

Talking Business



Taking Action



2000 Financial Highlights

<i>In thousands, except per share amounts</i>	2000*	1999	1998
Summary of Operations			
Net sales	\$5,747,879	\$5,551,616	\$5,478,807
Operating income	509,993	652,632	684,169
Net income	260,334	366,242	388,306
Return on average common equity	11.7%	17.3%	19.7%
Financial Position			
Working capital	\$1,103,896	\$ 763,943	\$ 815,146
Current ratio	2.1 to 1	1.7 to 1	1.8 to 1
Common shareholders' equity	\$2,191,813	\$2,163,818	\$2,066,308
Per Common Share			
Earnings – basic	\$ 2.25	\$ 3.04	\$ 3.17
Dividends	.89	.85	.81
Book value	19.52	18.62	17.30

*Net income was reduced by \$76.7 million (\$.67 per share) for restructuring charges and \$6.8 million (\$.06 per share) for the cumulative effect of a change in accounting policy.

Throughout the year we took action to ensure that our brands continue to deliver style, service and value – and generate great results in the process. As the world's largest apparel company, VF sets the industry standard for responsiveness and flexibility. Our leading brands span virtually every channel of distribution, anticipating change and responding to consumers' diverse needs.

In this year's annual report, VF's coalition leaders provide an insider's view of the challenges, opportunities and events that shaped their businesses in 2000.

North & South
America Jeanswear
page 4



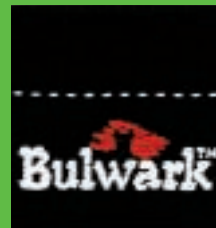
Playwear
page 6



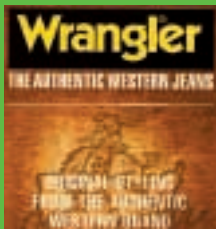
Global Intimate
Apparel
page 8



Imagewear
page 10



International
Jeanswear
page 12



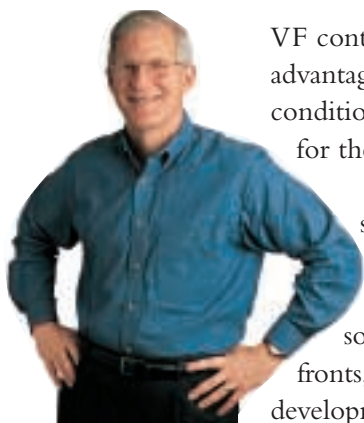
Outdoor
page 14



Contents

- 2 Letter to Shareholders
- 16 Financial Review
- 16 Operating Committee
- 36 Corporate Directory
- 37 Investor Information

To Our Shareholders



Mackey J. McDonald
Chairman, President
and Chief Executive
Officer

VF continues to strengthen its ability to take advantage of changing economic and industry conditions, giving us confidence in our outlook for the future.

2000 was characterized by a volatile stock market, a weak retail environment and mixed financial results from many industry participants. However, we made solid progress on a number of important fronts, including acquisitions, brand portfolio development, cost reduction and systems. We also were gratified by the increase in our stock price, which rose 21% in 2000, compared with a 10% decline for the S&P 500 index.

As we enter 2001, we believe we have the right mix of brands, people and technology to meet the needs of consumers and customers around the world.

2000 Financial Performance

VF's sales reached a record \$5.7 billion in 2000, reflecting strong jeans sales in the U.S. and the addition of several new brands to our growing portfolio. Excluding unusual items, earnings per share were \$2.98, compared with \$3.04 in 1999.

In the fourth quarter of 2000, we took a variety of actions to improve future profitability, including exiting underperforming businesses and product lines, closing higher cost manufacturing facilities and consolidating distribution and administrative operations. These actions, which resulted in a charge to earnings in 2000 of \$120 million, or \$.67 per share, should benefit earnings by \$45 million annually. Earnings were also affected by a change in accounting policy for revenue recognition in accordance with new SEC guidelines. Reflecting both the restructuring charge and the change in accounting policy, we reported earnings per share of \$2.25 in 2000.

Our core jeanswear, playwear, daypack, knitwear and international businesses performed well in 2000, but the dilutive effect of acquisitions made during the year, difficulties in integrating several workwear companies acquired in 1998 and 1999, and operating losses from our Wrangler Japan business affected our bottom line.

The elements are in place for improved performance in 2001. By exiting unprofitable businesses, reaping the benefits from acquisitions, consolidating operations and strengthening our leadership team, we have built a solid foundation for renewed growth.

VF remains in a very strong financial position. At year-end, our debt to capital ratio was 35%. Cash flow from operations of \$443 million gave us the flexibility to make acquisitions and continue our share repurchase program. In 2000, VF invested \$106 million to repurchase four million shares. We intend to continue to repurchase our shares in 2001 as well. 2000 also marked the 28th consecutive year of increased dividend payments to our shareholders.

Recapping the Year's Highlights

Strong brands. Backed by a steady flow of innovative products, new marketing and great service, VF's brands generally performed solidly in 2000, despite a lackluster retail environment. We are particularly proud of the fact that our Wrangler brand continued to expand its unit market share and is now the number one jeans brand in the U.S. Our Lee brand also had an excellent year, with new products and retail service programs driving strong gains. With our Wrangler, Lee, Rustler, Riders, Britannia, Gitano and Chic brands, VF holds a 27.5% share of the total jeans market in the U.S., up from 24.7% in 1999. Our European jeans brands also enjoyed a stronger year in 2000, despite poor market conditions.

