of daypacks—with twice the market share of our

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# Our Core Market



nearest competitor—JanSport was in the enviable position of establishing our daypacks as the standard against which all others are measured. In 1996, we responded accordingly, coming up with new features and designs. Among them, rubber bottoms (patent pending); more organizers, compartments and functional pockets on our standard packs; special compartments to hold CDs, CD players and earphones; and improved shoulder straps to prevent slippage. We also introduced a variety of special packs to handle in-line skates, snowboards and other sports gear. And we actively addressed the issue of zipper durability, one of the biggest complaints we heard. We now use larger, sturdier zippers.

Through the study, we also identified the need to fine-tune our consumer marketing strategies. This initiative is underway as we concentrate on responding to the preferences of a younger, more urban consumer.

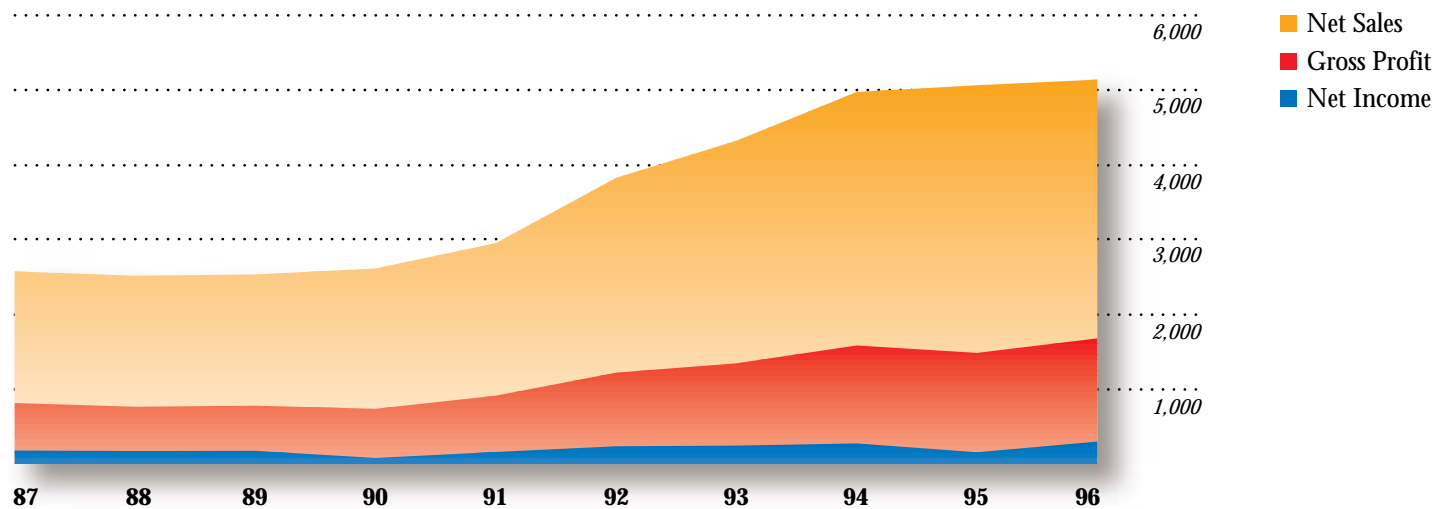
The study left little doubt that JanSport knows the daypack market better than anyone else. In 1996, we continued to leverage our expertise, expanding the distribution of Wolf Creek by JanSport, our mass market brand. We also established a presence in a number of international markets, where our products were met with a high level of acceptance and interest.

# Financial Review

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## Ten Years of Growth

*Dollars in millions*



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## Management's Responsibility for Financial Statements

Management of VF Corporation has prepared the accompanying financial statements and is responsible for their content. We believe the statements accurately report the financial position and operating results of the Company, on a basis consistent with generally accepted accounting principles and management's best estimates and judgments. Other financial information in this report is consistent with these financial statements.

Management has established an internal control process which we believe reasonably assures that assets are safeguarded, information is fairly reported, applicable laws and regulations are complied with and operations are conducted on an effective and efficient basis. Inherent in all internal control processes are limitations based on the recognition that the costs of such processes should be related to the benefits to be derived. The internal control process is routinely challenged by management, the independent auditors and our internal audit staff to determine whether the internal control process continues to function effectively. Significant auditor recommendations have been reviewed and adopted when appropriate.

The Audit Committee of the Board of Directors meets periodically with the independent and internal auditors to discuss the scope and findings of audit work performed, the impact of financial reporting issues and the effectiveness of the internal control process. The independent auditors and internal auditors have full access to the Committee, with and without the presence of management, to discuss any appropriate matters.



M. J. McDonald  
President and Chief Executive Officer



G. G. Johnson  
Vice President – Finance and  
Chief Financial Officer



R. K. Shearer  
Vice President – Controller and  
Chief Accounting Officer

## Report of Independent Accountants

Board of Directors and Shareholders  
VF Corporation

We have audited the accompanying consolidated balance sheets of VF Corporation as of January 4, 1997 and December 30, 1995, and the related consolidated statements of income, cash flows, and common shareholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of VF Corporation for the year ended December 31, 1994 were audited by other auditors, whose report dated February 8, 1995 expressed an unqualified opinion on those statements.

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 consolidated financial position of VF Corporation at January 4, 1997 and December 30, 1995, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.



Philadelphia, Pennsylvania  
February 6, 1997

## VF Corporation Consolidated Statements of Income

<i>In thousands, except per share amounts</i>	<i>Fiscal year ended</i>	<i>January 4, 1997</i>	<i>December 30, 1995</i>	<i>December 31, 1994</i>
<b>Net Sales</b>		<b>\$5,137,178</b>	\$5,062,299	\$4,971,713
<b>Costs and Operating Expenses</b>				
Cost of products sold		<b>3,458,166</b>	3,577,555	3,387,295
Marketing, administrative and general expenses		<b>1,122,076</b>	1,131,290	1,045,615
Other operating (income) expense		<b>(347)</b>	6,064	8,297
		<b>4,579,895</b>	4,714,909	4,441,207
<b>Operating Income</b>		<b>557,283</b>	347,390	530,506
<b>Other Income (Expense)</b>				
Interest income		<b>13,406</b>	11,085	9,296
Interest expense		<b>(62,793)</b>	(77,302)	(80,280)
Miscellaneous, net		<b>512</b>	2,962	(3,861)
		<b>(48,875)</b>	(63,255)	(74,845)
<b>Income Before Income Taxes</b>		<b>508,408</b>	284,135	455,661
<b>Income Taxes</b>		<b>208,884</b>	126,844	181,125
<b>Net Income</b>		<b>\$ 299,524</b>	\$ 157,291	\$ 274,536
<b>Earnings Per Common Share</b>				
Primary		<b>\$ 4.64</b>	\$ 2.41	\$ 4.20
Fully diluted		<b>4.54</b>	2.37	4.10
<b>Cash Dividends Per Common Share</b>		<b>\$ 1.46</b>	\$ 1.38	\$ 1.30
<b>Average Number of Common Shares Outstanding</b>		<b>63,646</b>	63,743	64,620

See notes to consolidated financial statements.

## Sales and Operating Income by Business Group (Unaudited)

<i>In thousands</i>	<i>Fiscal year ended</i>	<i>January 4, 1997</i>	<i>December 30, 1995</i>	<i>December 31, 1994</i>
<b>Net Sales</b>				
Jeanswear		<b>\$2,754,039</b>	\$2,664,930	\$2,547,131
Decorated Knitwear		<b>637,982</b>	619,932	623,272
Intimate Apparel		<b>650,197</b>	729,149	724,462
Playwear		<b>382,382</b>	371,717	367,508
Specialty Apparel		<b>712,578</b>	676,571	709,340
		<b>\$5,137,178</b>	\$5,062,299	\$4,971,713
<b>Operating Income</b>				
Jeanswear		<b>\$ 395,591</b>	\$ 311,688	\$ 372,392
Decorated Knitwear		<b>52,362</b>	8,039	32,423
Intimate Apparel		<b>39,947</b>	(778)	60,349
Playwear		<b>12,342</b>	2,745	36,457
Specialty Apparel		<b>92,160</b>	72,421	75,851
		<b>592,402</b>	394,115	577,472
<b>Other Operating Income (Expense)</b>		<b>347</b>	(6,064)	(8,297)
<b>Corporate Expenses</b>		<b>(35,466)</b>	(40,661)	(38,669)
		<b>\$ 557,283</b>	\$ 347,390	\$ 530,506

# VF Corporation Management's Discussion and Analysis of Operations and Financial Condition

## Analysis of Operations

The Company's earnings in 1996 reflect the benefits from actions taken in late 1995 (refer to Note M to the consolidated financial statements) to (1) close a number of higher cost domestic manufacturing facilities and move a greater percentage of our manufacturing to lower cost offshore locations, (2) effect reductions in selling and administrative expenses and (3) reinvest a significant portion of the savings from these actions in increased advertising and other actions to support and build our brands. These initiatives, along with substantially improved inventory positions, contributed substantially to the Company's achievement of record levels of earnings and cash generation in 1996.

Net sales in 1996 increased by 1% over 1995. Unit sales declined by 2%, but average prices increased, primarily due to changes in product mix. Net sales in 1995 increased by 2% over 1994 on flat unit sales. The sales dollar increase resulted from modest price increases and the impact of a weaker U.S. dollar in translating foreign currencies.

Gross margins were 32.7% of sales in 1996, compared with 29.3% in 1995 and 31.9% in 1994. Gross margins in 1995 included \$109.8 million of special charges; excluding these charges, 1995 gross margins were 31.5%. The margin improvement in 1996 over the prior two years, after excluding the special charges in 1995, resulted from lower manufacturing costs attributable to the cost reduction initiatives of late 1995 and, particularly in relation to 1995, lower provisions for inventory write-downs and manufacturing plant downtime.

Marketing, administrative and general expenses were 21.8% of sales in 1996, compared with 22.3% and 21.0% in 1995 and 1994, respectively. Excluding special charges of \$41.7 million in 1995, expenses were 21.5% of sales. During 1996, administrative expenses declined as a result of the cost reduction initiatives undertaken in late 1995, but marketing and promotional expenses increased as a result of the Company's decision to invest more heavily in brand support. The increase in 1995 over 1994, after excluding the special charges, was due to increased advertising and other marketing expenses on lower than expected sales.

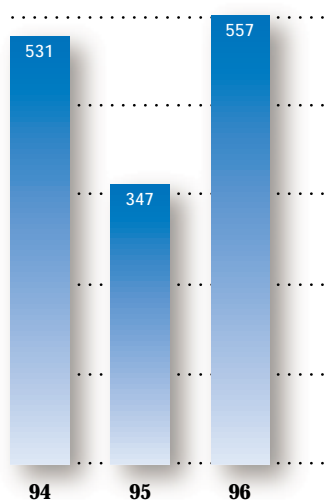
Other operating income and expense includes goodwill amortization expense, offset by net royalty income. Royalty income increased over the three year period, while amortization of goodwill declined in 1996 from expiring amortization periods.

Net interest expense declined significantly in 1996 as the high level of cash generated from operations was used to reduce borrowings. Net interest expense declined slightly in 1995 from 1994 due to a lower borrowing level.

The effective income tax rate was 41.1% in 1996, 44.6% in 1995 and 39.7% in 1994. The increase in rate over 1994 is primarily due to a higher level of foreign operating losses with

## Operating Income

Dollars in millions



no current tax benefit. The rate in 1995 was unusually high due to the amounts of nondeductible foreign operating losses and goodwill expense in relation to the low level of income before income taxes.

## Operating Results by Business Group

The Jeanswear business group includes the Lee, Wrangler, Rustler and Riders brands in the United States and the Lee, Wrangler and Maverick brands in international markets, primarily in Europe. International sales have been growing at a higher rate than in the United States. Jeanswear operating income in 1995 includes \$54.8 million of special charges related to both domestic and international operations. The margin improvement in 1996 over the prior two years, after excluding special charges in 1995, resulted from lower manufacturing and other product costs, both domestically and abroad.

The Decorated Knitwear business group consists of the Lee Sport and Nutmeg sports apparel brands, JanSport imprinted apparel, and private label and printwear fleece and T-shirt operations. Sales increased in 1996 due to higher private label fleece and T-shirt volume. Operating income increased substantially in 1996 over the two prior years, even after excluding \$28.7 million of special charges in 1995. In addition to higher sales volume, this increase resulted from improved operating margins within the sports apparel businesses.

The Intimate Apparel business group includes the Vanity Fair and Vassarette brands as well as a private label business in the United States, along with a number of brands in Europe, primarily in France and Spain. Sales declined in 1996 in both the United States and Europe. The operating loss in 1995 includes \$45.4 million in special charges. Otherwise, the declines in operating income have been primarily volume related.

# VF Corporation Consolidated Balance Sheets

*In thousands*

*January 4, 1997*

*December 30, 1995*

## Assets

### Current Assets

Cash and equivalents	\$ 270,629	\$ 84,075
Accounts receivable, less allowances of \$40,253 in 1996 and \$34,621 in 1995	592,942	629,506
Inventories	730,823	841,907
Deferred income taxes	90,556	84,952
Other current assets	21,376	27,197
<b>Total current assets</b>	<b>1,706,326</b>	<b>1,667,637</b>

### Property, Plant and Equipment

721,524                      749,880

### Intangible Assets

863,930                      887,606

### Other Assets

157,755                      141,948

**\$3,449,535                      \$3,447,071**

## Liabilities and Shareholders' Equity

### Current Liabilities

Short-term borrowings	\$ 17,528	\$ 229,945
Current portion of long-term debt	1,298	2,715
Accounts payable	320,056	276,598
Accrued liabilities	427,385	359,062
<b>Total current liabilities</b>	<b>766,267</b>	<b>868,320</b>

### Long-term Debt

519,058                      614,217

### Other Liabilities

164,077                      169,392

### Redeemable Preferred Stock

58,092                      60,667

### Deferred Contributions to Employee Stock Ownership Plan

(31,698)                      (37,031)

**26,394                      23,636**

### Common Shareholders' Equity

Common Stock, stated value \$1; shares authorized 150,000,000; shares outstanding, 63,907,874 in 1996 and 63,438,933 in 1995	63,908	63,439
Additional paid-in capital	668,554	593,976
Foreign currency translation	6,428	20,483
Retained earnings	1,234,849	1,093,608
	<b>1,973,739</b>	<b>1,771,506</b>

**\$3,449,535                      \$3,447,071**

See notes to consolidated financial statements.

# VF Corporation Management's Discussion and Analysis of Operations and Financial Condition (continued)

The Playwear business group consists of the Healthtex brand, the preschool sizes of Lee and Wrangler, Nike licensed products and playwear and sleepwear products imprinted with characters licensed from The Walt Disney Company and others. Operating income in the business group in 1995 was impacted by \$12.7 million in special charges. The overall decline in this category resulted from manufacturing and operating difficulties along with continued pricing pressures at retail.

The Specialty Apparel business group includes Red Kap occupational apparel, Jantzen swim and casual apparel and JanSport brand daypacks and equipment. Sales grew in each brand in 1996. Sales in the business group declined in 1995 as a result of the discontinuation of the Jantzen men's sportswear and sweater businesses. Operating income increased in each brand in 1996, even after excluding \$6.9 million of special charges in 1995.

## Analysis of Financial Condition

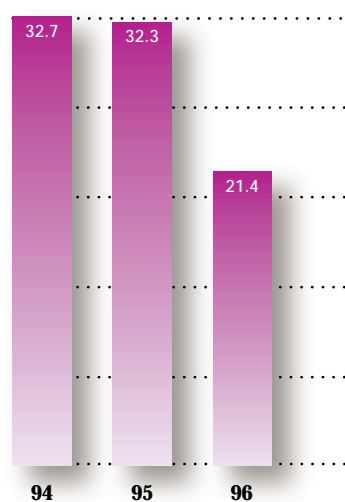
In managing its capital structure, VF balances financial leverage with equity to reduce its overall cost of capital, while providing the flexibility to pursue investment opportunities that may become available. It is management's goal to maintain a debt to capital ratio of less than 40%. Our debt to capital ratio was within these guidelines: 21.4% at the end of 1996 and 32.3% at the end of 1995. Despite our stated goal, we will exceed this level if warranted by appropriate investment opportunities.