A continued emphasis on product innovation also benefited our intimate apparel brands, as evidenced by the success of new products such as Vanity Fair's *Illumination*[®] bras and the Lily of France *X-Bra*[™] and *Strappies* bras. 2000 also marked the successful launch of a new line of intimate apparel under the licensed Tommy Hilfiger brand. Our Playwear coalition, consisting of our Healthtex, Lee and licensed Nike childrenswear businesses, enjoyed an excellent year in sales and profit growth. The knitwear industry remains challenging, but we continue to make strides in improving our competitive position through lower cost manufacturing. Our JanSport

brand successfully maintained its position as the leading U.S. daypack, while Jantzen swimwear energized its products with new colors and styles.

Extending our reach. VF was active on the acquisition front in 2000, adding a number of brands that extend our reach to consumers both in the U.S. and internationally. During the year we acquired three jeans brands. Chic and Gitano are well-known brands sold in mass merchandise stores in the U.S.; H.I.S is a leading jeans brand in Germany. We also purchased Eastpak, a top supplier of daypacks sold in the U.S. and abroad. Particularly exciting for us is the acquisition of The North Face, Inc., which makes high performance outdoor apparel and other products for accomplished climbers, mountaineers, extreme skiers and explorers. In addition to opening up new product categories and retail channels for VF, the extraordinary strength of The North Face brand offers excellent opportunities for future growth.

Managing the business. Managing a portfolio of global brands is a dynamic process. In 2000 we made changes to strengthen our organization with the formation of three new coalitions, or business groups: Global Intimates, Imagewear and Outdoor. Global Intimates now includes both our domestic and our international intimate apparel brands. Our new Imagewear coalition brings together our knitwear and workwear businesses and creates a powerhouse provider of casual, customized work apparel. Our Outdoor coalition is comprised of our JanSport, Eastpak and The North Face businesses offering these strong brands the chance to benefit from one another's operational, product development and manufacturing expertise. VF's coalitions now include North & South America Jeanswear, Playwear, Global Intimates, Imagewear, International Jeanswear and Outdoor. Beginning on page 4, the leaders of these businesses offer their perspectives.

Managing our company for the long-term also requires the flexibility to add and divest businesses as markets change. In 2000, we decided to exit several unprofitable workwear businesses. Workwear was our most challenging business in

2000. Having acquired four companies since late 1998, the process of consolidating systems, facilities and product categories in many different locations took its toll on sales and profits in 2000. Corrective actions taken in 2000 should result in a substantial improvement in profitability in 2001.

We also adopted a new strategy for our Wrangler brand in Japan, transferring the business to a licensee. This move also unites the management of our Lee and Wrangler brands in Japan under a single entity.

Building a competitive advantage. VF prides itself on being ahead of the curve in identifying and applying new technologies that will enhance our ability to respond quickly to the fast-changing needs of our customers and consumers. It's an integral part of our core strategy of "consumerization." For several years now, we have been working on building and implementing new systems and processes across our businesses. One key initiative is our retail floor space management program. Working with our retail partners to customize product assortments for their stores is enabling us to grow our sales while managing our inventories much more efficiently. We also added new tools to enhance our planning and forecasting capabilities in 2000. In 2001, we will focus our energies and resources on implementing VF's full suite of common systems in our VF intimates business.

Clearly, there's a lot going on at VF. We're taking action to build future shareholder value with an impressive array of tools to help us get the job done: powerful brands that consumers know and trust, products that offer great value in every channel of retail distribution and new capabilities in systems and technology. Most importantly, at the core of our success is an experienced management team committed to success and 75,000 dedicated employees around the world.



Mackey J. McDonald
Chairman, President and
Chief Executive Officer

“By responding to consumers,
Jeanswear is staying ahead of the pack.”



John Schamberger
VP and Chairman –
North & South America
Jeanswear Coalition

With nearly a dozen brands in our portfolio, I think you could say we're experts when it comes to managing multiple brands in multiple distribution channels.

The secret to our success is the way we target our brands. Research helps us determine what kinds of products will best satisfy consumers and retailers, and then we use our brands and service capabilities to fulfill their needs across different retail channels. For example, Lee products are sold to consumers shopping in middle tier stores, while Wrangler, Rustler, Riders and Britannia jeans are sold to shoppers in mass merchandise stores. In 2000, we rounded out our portfolio of jeans brands by adding two brands specifically targeted to women – Chic and Gitano. Wrangler Western products reach consumers in Western and specialty stores, which is where the brand's heritage lies.

Building Brand Strength in 2000

Each of our jeans businesses – Mass Market, Lee and Western – had a great year in 2000. The Wrangler brand continued its unit share growth, becoming the country's leading jeans brand. It has won the trust of consumers by consistently providing the right styles at a great value. The Wrangler Hero brand's advertising

slogan says it all: "Real. Comfortable. Jeans." In Western markets, the Wrangler brand has broadened its franchise with young contemporary consumers with new relaxed fits and styles under the *TWENTYX* and *20X* lines.