### Balance Sheets

Accounts receivable was lower at the end of 1996 than 1995, despite higher fourth quarter sales. The timing of our fiscal year-end in 1996 provided for an additional week of cash collections in January.

### Debt to Total Capital Ratio

Percent



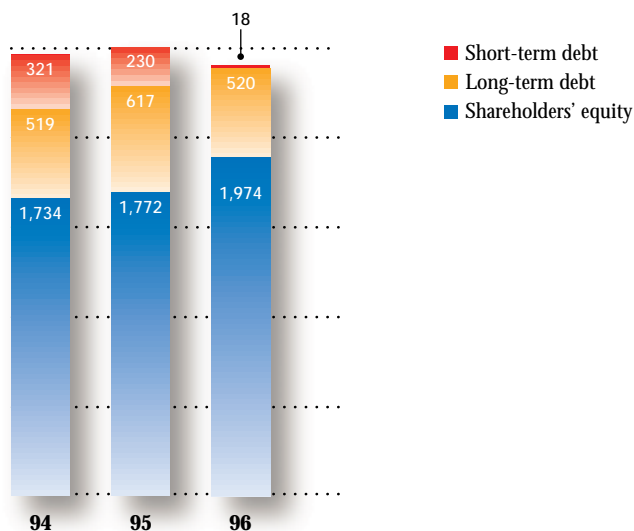
Inventories are lower at the end of 1996, reflecting improvements in inventory management and controls. Total inventories are at their lowest level since 1991.

All domestic short-term borrowings were repaid during 1996 from the strong cash flow from operations. The remaining balance in short-term borrowings represents amounts due to international lenders only. In addition, during 1996, the Company called for redemption \$100 million of its long-term debt originally due in 1999. No further debt reductions were made in 1996, despite cash availability, as there are no long-term debt maturities until the year 2001.

Over 18% of our 1996 sales and operating income were derived from international locations. VF's financial position and operating results can be influenced by economic conditions in countries where VF conducts business and by changing foreign currency exchange rates. VF does not hedge the translation

### Capitalization

Dollars in millions



of foreign currencies into the U.S. dollar, but we do enter into foreign currency forward contracts to minimize the effect of fluctuating foreign currencies on cash flows from foreign operations. These contracts are not material.

### Liquidity and Cash Flow

Working capital increased in 1996, and the current ratio increased to 2.2 to 1 from 1.9 to 1 in 1995 due to the high cash and low short-term debt levels at the end of 1996.

Cash provided by operations was a record \$711 million for 1996, resulting from higher net income, reduced accounts receivable and inventory levels and an increase in current liabilities. The 1995 amount was lower than 1994 because of lower net income and an increase in working capital requirements.

## VF Corporation Consolidated Statements of Cash Flows

<i>In thousands</i>	<i>Fiscal year ended</i>	<i>January 4, 1997</i>	<i>December 30, 1995</i>	<i>December 31, 1994</i>
<b>Operations</b>				
Net income		\$299,524	\$157,291	\$274,536
Adjustments to reconcile net income to cash provided by operations:				
Depreciation		132,440	134,039	126,902
Amortization of intangible assets		28,138	33,682	31,609
Other, net		(18,239)	(15,048)	(4,973)
Changes in current assets and liabilities:				
Accounts receivable		25,270	(2,045)	(45,519)
Inventories		110,807	(31,881)	72,061
Accounts payable		43,196	(18,623)	14,559
Other, net		90,318	66,241	10,226
Cash provided by operations		711,454	323,656	479,401
<b>Investments</b>				
Capital expenditures		(138,747)	(155,206)	(132,908)
Business acquisitions		(24,284)	(12,004)	(494,751)
Other, net		36,887	4,216	1,053
Cash invested		(126,144)	(162,994)	(626,606)
<b>Financing</b>				
Increase (decrease) in short-term borrowings		(213,746)	(92,655)	282,739
Proceeds from long-term debt		15,556	98,718	99,207
Payment of long-term debt		(111,522)	(3,123)	(222,718)
Purchase of Common Stock		(61,483)	(86,251)	(27,878)
Cash dividends paid		(97,036)	(92,038)	(88,223)
Proceeds from issuance of stock		67,819	36,015	8,277
Other, net		1,656	3,005	3,979
Cash provided (used) by financing		(398,756)	(136,329)	55,383
<b>Net Change in Cash and Equivalents</b>		<b>186,554</b>	<b>24,333</b>	<b>(91,822)</b>
<b>Cash and Equivalents – Beginning of Year</b>		<b>84,075</b>	<b>59,742</b>	<b>151,564</b>
<b>Cash and Equivalents – End of Year</b>		<b>\$270,629</b>	<b>\$ 84,075</b>	<b>\$ 59,742</b>

See notes to consolidated financial statements.

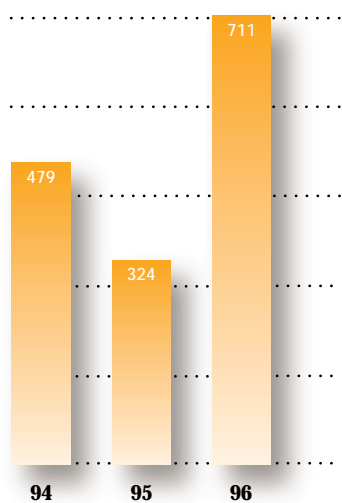
# VF Corporation Management's Discussion and Analysis of Operations and Financial Condition (continued)

Capital expenditures were \$139 million in 1996, compared with \$155 million and \$133 million in 1995 and 1994, respectively. Capital expenditures in 1997 should be somewhat higher than the level of the past three years and are expected to be funded by cash flows from operations.

Beginning in late 1994 and continuing through 1996, the Company purchased 3.3 million shares of its Common Stock in open market transactions for a total of \$175 million. Of these totals, one million shares were purchased for \$61 million during 1996. Under the most recent authorization of the Board of Directors for share repurchase, the Company can purchase up to an additional 4.7 million shares.

## Cash Provided by Operations

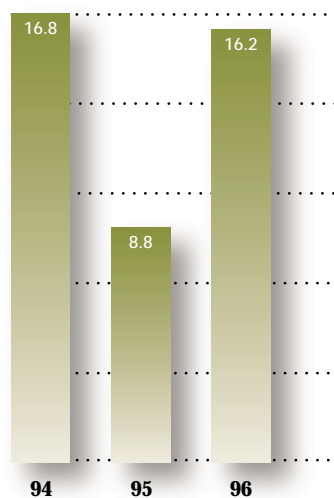
*Dollars in millions*



Cash dividends totaled \$1.46 per common share in 1996, compared with \$1.38 in 1995 and \$1.30 in 1994. The dividend payout rate was 31% in 1996, compared with 57% in 1995 due to lower earnings and 31% in 1994. The indicated annual dividend rate for 1997 is \$1.52 per share. VF has paid dividends on its Common Stock annually since 1941 and intends to maintain a long-term payout rate of 30%.

## Return on Average Common Equity

*Percent*



The Company's strong financial position, including existing cash, unused credit lines and a low debt ratio, provides substantial capacity to meet investment opportunities that may arise.

## Other Matters

The Company is a defendant in an action initiated in 1990 alleging infringement of a patent allegedly relating to a process, commonly called "acid wash," used in the production of certain denim garments. Similar actions have been brought against other denim apparel manufacturers. The Company is vigorously contesting the action and believes that it has numerous substantive defenses. No trial date has been ordered. Based on currently available information and the advice of counsel, management is not in a position to determine the likelihood of the outcome of the action with certainty. Notwithstanding, management believes at this time that the outcome will not have a material impact on the financial position of the Company.