The Lee brand also had an excellent year. While many mid-tier stores struggled in 2000, Lee drove sales gains by focusing on innovative products and marketing communications. Our men's *Dungarees* line was a highlight, as was the relaunch of *Riveted by Lee*[®] in the misses' category. *Riveted by Lee* will launch a new low-rise, younger-cut jean this year while *City Elements*[™], a dressier casual line, will debut in 2001 as well.

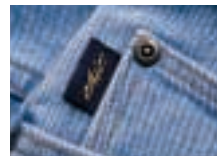
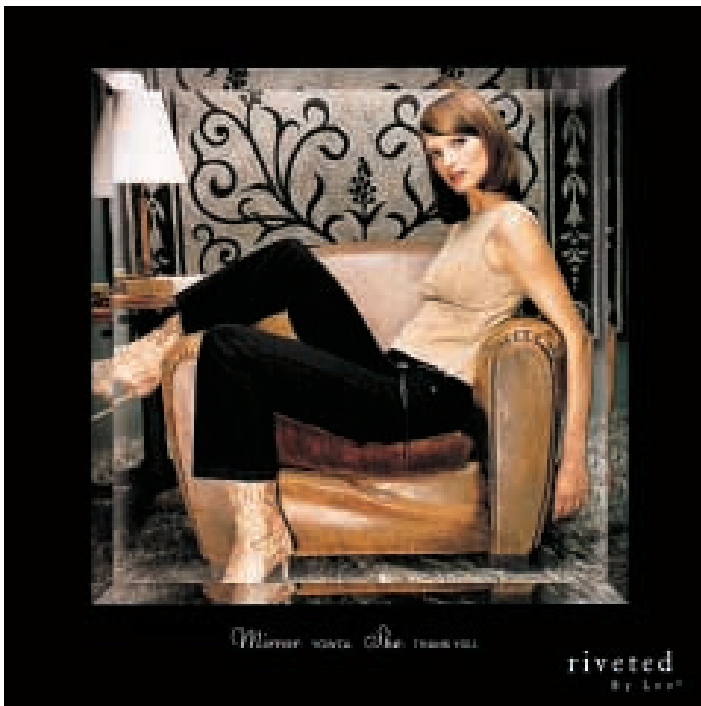
Working Smart with Retailers

We're also benefiting from our retail floor space management program, which allows us to customize and replenish product assortments on a store-by-store basis. We'll continue to roll out this program with our customers in 2001.

As consolidation continues among retail players, 2001 may well prove to be a challenging year. But we're ready. We'll continue to support our brands with the kinds of products and service consumers have come to expect from us.

- Lee
- Wrangler Hero
- Wrangler Western
- Riders
- Rustler
- Timber Creek by Wrangler
- Britannia
- Wrangler Rugged Wear
- Chic
- Gitano
- 20X

LEADERSHIP





EXCITEMENT

“Playwear has what today’s kids want.”



John Schamberger
VP and Chairman –
Playwear Coalition

We’re proud of being a lean, mean fighting machine. Despite retail challenges in 2000, we grew our business, cut costs and got well-styled, great value products to market – all of which improved our profitability.

The market for children’s apparel is very fragmented, with most brands having market shares in the low single-digits. Private label products dominate, but the Healthtex, Nike and Lee trademarks are important to consumers seeking brands they know and trust.

We’ve continued to extend the reach of our Healthtex brand through *Little Impressions*[®], a moderate to middle/upper tier line of clothing for infants. Capitalizing on the success of the line, we’ve added the *Baby Healthtex*[®] line for middle market stores.

Implementing Successful Strategies

Our licensed Nike business grew rapidly in 2000. Strategies put in place during the prior year set the stage for getting the right age-appropriate, athletically styled apparel to consumers shopping in middle market, department and sports apparel stores. Implementation of our “key item replenishment” program, which ensures retailers get a steady supply of our best selling items, also supported our growth.

Recently we extended our Nike license to include a new *Michael Jordan* line for boys sizes two to seven, and we’re looking forward to building this business in 2001 and beyond.

Our Lee program also made gains. We’ve taken our expertise in knit tops and added to that our strength in jeans-wear to develop a successful infant and toddler business. We saw growth in both our tops and bottoms businesses, especially for two- to four-year olds.

An Eye on the Bottom Line

We’ve really improved our profitability over the last several years. In addition to exiting some mass market business that was hurting our margins, we’ve improved our manufacturing costs by expanding lower cost offshore sourcing.

While still only a small part of our business, we also are pleased with the progress of our Internet initiatives. About half of our smaller customer accounts now work with us via our business-to-business web site. And traffic continues to build at our business-to-consumer web site at www.healthtex.com.

With our brands and cost structure both in good shape today, you can be sure we’ll be looking for ways to bring our Playwear business to the next level by adding new brands and channels of distribution.

Healthtex

Lee Infant & Toddler

Nike Kids*

*Licensed

“ Matching product to consumer trends is one of the things
Global Intimates does best. ”



Eric Wiseman
 VP and Chairman –
 Global Intimate Apparel
 Coalition

We take consumerization seriously in our intimates businesses. The ability to match our brands and products to a variety of consumer segments is at the heart of consumerization and drives our success as well. In 2000, we formed the Global Intimates coalition, uniting all our intimate apparel brands under one coalition. We're in great shape to take a truly global view of our opportunities.