## VF Corporation Consolidated Statements of Common Shareholders' Equity

<i>In thousands</i>	<i>Common Stock</i>	<i>Additional Paid-in Capital</i>	<i>Foreign Currency Translation</i>	<i>Retained Earnings</i>
<b>Balance January 1, 1994</b>	\$64,489	\$543,165	\$(12,865)	\$ 952,611
Net income	-	-	-	274,536
Cash dividends:				
Common Stock	-	-	-	(83,994)
Series B Preferred Stock	-	-	-	(4,229)
Tax benefit from Preferred Stock dividends	-	-	-	1,082
Redemption of Preferred Stock	-	-	-	(284)
Purchase of treasury shares	(588)	-	-	(27,290)
Exercise of stock options, net of shares surrendered	264	9,762	-	(72)
Foreign currency translation, net of \$9,381 deferred income taxes	-	-	17,422	-
<b>Balance December 31, 1994</b>	64,165	552,927	4,557	1,112,360
Net income	-	-	-	157,291
Cash dividends:				
Common Stock	-	-	-	(87,907)
Series B Preferred Stock	-	-	-	(4,131)
Tax benefit from Preferred Stock dividends	-	-	-	955
Redemption of Preferred Stock	-	-	-	(507)
Restricted stock	5	(230)	-	248
Purchase of treasury shares	(1,720)	-	-	(84,531)
Exercise of stock options, net of shares surrendered	989	41,279	-	(170)
Foreign currency translation, net of \$8,576 deferred income taxes	-	-	15,926	-
<b>Balance December 30, 1995</b>	<b>63,439</b>	<b>593,976</b>	<b>20,483</b>	<b>1,093,608</b>
Net income	-	-	-	<b>299,524</b>
Cash dividends:				
Common Stock	-	-	-	<b>(93,020)</b>
Series B Preferred Stock	-	-	-	<b>(4,016)</b>
Tax benefit from Preferred Stock dividends	-	-	-	<b>827</b>
Redemption of Preferred Stock	-	-	-	<b>(1,218)</b>
Restricted stock	-	<b>23</b>	-	-
Purchase of treasury shares	<b>(1,015)</b>	-	-	<b>(60,468)</b>
Exercise of stock options, net of shares surrendered	<b>1,484</b>	<b>74,555</b>	-	<b>(388)</b>
Foreign currency translation, net of \$7,568 deferred income taxes	-	-	<b>(14,055)</b>	-
<b>Balance January 4, 1997</b>	<b>\$63,908</b>	<b>\$668,554</b>	<b>\$ 6,428</b>	<b>\$1,234,849</b>

See notes to consolidated financial statements.

# VF Corporation Notes to Consolidated Financial Statements

VF Corporation's principal business is designing, manufacturing and marketing high quality branded jeanswear, knitwear, intimate apparel, children's playwear and other apparel. Jeanswear and related products represent over one-half of consolidated sales and earnings and approximately one-half of total assets. The Company's customers are primarily department, discount and specialty stores throughout the world. One domestic discount store group comprised 10.3% of consolidated sales in 1996 and 10.5% in 1995.

## Note A – Accounting Policies

**Principles of Consolidation:** The consolidated financial statements include the accounts of VF Corporation and all majority owned subsidiaries after elimination of intercompany transactions and profits.

**Inventories** are stated at the lower of cost or market. Inventories stated on the last-in, first-out basis represent 29% of total 1996 inventories and 33% in 1995. Remaining inventories are valued using the first-in, first-out method.

**Property and Depreciation:** Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, ranging up to 40 years for buildings and 10 years for machinery and equipment.

**Intangible Assets** represent the excess of costs over the fair value of net tangible assets of businesses acquired, less accumulated amortization of \$224.5 million and \$208.4 million in 1996 and 1995. These assets are amortized on the straight-line method over five to forty years.

The Company's policy is to evaluate intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. This evaluation is based on a number of factors, including a business unit's expectations for operating income and undiscounted cash flows that will result from the use of such assets.

**Advertising Costs** are expensed as incurred and were \$271.4 million in 1996, \$230.6 million in 1995 and \$218.9 million in 1994.

**Earnings Per 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.

**Stock-based Employee Benefit Plans:** Compensation expense is not recorded for stock options granted at fair market value. For grants of restricted stock, compensation equal to the market value of shares at the date of grant is deferred and amortized to expense over the vesting period.

**Use of Estimates:** In preparing financial statements in accordance with generally accepted accounting principles, management makes estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## Note B – Acquisitions

In August 1996, the Company acquired a manufacturer and marketer of flame retardant apparel for \$20.8 million. Intangible assets related to this acquisition totaled \$18.1 million. During 1995 and 1996, the Company paid a total of \$15.5 million for a company that manufactures and markets Lee branded products in Mexico. In January 1994, the Company acquired the common stock of H.H. Cutler Company for a total consideration of \$154.7 million and the common stock of Nutmeg Industries, Inc. for a total consideration of \$352.2 million, of which \$349.1 million related to intangible assets of these companies. Both companies manufacture and market licensed apparel.

All acquisitions have been accounted for as purchases, and accordingly the purchase prices have been allocated to the net assets acquired based on fair values at the dates of acquisition. The excess of cost over fair value of the purchased businesses has been allocated to intangible assets and is being amortized primarily over 40 years. Operating results of these companies have been included in the consolidated financial statements since the dates of acquisition.

## Note C – Inventories

<i>(In thousands)</i>	<i>1996</i>	<i>1995</i>
Finished products	\$394,962	\$514,688
Work in process	168,774	139,721
Materials and supplies	167,087	187,498
	<u>\$730,823</u>	<u>\$841,907</u>

The current cost of inventories stated on the last-in, first-out method (see Note A) is not significantly different from their value determined under the first-in, first-out method.

## Note D – Property, Plant and Equipment

<i>(In thousands)</i>	<i>1996</i>	<i>1995</i>
Land	\$ 44,244	\$ 42,605
Buildings	402,635	389,135
Machinery and equipment	1,096,472	1,058,644
	<u>1,543,351</u>	<u>1,490,384</u>
Less accumulated depreciation	821,827	740,504
	<u>\$ 721,524</u>	<u>\$ 749,880</u>

## Note E – Short-term Borrowings

<i>(In thousands)</i>	<i>1996</i>	<i>1995</i>
Commercial paper		\$143,070
Banks	\$17,528	86,875
	<u>\$17,528</u>	<u>\$229,945</u>

The weighted average interest rate was 12.6% at the end of 1996 and 6.6% at the end of 1995.

The Company maintains an unsecured revolving credit agreement with a group of banks for \$750.0 million that supports commercial paper borrowings and is otherwise available for general corporate purposes. The agreement, which extends to 1999, requires a .12% facility fee per year and contains various financial covenants, including minimum net worth and

debt ratio requirements. At January 4, 1997, there were no borrowings under the agreement.

**Note F – Accrued Liabilities**

<i>(In thousands)</i>	1996	1995
Income taxes	\$ 81,419	\$ 44,182
Compensation	87,027	49,583
Insurance	64,247	50,805
Special charges (Note M)	16,218	66,277
Other	178,474	148,215
	\$427,385	\$359,062

**Note G – Long-term Debt**

<i>(In thousands)</i>	1996	1995
9.50% notes, due 1999		\$100,000
9.50% notes, due 2001	\$100,000	100,000
6.63% notes, due 2003	100,000	100,000
7.60% notes, due 2004	100,000	100,000
6.75% notes, due 2005	100,000	100,000
9.25% debentures, due 2022	100,000	100,000
Capital leases and other	20,356	16,932
	520,356	616,932
Less current portion	1,298	2,715
	\$519,058	\$614,217

The scheduled payments of long-term debt are \$.6 million in each of 1998, 1999 and 2000 and \$116.5 million in 2001. The Company paid interest of \$62.6 million in 1996, \$74.4 million in 1995 and \$83.1 million in 1994.

**Note H – Other Liabilities**

<i>(In thousands)</i>	1996	1995
Deferred income taxes	\$ 43,131	\$ 59,191
Deferred compensation	84,617	76,834
Other	36,329	33,367
	\$164,077	\$169,392

**Note I – Benefit Plans**

The Company sponsors a noncontributory defined benefit pension plan covering substantially all full-time domestic employees. Benefits are based on employees' compensation and years of service. The Company annually contributes amounts, as determined by an actuary, that provide the plan with sufficient assets to meet future benefit payments. Plan assets consist principally of common stocks, U.S. government obligations and corporate obligations.

The effect of the defined benefit plan on income is as follows:

<i>(In thousands)</i>	1996	1995	1994
Service cost – benefits earned during the year	\$ 17,160	\$ 14,660	\$ 16,230
Interest cost on projected benefit obligation	31,060	26,409	25,639
Actual return on plan assets	(38,049)	(68,659)	(5,193)
Net amortization and deferral	7,711	44,606	(18,124)
Pension expense	\$ 17,882	\$ 17,016	\$ 18,552

The funded status of the defined benefit plan, based on a September 30 valuation date, is as follows:

<i>(In thousands)</i>	1996	1995
Present value of vested benefits	\$326,185	\$307,952
Present value of accumulated benefits	\$372,183	\$333,846
Plan assets at fair value	\$405,000	\$358,051
Present value of projected benefits	411,295	392,112
Funded status	(6,295)	(34,061)
Unrecognized net loss	12,387	31,526
Unrecognized net asset	(7,446)	(11,824)
Unrecognized prior service cost	18,208	23,195
Pension asset recorded in Other Assets	\$ 16,854	\$ 8,836

The projected benefit obligation was determined using an assumed discount rate of 8.0% in 1996, 7.8% in 1995 and 8.3% in 1994. The assumption for compensation increases was 4.5% in 1996 and 5.0% in 1995 and 1994, and the assumption for return on plan assets was 8.8% in each year.

The Company sponsors an Employee Stock Ownership Plan (ESOP) as part of a 401(k) savings plan covering most domestic salaried employees. Contributions made by the Company to the 401(k) plan are based on a specified percentage of employee contributions. Cash contributions by the Company were \$5.5 million in 1996, \$5.8 million in 1995 and \$5.6 million in 1994. Plan expense was \$5.7 million in 1996, \$6.2 million in 1995 and \$6.4 million in 1994, after giving effect to tax-deductible dividends on the Series B Preferred Stock of \$4.0 million in 1996, \$4.1 million in 1995 and \$4.2 million in 1994.

The Company sponsors other savings and retirement plans for certain domestic and foreign employees. Expense for these plans totaled \$9.6 million in 1996, \$13.3 million in 1995 and \$9.7 million in 1994.

**Note J – Capital**

Common shares outstanding are net of shares held in treasury of 2,399,323 in 1996, 1,376,976 in 1995 and 2,358,675 in 1994. During 1995, 2,700,000 treasury shares were retired.

There are 25,000,000 authorized shares of Preferred Stock, \$1 par value. As of January 4, 1997, 2,000,000 shares are designated as Series A Preferred Stock, of which none have been issued. In addition, 2,105,263 shares are designated as 6.75% Series B Preferred Stock, which were purchased by the ESOP.

There were 1,881,515 shares of Series B Preferred Stock outstanding at January 4, 1997, 1,964,942 shares outstanding at December 30, 1995 and 2,014,427 shares outstanding at December 31, 1994, after share redemptions.

Each outstanding share of Common Stock has one preferred stock purchase right attached. The rights become exercisable ten days after an outside party acquires, or makes an offer for, 20% or more of the Common Stock. Each right entitles its holder to buy 1/100 share of Series A Preferred Stock for \$100. Once exercisable, if the Company is involved in a merger or other business combination or an outside party acquires 20% or more of the Common Stock, each right will be modified to entitle its holder (other than the acquiror) 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 acquiror may be exchanged for one share of VF Common Stock or 1/100 share of Series A Preferred Stock. The rights, which expire on January 13, 1998, may be redeemed at \$.01 per right prior to their becoming exercisable.

## Note K – Redeemable Preferred Stock

Each share of Series B Preferred Stock has a redemption value of \$30.88 plus cumulative accrued dividends, is convertible into 8/10 share of Common Stock and is entitled to one vote per share along with the Common Stock. The trustee for the ESOP may convert the preferred shares to Common Stock at any time or may cause the Company to redeem the preferred shares under certain circumstances. The Series B Preferred Stock also has preference in liquidation over all other stock issues.

The ESOP's purchase of the preferred shares was funded by a loan of \$65.0 million from the Company that bears interest at 9.80% and is payable in increasing installments through 2003. Interest related to this loan was \$4.4 million in 1996, \$4.9 million in 1995 and \$5.3 million in 1994. Principal and interest obligations on the loan are satisfied as the Company makes contributions to the savings plan and dividends are paid on the Preferred Stock. As principal payments are made on the loan, shares of Preferred Stock are allocated to participating employees' accounts within the ESOP.

## Note L – Stock Options

The Company has granted nonqualified stock options to officers, directors and key employees under two stock option plans at prices not less than fair market value on the date of grant. Options become exercisable one year after the date of grant and expire ten years after the date of grant.

Activity in the stock option plans is summarized as follows:

	<i>Shares Under Options</i>	<i>Weighted Average Exercise Price</i>
Balance January 1, 1994	4,168,291	\$44.61
Options granted	1,015,475	47.90
Options exercised	(265,408)	31.57
Options canceled	(178,870)	53.96
Balance December 31, 1994	4,739,488	45.69
Options granted	1,088,775	52.00
Options exercised	(992,710)	36.42
Options canceled	(73,504)	50.83
Balance December 30, 1995	4,762,049	48.99
Options granted	361,105	68.94
Options exercised	(1,491,288)	45.74
Options canceled	(171,225)	49.72
Balance January 4, 1997	3,460,641	\$52.43

Stock options outstanding at January 4, 1997 are summarized as follows:

<i>Range of Exercise Prices</i>	<i>Number Outstanding</i>	<i>Weighted Average Remaining Contractual Life</i>	<i>Weighted Average Exercise Price</i>
\$16-20	23,850	3.9 years	\$16.19
21-30	34,300	1.7 years	27.53
31-40	218,415	4.4 years	35.48
41-50	885,271	7.5 years	46.77
51-60	1,937,700	7.3 years	54.74
61-69	361,105	9.9 years	68.94
\$16-69	3,460,641	7.4 years	\$52.43

All above options are exercisable except for those granted in 1996. There are 36,595 options available for future grants. In December 1996 the Board of Directors adopted the 1996 Stock Compensation Plan, subject to shareholder approval at the April 1997 Annual Meeting. Under the 1996 plan, there are an additional 621,595 options that have been granted at \$69.00 per share, subject to shareholder approval of the new plan.

The Company has not recognized compensation expense in connection with stock options grants under the plans. However, had compensation expense been determined based on the fair value of the options on the grant dates, the Company's pro forma net income and both primary and fully diluted earnings per share for 1996 would have been reduced by \$6.9 million or \$.11 per share. Because options are granted late in the year, the pro forma expense for 1995 would not be meaningful and is therefore not presented.

The fair value of options granted during 1996 was \$15.95 per share and of options granted during 1995 was \$10.98 per share. Fair value is estimated based on the Black-Scholes option-pricing model with the following weighted average assumptions for grants in 1996 and 1995: dividend yield of 2.5%; expected volatility of 20%; risk-free interest rates of 6.5% in 1996 and 5.4% in 1995; and expected lives of 5 years.

The Company has granted to a key employee 5,253 shares of restricted stock that vest in the year 2005. The Company has 300,000 shares available for future grants under the 1995 Key Employee Restricted Stock Plan.

## Note M – Special Charges

During the fourth quarter of 1995, the Company recorded special charges totaling \$155.9 million (\$1.61 per share) to address changes in consumer buying habits and the increasingly competitive retail environment that have occurred in the apparel industry. These charges were aimed at reducing the Company's overall cost structure, including both manufacturing and administrative costs, through the closure of higher cost manufacturing facilities and personnel reductions in administrative positions. In addition, included in the charges were provisions related to better align inventories to existing retailer and consumer requirements.

These actions affected approximately 7,700 of the Company's employees in manufacturing and headquarters locations throughout North America and Europe. Charges related to

personnel reductions, including severance and related benefits, totaled \$46.9 million. Of this amount, \$6.7 million was paid in 1995 and \$33.3 million was paid in 1996 to approximately 6,200 employees who have been terminated. The remainder of the employees included in the cost reduction initiatives are located at manufacturing and other facilities that are still in the closure process. Remaining cash payments of \$6.9 million will be made to those employees during 1997.

The remaining \$109.0 million of the 1995 special provisions included noncash charges of \$59.9 million for asset write-offs for closed manufacturing facilities and business and inventory realignments and \$49.1 million for expected cash charges for lease and other contract terminations. Cash payments totaled \$23.0 million in 1995 and \$16.8 million in 1996. Remaining cash payments totaling \$9.3 million relate to asset disposition and contract and lease termination costs to be paid in 1997.