In the U.S., we work with department, chain, mass merchandise and specialty stores, with brands targeted to each. Our Vanity Fair, Lily of France, Vassarette and Bestform brands have strong market share positions in their respective channels, particularly in the bra category. In Europe, we distribute our brands primarily in France and Spain, serving specialty boutiques as well as traditional department stores and hypermarkets.

Focus on Innovation

Regardless of where we compete, innovation is a must in our business. And that's where VF's Consumer Response System gives us an advantage. CRS is a product development process that is based on continuous input from consumers and supported by clearly defined brand action plans. It's helped us concentrate our resources and efforts on bringing "big ideas" to

market, with the kinds of products that really speak to consumers. For example, Lily of France's biggest seller in 2000, the adjustable *X-Bra™*, revitalized the brand as young, fun and sexy, and is a hit with consumers. *RockOnColor™*, a line of microfiber bras featuring vibrant colors, is on tap for 2001 and is also designed to appeal to women seeking a sexy look.

Idea Sharing Across Borders

And we're doing a lot more to share information within the Global Intimates group. Our research and development teams meet several times a year to share ideas. One notable success in 2000, Vanity Fair's *Illumination®* bra, was a concept we first learned about from our European counterparts. The idea was refined for the U.S. market by the Vanity Fair brand team, resulting in double-digit growth for Vanity Fair's bra business in 2000.

Other cross-border initiatives include the recent launch of Vassarette and Bestform in Europe and the addition of the Lou, Bolero and Gemma brands to our U.S. portfolio.

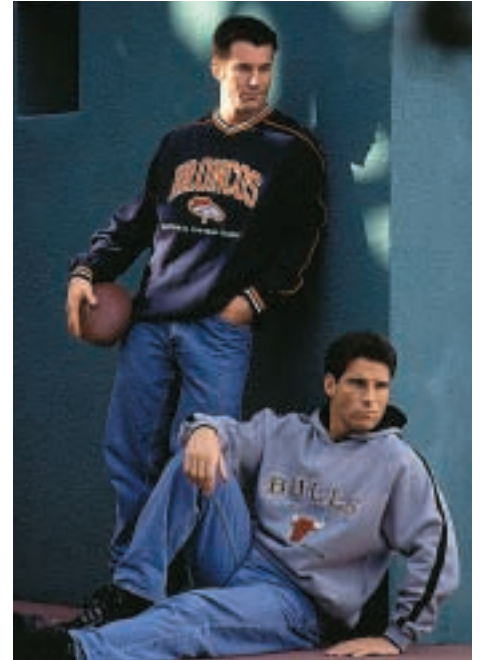
All our brands will use product innovation as their platform for growth in 2001. From Vassarette's *Body Curves™* to Bestform's *Body Cottons™* and fresh new looks from our licensed Natori and Tommy Hilfiger intimates and our swim businesses, we've got a full pipeline of new products to help us grow this year.

- Vanity Fair
- Lily of France
- Vassarette
- Bestform
- Exquisite Form
- Natori*
- Nike*
- Tommy Hilfiger*
- Jantzen
- Lou
- Bolero
- Gemma
- Intima Cherry
- Belcor
- Variance
- Majestic
- Tropic
- Bilytis

*Licensed

EXCELLENCE





POWERFUL

“Imagewear

is on its way as a single-source for customized workwear and licensed apparel.”



George Derhofer
VP and Chairman –
Imagewear Coalition

The big news in 2000: the formation of VF Imagewear. By combining our former Workwear and Knitwear coalitions, we’ve become a force to be reckoned with in the large, fragmented market for corporate and work apparel. Imagewear builds on our strength as a leading provider of workwear and customized uniforms, branded casual knitwear products, and licensed sports apparel.

The groundwork for creating VF Imagewear actually began a few years ago when it became clear we could leverage our sourcing and brands to provide a broader array of casual products backed by terrific service capabilities. Over the past several years, we’ve added denim shirts, knit golf shirts, sweaters and outerwear under the Lee label. More recently, we’ve extended our offerings to include products under the Wrangler, JanSport, Gitano and The North Face brands.

Making Inroads in the Sports Arena

In 2000, our licensed sports division handled its biggest special event ever as the supplier of World Series locker room shirts. Proving our ability to turn on a dime, we got product to market less than 24 hours after the playoffs ended. We’re proud of our position as one of the top providers of licensed apparel to all four professional sports leagues and NASCAR.

In workwear, we’ve added many new products and customers. For years our core business consisted primarily of supplying work apparel to industrial laundries. Today, our customer base has expanded to include FedEx, BellSouth, Continental Airlines, Delta Airlines and American Airlines, in addition to the National Park Service, Immigration and Naturalization Services and the U.S. Fish and Wildlife Service. We’ll be launching a number of catalog web sites for our customers, giving more than 300,000 of their employees the convenience of shopping and paying for their career apparel via the Internet.