The special charges were recorded in the 1995 consolidated statement of income as follows: Cost of Products Sold - \$109.8 million; Marketing, Administrative and General Expenses - \$41.7 million; Miscellaneous and Other Operating Expenses - \$4.4 million.

#### Note N – Income Taxes

The provision for income taxes is computed based on the following amounts of income before income taxes:

<i>(In thousands)</i>	1996	1995	1994
Domestic	\$433,959	\$261,437	\$409,806
Foreign	74,449	22,698	45,855
	\$508,408	\$284,135	\$455,661

The provision for income taxes consists of:

<i>(In thousands)</i>	1996	1995	1994
Current:			
Federal	\$179,217	\$136,863	\$149,000
Foreign	43,493	32,535	24,649
State	15,894	11,299	12,978
	238,604	180,697	186,627
Deferred, primarily federal	(29,720)	(53,853)	(5,502)
	\$208,884	\$126,844	\$181,125

The reasons for the difference between income taxes computed by applying the statutory federal income tax rate and income tax expense in the financial statements are as follows:

<i>(In thousands)</i>	1996	1995	1994
Tax at federal statutory rate	\$177,943	\$ 99,448	\$159,481
State income taxes, net of federal tax benefit	10,331	7,344	8,436
Amortization of intangible assets	7,091	7,319	7,126
Foreign operating losses with no current benefit	7,109	11,169	2,302
Other, net	6,410	1,564	3,780
	\$208,884	\$126,844	\$181,125

Deferred income tax assets and liabilities consist of the following:

<i>(In thousands)</i>	1996	1995
Deferred income tax assets:		
Employee benefits	\$ 42,582	\$ 39,567
Other accrued expenses	93,922	82,453
Inventories	21,934	19,603
Operating loss carryforwards	32,760	27,018
	191,198	168,641
Valuation allowance	(29,296)	(22,154)
	\$161,902	\$146,487
Deferred income tax liabilities:		
Depreciation	\$ 58,848	\$ 62,473
Inventories	21,596	22,492
Foreign currency translation	3,461	11,030
Unremitted foreign earnings	6,735	11,373
Other	16,461	6,349
	\$107,101	\$113,717

The Company has \$77.4 million of foreign operating loss carryforwards expiring at various dates; a valuation allowance has been provided where it is more likely than not that the deferred tax assets relating to certain of those loss carryforwards will not be realized. Income taxes paid were \$177.4 million in 1996, \$172.0 million in 1995 and \$177.0 million in 1994.

#### Note O – Operations by Geographic Area

<i>(In thousands)</i>	1996	1995	1994
Net sales:			
United States	\$4,203,675	\$4,192,435	\$4,209,090
Foreign	933,503	869,864	762,623
	\$5,137,178	\$5,062,299	\$4,971,713
Operating income:			
United States	\$ 481,684	\$ 328,878	\$ 493,922
Foreign	111,064	59,173	75,253
	592,748	388,051	569,175
Corporate expenses	(35,465)	(40,661)	(38,669)
Interest, net	(49,387)	(66,217)	(70,984)
Miscellaneous, net	512	2,962	(3,861)
Income before income taxes	\$ 508,408	\$ 284,135	\$ 455,661
Identifiable assets:			
United States	\$2,546,162	\$2,672,864	\$2,632,079
Foreign	646,410	684,426	610,543
Corporate	256,963	89,781	92,986
	\$3,449,535	\$3,447,071	\$3,335,608

Foreign operations are conducted primarily in Europe. Foreign operations located elsewhere are not significant. Corporate assets consist primarily of cash and cash equivalents. The 1995 special charges (Note M) were incurred as follows: United States - \$127.1 million; Foreign - \$22.9 million; Corporate - \$2.9 million; Miscellaneous - \$3.0 million.

**Note P – Leases**

The Company leases certain facilities and equipment under noncancelable operating leases. Rental expense was \$67.0 million in 1996, \$70.4 million in 1995 and \$55.5 million in 1994. Future minimum lease payments are \$45.6 million, \$35.5 million, \$26.3 million, \$22.5 million and \$19.4 million for the years 1997 through 2001 and \$57.2 million thereafter.

**Note Q – Contingencies**

The Company has certain contingent liabilities resulting from legal proceedings and claims arising in the ordinary course of business. Management believes that the probable resolution of such contingencies will not have a material adverse effect on the financial position of the Company.

**Note R – Financial Instruments**

The following represents the carrying amount and fair value of financial instruments included in the balance sheets:

<i>(In thousands)</i>	1996		1995	
	<i>Carrying Amount</i>	<i>Fair Value</i>	<i>Carrying Amount</i>	<i>Fair Value</i>
Financial liabilities:				
Short-term borrowings	\$ 17,528	\$ 17,528	\$229,945	\$229,945
Long-term debt	519,058	537,698	614,217	668,108
Series B Preferred Stock	58,092	101,602	60,667	82,921

The fair value of the Company's short-term and long-term debt is estimated based on quoted market prices or values of comparable borrowings. The fair value of the Series B Preferred Stock is based on a valuation by an independent financial consulting firm.

**Quarterly Results of Operations** (Unaudited)

<i>In thousands, except per share amounts</i>	<i>Net Sales</i>	<i>Gross Profit</i>	<i>Net Income</i>	<i>Earnings Per Common Share</i>		<i>Dividends Per Common Share</i>
				<i>Primary</i>	<i>Fully Diluted</i>	
<b>1996</b>						
First quarter	\$1,158,123	\$ 380,517	\$ 55,930	\$ .86	\$ .85	\$ .36
Second quarter	1,220,997	396,319	69,892	1.08	1.06	.36
Third quarter	1,380,919	446,358	91,048	1.42	1.39	.36
Fourth quarter	1,377,139	455,818	82,654	1.28	1.25	.38
	\$5,137,178	\$1,679,012	\$299,524	\$4.64	\$4.54	\$1.46
<b>1995</b>						
First quarter	\$1,187,587	\$ 388,439	\$ 57,953	\$ .89	\$ .87	\$ .34
Second quarter	1,271,936	400,924	65,237	1.01	.99	.34
Third quarter	1,332,102	412,552	69,718	1.08	1.05	.34
Fourth quarter	1,270,674	282,829	(35,617)*	(0.57)*	(0.57)*	.36
	\$5,062,299	\$ 1,484,744	\$ 157,291	\$ 2.41	\$ 2.37	\$ 1.38
<b>1994</b>						
First quarter	\$1,123,035	\$ 362,612	\$ 52,898	\$ .81	\$ .79	\$ .32
Second quarter	1,186,324	380,175	58,916	.90	.88	.32
Third quarter	1,373,037	442,077	87,804	1.34	1.31	.32
Fourth quarter	1,289,317	399,554	74,918	1.15	1.12	.34
	\$4,971,713	\$ 1,584,418	\$ 274,536	\$ 4.20	\$ 4.10	\$ 1.30

\* Special charges of \$155.9 million reduced net income by \$102.5 million (\$1.61 per share). See Note M to consolidated financial statements.