What Lies Ahead

There’s a world of opportunity waiting to be tapped through our new coalition. However, in 2001 our focus will be on improving the bottom line. Our profitability dropped in 2000 as we struggled to integrate workwear companies acquired in 1998 and 1999. The addition of several new product categories added complexity to our business, which was exacerbated by systems issues that disrupted manufacturing and deliveries. We assembled a first-rate team to attack the problems, and they’ve made enormous progress. Late in 2000 we announced that we would exit the linens and specialty catalog businesses. These and other actions make me confident we’ll see a significant improvement in profitability in 2001.

Lee Sport

Chase Authentics*

CSA

Red Kap

Bulwark Protective
Apparel

Penn State Textile

Fibrotek

Horace Small
Professional Apparel

VF Solutions

*Licensed

“ Well-known brands give

International Jeanswear

a solid presence around the globe.”



Terry Lay
VP and Chairman –
International Jeanswear
Coalition

Everything we do is geared to making sure we get the right products to the right place at the right time. That was critical in 2000, which turned out to be a solid year for us despite a tough marketplace.

Following a tumultuous 1999 when jeans demand was generally soft, markets stabilized in most of Europe. We also saw healthy unit growth beginning to take hold in emerging markets such as eastern Europe, Turkey and China.

Sparking Interest in Denim

To bring consumers back to denim, we've focused heavily on innovation. New fabrics, such as a broken twill denim for our Wrangler brand and our *Denim 42* program for the Lee line, have really sparked interest in our brands. Backed by smart, hip advertising and well-executed in-store promotions, both brands are off to a good start in 2001.

Two other big initiatives are underway in Europe this year. First is the integration of the H.I.S brand, acquired late in 2000. It's the number one female brand in Germany and is strong throughout eastern Europe. It's our goal to extend the H.I.S brand across Europe, where it will complement our more male-oriented Wrangler and Lee businesses.

A mass market for branded jeans is still developing in Europe, but we're taking the lead in this channel with the launch of the Hero by Wrangler brand. We expect the mass market to develop rapidly over the coming years, as it has in the U.S., and we fully expect to benefit with our Hero by Wrangler, Maverick and Old Axe brands.

Japan proved to be a particularly challenging and volatile market. In 2000 we decided to change tactics, closing our Tokyo office and transferring the Wrangler brand to the licensee that manages our Lee brand there. With both brands under a single licensee, we're much more confident about our prospects in 2001.

Technology's a Key Ingredient

Technology is playing an important role for us in Europe, as we're starting to benefit from the implementation of pan-European systems, which have improved our planning and forecasting abilities while reducing costs. Bringing retail floor space management capabilities to European retailers will be a focus for us, as we continue to find ways to leverage the strength of our brands and technology for our customers.

Lee

Wrangler

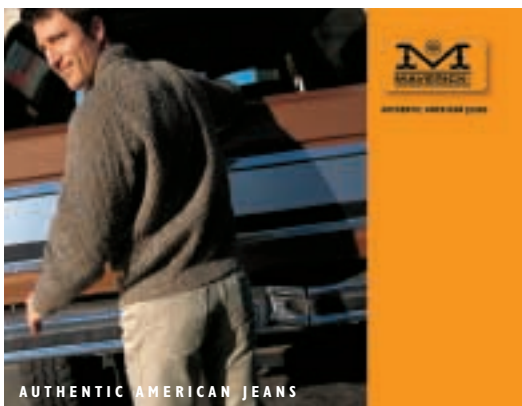
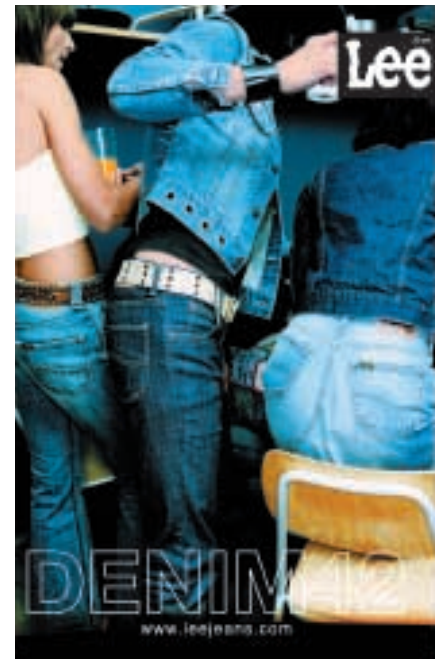
Hero by Wrangler

H.I.S

Maverick

Old Axe

EXPANDING





INNOVATIVE

“Outdoor

is a fast growing category – and a great opportunity for VF.”



Bob Shearer
VP – Finance & Chief
Financial Officer,
VF Corporation

JanSport

Eastpak

The North Face

VF is always looking for new product categories and brands to add to its portfolio. A couple of years ago, we targeted the outdoor products area as a great category to pursue, since it's such a natural complement to our existing JanSport business. Today, we've got leading brands and products that active consumers know and want.

The JanSport brand, sold in department, sports and specialty stores, is the top-selling daypack in the U.S. In mid-2000, we acquired the Eastpak brand, a leader in mass merchandise stores in the U.S. and the number one brand in Europe as well. Capping the year was the acquisition of The North Face, the premium brand of technical outdoor apparel and products.

The combination of these businesses gives us critical mass in an exciting and growing category, and provides the base for VF's new Outdoor coalition.

Growth for All Our Brands

JanSport had a good year in 2000. The brand is recognized for its continuous product innovation reflected in products like *Air Liff® II*, which offers a superior suspension system to reduce the stress of carrying heavy loads. JanSport is also seeing continued growth in its new line of luggage targeted to young professional travelers.

We're pleased by how smoothly we've integrated Eastpak into JanSport and how well the brands' products and

distribution complement each other. We're now in great shape to maximize the potential of these brands.

I'd have to say that The North Face brand is one of the most exciting acquisitions VF has ever made. It offers exceptional strength in the outdoor category, encompassing outerwear, sleeping bags, tents and packs, among other products. While the brand is highly respected by serious climbers and other athletes, its appeal extends to urban adventurers as well.

Putting It All Together

While The North Face products have been enormously popular with consumers for years, the company had a number of operational issues affecting profitability when we acquired it. We've added new management and resources to get the business back on track, and expect much improved profitability in 2001. We also see opportunities to strengthen the brand's current offerings in sportswear and footwear. And we plan to expand the number of "showcase" retail stores, providing a total brand experience for consumers.

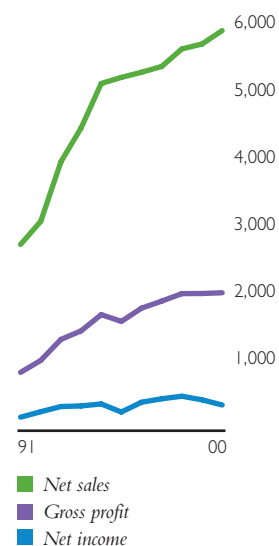
Of course, the formation of a new coalition will be the impetus for finding ways for all our outdoor brands to work together and benefit one another. During 2001, we'll be exploring a variety of opportunities to share resources and take advantage of our powerful new brand portfolio.

Financial Review

Contents

- 17 Management's Discussion and Analysis
- 21 Management's Responsibility for Financial Statements
- 21 Report of Independent Accountants
- 22 Quarterly Results of Operations
- 23 Consolidated Statements of Income
- 23 Consolidated Statements of Comprehensive Income
- 24 Consolidated Balance Sheets
- 25 Consolidated Statements of Cash Flows
- 26 Consolidated Statements of Common Shareholders' Equity
- 27 Notes to Consolidated Financial Statements
- 34 Financial Summary

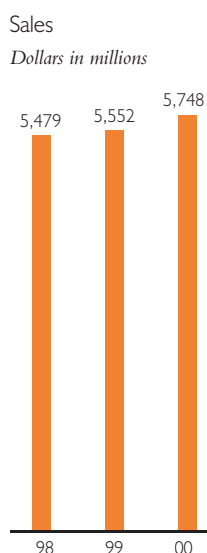
Ten Years of Growth
Dollars in millions



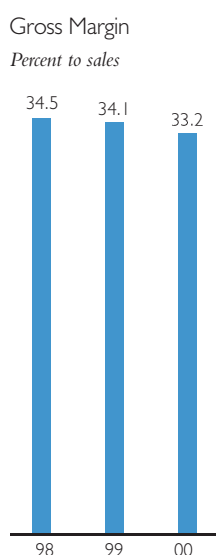
Operating Committee

Top row, left to right: John Schamberger, *VP and Chairman – North & South America Jeanswear and Playwear Coalitions*; Candace Cummings, *VP – Administration, General Counsel and Secretary*; Middle row, left to right: Eric Wiseman, *VP and Chairman – Global Intimate Apparel Coalition*; Bob Shearer, *VP – Finance and Chief Financial Officer*; Mackey McDonald, *Chairman, President and Chief Executive Officer*; George Derhofer, *VP and Chairman – Imagewear Coalition*; Terry Lay, *VP – Global Processes and Chairman – International Jeanswear Coalition*; Bottom row, left to right: Susan Williams, *VP – Human Resources*; Frank Pickard, *VP – Treasurer*.

Management's Discussion and Analysis of Operations and Financial Condition



Sales reached record levels in 2000.



Excluding the effects of restructuring charges in 2000, gross margins would have been even with 1999 levels.

Analysis of Operations

Restructuring Actions

During the fourth quarter of 2000, management announced that it intended to exit several underperforming businesses and to aggressively reduce its overall cost structure to get the Company on track to achieve our long-term earnings growth target of 8% to 10% per year. Accordingly, we recorded pretax charges of \$119.9 million (\$.67 per share) to implement these initiatives.

As part of these restructuring charges, the Company recorded costs of \$69.7 million to exit several underperforming businesses. The Company transferred its Wrangler business in Japan to a licensee and incurred a loss on disposition of \$26.8 million, of which \$23.8 million related to the write-off of intangible assets. In the occupational apparel business units, the Company eliminated several product lines that were part of the acquisitions made in late 1998 and early 1999 and decided to exit certain intimate apparel lines determined to have limited potential. During 2000, these businesses or product lines had sales of \$101 million and incurred \$20 million of operating losses.

Also included in the restructuring charges was \$18.5 million to close higher cost manufacturing facilities as part of our ongoing strategy of moving toward lower cost, more flexible global sourcing. In addition, the Company recorded \$31.7 million of costs to close or consolidate distribution centers and administrative offices and functions.