# VF Corporation Summary of Operations

*In thousands, except per share amounts*

	1996	1995	1994	1993
<b>Summary of Operations</b>				
Net sales	\$5,137,178	\$5,062,299	\$4,971,713	\$4,320,404
Cost of products sold	3,458,166	3,577,555	3,387,295	2,974,861
Gross profit	1,679,012	1,484,744	1,584,418	1,345,543
Marketing, administrative and other	1,121,729	1,137,354	1,053,912	911,063
Operating income	557,283	347,390	530,506	434,480
Interest, net	(49,387)	(66,217)	(70,984)	(37,387)
Miscellaneous, net	512	2,962	(3,861)	2,894
Income before income taxes	508,408	284,135	455,661	399,987
Income taxes	208,884	126,844	181,125	153,572
Net income	\$ 299,524	\$ 157,291	\$ 274,536	\$ 246,415
Per share of Common Stock <sup>1</sup>				
Earnings – primary	\$ 4.64	\$ 2.41	\$ 4.20	\$ 3.80
Dividends	1.46	1.38	1.30	1.22
Average number of common shares outstanding	63,646	63,743	64,620	64,011
Net income as % of average common shareholders' equity	16.2%	8.8%	16.8%	16.9%
Net income as % of average total assets	8.6%	4.4%	7.9%	8.5%

## Financial Position

Accounts receivable, net	\$ 592,942	\$ 629,506	\$ 613,337	\$ 511,887
Inventories	730,823	841,907	801,338	778,767
Total current assets	1,706,326	1,667,637	1,551,166	1,500,180
Property, plant and equipment, net	721,524	749,880	767,011	712,759
Total assets	3,449,535	3,447,071	3,335,608	2,877,348
Total current liabilities	766,267	868,320	912,332	659,848
Long-term debt	519,058	614,217	516,700	527,573
Common shareholders' equity	1,973,739	1,771,506	1,734,009	1,547,400

## Other Statistics

Working capital	\$ 940,059	\$ 799,317	\$ 638,834	\$ 840,332
Current ratio	2.2	1.9	1.7	2.3
Debt to total capital ratio <sup>2</sup>	21.4%	32.3%	32.7%	30.3%
Dividends	\$ 97,036	\$ 92,038	\$ 88,223	\$ 82,831
Purchase of Common Stock	61,483	86,251	27,878	–
Cash provided by operations	711,454	323,656	479,401	293,751
Capital expenditures (excluding acquisitions)	138,747	155,206	132,908	209,494
Depreciation and amortization	160,578	167,721	158,511	125,765

## Market Data

Market price range <sup>1</sup>	\$ 69 <sup>7</sup> / <sub>8</sub> -47 <sup>5</sup> / <sub>8</sub>	\$ 57 <sup>7</sup> / <sub>8</sub> -46 <sup>3</sup> / <sub>4</sub>	\$ 53 <sup>3</sup> / <sub>4</sub> -44 <sup>1</sup> / <sub>4</sub>	\$ 56 <sup>1</sup> / <sub>2</sub> -39 <sup>1</sup> / <sub>2</sub>
Book value per common share <sup>1</sup>	30.88	27.92	27.02	23.99
Price earnings ratio – high-low	15.1-10.3	23.7-19.4	12.8-10.5	14.9-10.4
Rate of payout <sup>3</sup>	31.5%	57.3%	31.0%	32.1%

<sup>1</sup> Per share computations and market price ranges have been adjusted to reflect a two-for-one stock split in April 1986.

<sup>2</sup> Capital is defined as common shareholders' equity plus short-term and long-term debt.

<sup>3</sup> Dividends per share divided by earnings per share.

1992	1991	1990	1989	1988	1987	1986
\$3,824,449	\$2,952,433	\$2,612,613	\$2,532,711	\$2,516,107	\$2,573,762	\$1,544,574
2,603,726	2,039,787	1,874,590	1,753,476	1,751,577	1,758,773	1,002,856
1,220,723	912,646	738,023	779,235	764,530	814,989	541,718
788,216	604,774	528,443	465,095	457,958	452,307	278,309
432,507	307,872	209,580	314,140	306,572	362,682	263,409
(53,615)	(55,155)	(64,938)	(38,908)	(38,232)	(50,631)	(18,319)
(3,119)	10,480	(1,558)	8,513	6,590	1,694	4,353
375,773	263,197	143,084	283,745	274,930	313,745	249,443
138,742	101,867	61,960	107,734	101,270	134,051	112,985
\$ 237,031	\$ 161,330	\$ 81,124	\$ 176,011	\$ 173,660	\$ 179,694	\$ 136,458
\$ 3.97	\$ 2.75	\$ 1.35	\$ 2.72	\$ 2.55	\$ 2.65	\$ 2.16
1.11	1.02	1.00	.91	.85	.75	.66
58,608	57,152	57,122	64,803	68,165	67,793	63,068
23.0%	18.8%	9.9%	17.4%	16.8%	19.8%	21.5%
9.7%	8.0%	4.1%	9.3%	9.1%	9.4%	12.3%
\$ 493,030	\$ 333,073	\$ 301,032	\$ 319,981	\$ 266,399	\$ 285,370	\$ 267,368
742,474	537,027	436,657	507,451	422,801	493,024	465,988
1,365,573	1,071,109	824,249	873,532	786,466	912,038	877,064
711,087	577,019	537,178	513,927	482,248	507,106	488,898
2,712,380	2,126,913	1,852,829	1,889,764	1,759,862	1,925,656	1,897,782
684,002	510,776	351,462	325,057	231,024	463,993	452,876
767,641	583,209	585,142	637,549	302,348	322,888	437,558
1,153,971	938,078	823,126	819,777	1,095,383	980,591	831,249
\$ 681,571	\$ 560,333	\$ 472,787	\$ 548,475	\$ 555,442	\$ 448,045	\$ 424,188
2.0	2.1	2.3	2.7	3.4	2.0	1.9
44.8%	42.2%	44.9%	47.3%	22.9%	35.7%	45.4%
\$ 69,552	\$ 62,712	\$ 61,133	\$ 57,313	\$ 57,958	\$ 50,862	\$ 42,124
-	-	29,950	395,213	-	-	-
123,060	287,172	284,378	172,822	328,260	250,121	164,072
207,202	110,762	110,143	125,294	64,137	90,817	60,775
108,281	90,991	97,850	91,029	88,934	89,689	54,966
\$ 57½-38½	\$ 41½-17½	\$ 34¼-11½	\$ 38⅝-27¾	\$ 33⅞-24¾	\$ 48¼-22	\$ 36-24
19.39	16.26	14.44	14.14	16.05	14.43	12.30
14.5-9.7	15.1-6.4	25.4-8.6	14.1-10.2	13.3-9.7	18.2-8.3	16.7-11.1
28.0%	37.1%	74.1%	33.5%	33.3%	28.3%	30.6%

## Board of Directors

**Wm. Houston Blount**<sup>†</sup> (2,4,5)  
Chairman of the Board Emeritus  
Vulcan Materials Company  
Birmingham, Alabama  
(Diversified industrial company)  
Director – 1984-1992

**Robert D. Buzzell** (1,6)  
Distinguished Professor  
School of Business Administration  
George Mason University  
Fairfax, Virginia  
(1983, age 63)

**Edward E. Crutchfield** (2,4,6)  
Chairman and Chief  
Executive Officer  
First Union Corporation  
Charlotte, North Carolina  
(Banking)  
(1992, age 55)

**Ursula F. Fairbairn** (1,6)  
Executive Vice President –  
Human Resources & Quality  
American Express Company  
New York, New York  
(Financial services company)  
(1994, age 54)

**Barbara S. Feigin** (2,5,6)  
Executive Vice President  
Grey Advertising Inc.  
New York, New York  
(Advertising)  
(1987, age 59)

**Roger S. Hillas** (1,2)  
Former Chairman  
Meritor Savings Bank  
Philadelphia, Pennsylvania  
(Banking)  
(1982, age 69)

**Leon C. Holt, Jr.** (2,3,4)  
Former Vice Chairman and  
Chief Administrative Officer  
Air Products and Chemicals, Inc.  
Allentown, Pennsylvania  
(Industrial gases and chemicals)  
(1983, age 71)

**Robert J. Hurst** (4,5)  
Vice Chairman  
Goldman, Sachs & Co.  
New York, New York  
(International investment  
banking and securities firm)  
(1994, age 51)

**Mackey J. McDonald** (1\*,3,4\*)  
President and Chief Executive  
Officer  
(1993, age 50)

**William E. Pike** (3,4,5,6)  
Former Executive Vice President  
J.P. Morgan & Co. Incorporated  
New York, New York  
(Banking)  
(1972, age 68)

**Lawrence R. Pugh** (1\*,3,4\*)  
Chairman of the Board  
(1980, age 64)

**M. Rust Sharp** (3,4)  
Of Counsel  
Pepper, Hamilton, & Scheetz  
Philadelphia, Pennsylvania  
(Attorneys)  
(1984, age 56)

**L. Dudley Walker** (1)  
Chairman of the Board  
Bassett-Walker, Inc.  
(1984, age 66)

### Committees of the Board

- 1 Advisory Committee on Pension Investments
- 2 Audit Committee
- 3 Executive Committee
- 4 Finance Committee
- 5 Nominating Committee
- 6 Organization and Compensation Committee

† Emeritus  
\* Ex officio member

( ) Indicates year first elected a Director and current age.