The elimination of operating losses of the closed businesses and savings from the manufacturing, distribution and administrative cost reduction initiatives should result in an annualized benefit to pretax earnings of \$45 million. See Note M to the consolidated financial statements for more information on the restructuring charges.

Consolidated Statements of Income

Consolidated sales rose 4% to a record \$5,748 million in 2000. The sales increase was primarily due to the acquisitions completed in 2000, plus increases in our domestic jeanswear, knitwear and playwear businesses, offset by declines in our international businesses primarily due to foreign currency translation. In translating foreign currencies into the U.S. dollar, the stronger U.S. dollar reduced 2000 sales comparisons by \$73 million. Sales in 1999 rose 1% over the 1998 level. This was primarily due to the 1999 acquisitions, offset in part by a slowdown in the jeanswear market in Europe and in the mid-tier channel of distribution in the U.S.

Gross margins were 33.2% of sales in 2000, compared with 34.1% in 1999 and 34.5% in 1998. Excluding restructuring charges included in cost of products sold

of \$55.9 million in 2000, gross margins were flat with 1999 at 34.1%. Gross margins benefited from higher than average margins in the companies acquired in 2000. In addition, margins were favorably impacted during the last two years from the continuing shift to lower cost sourcing, lower raw material costs and increased operating efficiencies. Offsetting these increases in 2000 were lower gross margins in occupational apparel. In 1999, lower gross margins in the domestic Lee jeanswear and European jeanswear businesses reduced overall ratios from the prior year.

For the U.S. market, VF manufactures its products in owned domestic plants and offshore plants, primarily in Mexico, and contracts production from independent contractors mostly located outside of the U.S. The amount of domestic sales derived from products manufactured in lower cost locations outside the U.S. has increased each year over the last three years to where now 67% is sourced from international locations. Similarly, in foreign markets over the last three years, sourcing has shifted from higher cost owned plants located primarily in western Europe to lower cost owned and contracted production in locations outside of western Europe.

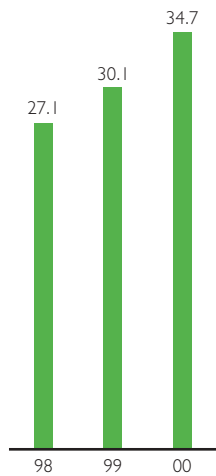
Marketing, administrative and general expenses were 23.5% of sales in 2000, compared with 22.2% in 1999 and 21.9% in 1998, respectively. Excluding restructuring charges of \$37.2 million in 2000, expenses were 22.9% of sales. Expenses as a percent of sales increased in 2000 due to the higher than average expense levels of the 2000 acquisitions. Expenses as a percent of sales increased in 1999 primarily due to fixed short-term expenses on a lower sales level in European jeanswear, partially offset by lower advertising spending.

Other operating income and expense includes amortization of intangible assets, net royalty income and, in 2000, the \$26.8 million loss on disposal of the Wrangler business in Japan representing primarily the write-off of intangible assets. In each of the last two years, amortization of intangible assets increased because of acquisitions completed during those years. Net royalty income in 2000 was flat with 1999 but declined from 1998 due to the conversion of certain formerly licensed businesses to owned operations.

Net interest expense increased in each of the last two years due to higher borrowings related to the business acquisitions and, to a lesser extent, higher interest rates.

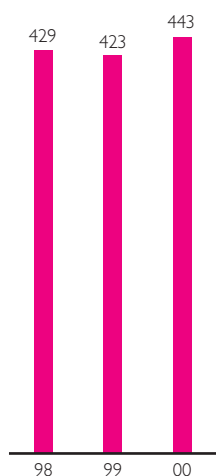
The effective income tax rate was 38.1% (before cumulative effect of a change in accounting policy) in 2000 and 38.5% in 1999 and 1998. Excluding the effect of the restructuring charges, the effective tax rate was 37.7% in 2000. The effective rate declined in 2000

Debt to Capital Ratio
Percent



VF's debt to capital ratio remains well within our target range, providing flexibility to pursue a variety of investment opportunities.

Cash Provided by Operations
Dollars in millions



Cash provided by operations remains strong, due in part to VF's conservative management of working capital.

due to higher U.S. tax credits, taxes not provided on permanently invested foreign earnings and lower state income taxes.

Reported net income was \$260.3 million in 2000, or \$2.25 per share, compared with \$366.2 million (\$3.04 per share) in 1999 and \$388.3 million (\$3.17 per share) in 1998. Excluding the effects of restructuring charges and the cumulative effect of a change in accounting policy, net income in 2000 was \$343.8 million, or \$2.98 per share. Net income declined by 6% from the 1999 level, while earnings per share declined by 2%, reflecting the benefit of the Company's share repurchase program. The 2000 acquisitions had a \$.06 negative impact on 2000 reported earnings per share, and the stronger U.S. dollar in 2000 had a \$.05 negative impact on earnings per share compared with the prior year. Similarly, 1999 net income declined by 6% from 1998, while earnings per share declined by 4%, again reflecting the benefit of the Company's share repurchase program.