## Corporate Officers

**Lawrence R. Pugh**  
Chairman of the Board  
(1980, age 64)

**Mackey J. McDonald**  
President and Chief  
Executive Officer  
(1982, age 50)

**Timothy A. Lambeth**  
Vice President and President –  
European & Asian Operations  
(1968, age 55)

**Daniel G. MacFarlan**  
Vice President and Chairman –  
Knitwear, Playwear &  
Intimate Apparel Coalitions  
(1978, age 46)

**John P. Schamberger**  
Vice President and Chairman –  
North & South America  
Jeanswear Coalition  
(1972, age 48)

**Candace S. Cummings**  
Vice President – Administration  
and General Counsel  
(1995, age 49)

**Louis J. Fecile**  
Vice President – Employee  
Benefits  
(1980, age 57)

**Gerard G. Johnson**  
Vice President – Finance and  
Chief Financial Officer  
(1988, age 56)

**Janet J. Peters**  
Sr. Vice President – Intimate  
Apparel Product Design  
(1951, age 66)

**Frank C. Pickard III**  
Vice President – Treasurer  
(1976, age 52)

**Robert K. Shearer**  
Vice President – Controller  
(1986, age 45)

**Lori M. Tarnoski**  
Vice President – Secretary  
(1961, age 57)

**Susan Larson Williams**  
Vice President – Human  
Resources  
(1983, age 39)

**Roger F. Eichlin**  
Assistant Vice President –  
Risk and Real Estate  
Management  
(1975, age 58)

**Richard Lipinski**  
Assistant Vice  
President – Taxes  
(1986, age 51)

**David L. Reklau**  
Financial Controller  
(1981, age 50)

( ) Indicates year first employed and current age.

# VF Corporation Investor Information

## Common Stock

Listed on the New York Stock Exchange and Pacific Stock Exchange – trading symbol VFC.

## Shareholders of Record

As of February 19, 1997, there were 7,594 shareholders of record.

## Dividend Policy

Quarterly dividends on VF Corporation Common Stock, when declared, are paid on or about the 20th day of March, June, September and December.

## Dividend Reinvestment Plan

The Plan is offered to shareholders by First Chicago Trust Company of New York. The Plan provides for automatic dividend reinvestment and voluntary cash contributions for the purchase of additional shares of VF Corporation Common Stock. Questions concerning general Plan information should be directed to the Office of the Vice President – Secretary of VF Corporation.

## Dividend Direct Deposit

Shareholders may have their dividends deposited into their savings or checking account at any bank that is a member of the Automated Clearing House (ACH) system. A brochure describing this service may be obtained by contacting First Chicago or VF Corporation.

## Quarterly Common Stock Price Information

The high and low sales prices for the periods indicated were as follows:

	1996		1995		1994	
	High	Low	High	Low	High	Low
First quarter	\$56 <sup>3</sup> / <sub>4</sub>	\$47 <sup>3</sup> / <sub>8</sub>	\$53 <sup>3</sup> / <sub>8</sub>	\$47 <sup>1</sup> / <sub>8</sub>	\$51 <sup>7</sup> / <sub>8</sub>	\$44 <sup>1</sup> / <sub>2</sub>
Second quarter	63 <sup>3</sup> / <sub>8</sub>	53 <sup>3</sup> / <sub>4</sub>	53 <sup>3</sup> / <sub>4</sub>	50 <sup>1</sup> / <sub>2</sub>	53 <sup>3</sup> / <sub>4</sub>	46
Third quarter	62 <sup>3</sup> / <sub>8</sub>	52 <sup>1</sup> / <sub>2</sub>	57 <sup>1</sup> / <sub>8</sub>	48	52 <sup>7</sup> / <sub>8</sub>	46 <sup>1</sup> / <sub>2</sub>
Fourth quarter	69 <sup>7</sup> / <sub>8</sub>	59	53 <sup>3</sup> / <sub>8</sub>	46 <sup>3</sup> / <sub>4</sub>	51 <sup>3</sup> / <sub>8</sub>	44 <sup>1</sup> / <sub>4</sub>

## Corporate Office

1047 North Park Road  
Wyomissing, Pennsylvania 19610  
Telephone: (610) 378-1151  
Facsimile: (610) 375-9371  
Mail Address: P.O. Box 1022  
Reading, Pennsylvania 19603

## Annual Meeting

The Annual Meeting of Shareholders will be held on Tuesday, April 15, 1997 at 10:30 AM at The Inn at Reading, Park Road & Warren Street By-Pass, Wyomissing, Pennsylvania 19610

## Shareholder Contact

Office of the Vice President – Secretary  
VF Corporation  
1047 North Park Road  
Wyomissing, Pennsylvania 19610

## Transfer Agent and Registrar

First Chicago Trust  
Company of New York  
P.O. Box 2500, Suite 4694  
Jersey City, New Jersey 07303-2500  
Telephone Response Center:  
(201) 324-1225

## Independent Accountants

Coopers & Lybrand L.L.P.  
2400 Eleven Penn Center  
Philadelphia, Pennsylvania  
19103-2962

## Form 10-K

Copies of the Company's Form 10-K Report to the Securities and Exchange Commission may be obtained from the Office of the Vice President – Secretary, VF Corporation.

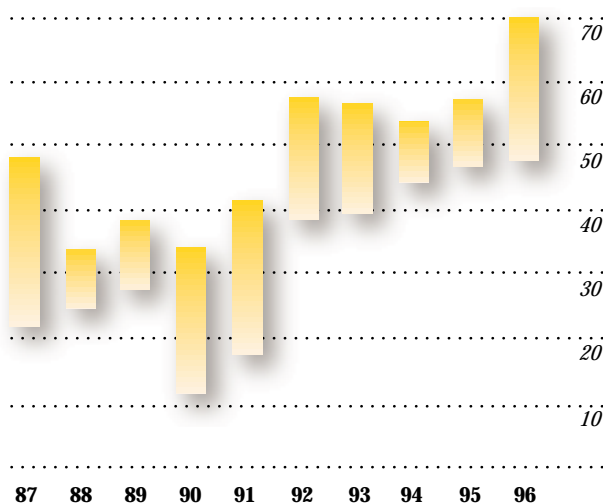
## Other Information

VF's press releases, annual report and other information can be accessed through the Company's home page on the World Wide Web, <http://www.threads.vfc.com>. Shareholders can also utilize a new toll-free number to obtain information and updates on the Company, 1-888-VF-NEWS1.

VF Corporation is an Equal Opportunity Employer – M/F/H/V. Shareholders interested in receiving a copy of the Company's latest Consolidated EEO-1 Report should direct their request to: Vice President – Human Resources, VF Corporation.

## VF Corporation High/Low Stock Prices

Dollars



## VF Corporation Principal Divisions

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**Bassett-Walker**

P.O. Box 5423 – Walker Road  
Martinsville, Virginia 24115

**H.H. Cutler**

120 Ionia Avenue, S.W.  
Grand Rapids, Michigan 49503

**Marithé & François Girbaud  
N.A.**

1801 Stanley Road  
Greensboro, North Carolina 27407

**Healthtex**

2303 West Meadowview Road  
Kinston Building, Suite 200  
Greensboro, North Carolina 27407

**JanSport**

P.O. Box 1817  
Appleton, Wisconsin 54913

**Jantzen**

411 N.E. 19th Street  
Portland, Oregon 97232

**Lee Apparel**

9001 West 67th Street  
Merriam, Kansas 66202

**Nutmeg**

4408 West Linebaugh Avenue  
Tampa, Florida 33624

**Red Kap**

545 Marriott Drive  
Nashville, Tennessee 37214

**Vanity Fair Intimates**

3025 Windward Plaza, Suite 600  
Alpharetta, Georgia 30202

**Wrangler**

400 North Elm Street  
Greensboro, North Carolina 27401

**VF International Jeanswear/  
Intimate Apparel Operations**

Drève de Bonne Odeur  
B-1160 Brussels, Belgium



**VF Corporation**  
1047 North Park Road  
Wyomissing, PA 19610

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