Information by Business Segment

The Consumer Apparel segment consists of jeanswear, women's intimate apparel, women's swimwear, and the children's apparel businesses. Overall, segment sales declined by 1% in each of the last two years. In 2000, domestic jeanswear sales increased by 5%, with strength across the mass, western and Lee marketing units. European jeanswear sales declined due to the negative effects of foreign currency translation. In other international markets, jeanswear sales increases in Latin America were offset by a decline in the Wrangler business in Japan. Domestic intimate apparel sales declined 9% in 2000, as increases in department store brands were more than offset by the absence of new private label programs and by a reduction in Vassarette brand sales in the mass channel of distribution. Segment profit in 2000, excluding \$71.0 million of restructuring charges, increased 7% over 1999, led by growth in sales and profit margins in both domestic and international jeanswear. In 1999, sales increases in mass market domestic jeanswear and in the newly acquired Latin American jeanswear businesses offset declines reported in the Lee branded domestic business and in European jeanswear businesses. The decline in Lee related to the overall softness in retail sales in mid-tier department stores in the U.S., and the decline in Europe was due to a consumer shift away from basic jeans products to alternative fabrics and styles. Segment profit in 1999 declined due to lower sales in Lee, lower sales in Europe, operating difficulties resulting from European jeanswear consolidation efforts, and a \$6 million charge to close the Jantzen women's sportswear division.

The Occupational Apparel segment includes the Company's industrial, career and safety apparel

businesses. Sales increases in each of the last two years were due to one acquisition in the latter part of 1998 and three acquisitions in early 1999. Segment profit in 2000 includes \$34.6 million of restructuring costs. Excluding these restructuring costs, segment profit still declined significantly in 2000 due to manufacturing and distribution inefficiencies related to integration of the recently acquired companies. Segment profit in 1999 declined as a percent of sales from 1998 due to the lower level of profitability of the acquired businesses and to systems, distribution and other costs incurred to integrate these new businesses into VF's existing infrastructure.

The All Other segment includes the Company's knitwear and outdoor-related businesses represented by the JanSport and Eastpak brands (backpacks and daypacks) and The North Face branded products (outerwear and equipment). Sales increased primarily from The North Face and Eastpak acquisitions in May 2000. Segment profit, excluding \$6.0 million of restructuring costs in 2000, advanced only slightly from the prior year level because of the low level of profitability of the newly acquired businesses. Sales and profit, excluding restructuring costs, in the Company's knitwear business increased in 2000 from the 1999 levels. With difficult market conditions and pricing pressures, our knitwear profitability continues to be below overall Company averages.

Analysis of Financial Condition

In managing its capital structure, it is management's goal to maintain a debt to capital ratio of less than 40%, while providing flexibility to pursue investment opportunities that may become available. Our debt to capital ratio remains within these guidelines: 34.7% at the end of 2000 and 30.1% at the end of 1999.

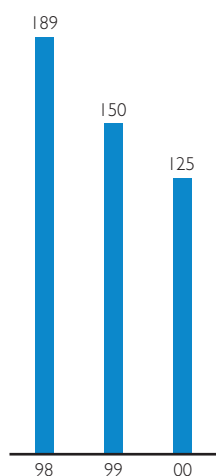
Balance Sheets

Even with higher fourth quarter sales, accounts receivable decreased in 2000 due to slightly lower day's sales outstanding. Inventories increased 17% in 2000. Excluding businesses acquired in 2000, inventories increased by 6%, primarily due to increases at domestic jeanswear as their sales have grown. Management has targeted an inventory reduction of as much as \$100 million during 2001.

Intangible assets increased during 2000 due to the acquisitions completed during the year. This increase was partially offset by the reduction in intangible assets related to disposition of the Wrangler business in Japan.

The increase in other accrued liabilities results from the restructuring charges recorded in the fourth quarter of 2000.

Capital Expenditures
Dollars in millions



Capital expenditures declined in 2000, as the rate of manufacturing expansion has slowed.

Total long-term debt increased through the September 2000 issuance of \$300.0 million of 8.10% notes due in 2005 and \$200.0 million of 8.50% notes due in 2010. Proceeds from these debt obligations were used to repay short-term borrowings. Current maturities of long-term debt increased as \$114.0 million becomes payable in 2001 and is expected to be funded by cash flow from operations.

The accumulated other comprehensive loss component of Common Shareholders' Equity increased during 2000 due to foreign currency translation adjustments resulting from the strengthening of the U.S. dollar in relation to the currencies of most European countries where the Company has operations.

Liquidity and Cash Flows

Working capital was \$1,103.9 million and the current ratio was 2.1 to 1 at the end of 2000, compared with \$763.9 million and 1.7 to 1 at the end of 1999. The increase in 2000 was due to the increase in inventories and repayment of short-term borrowings with the proceeds of the long-term debt offering.

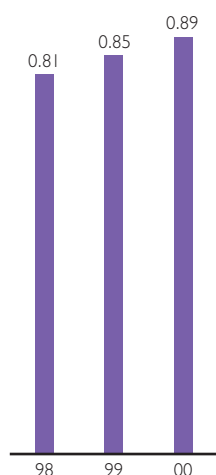
The primary source of liquidity is the Company's strong cash flow provided by operations, which was \$443.3 million in 2000, \$423.4 million in 1999 and \$429.3 million in 1998.

Capital expenditures were \$125.2 million in 2000, compared with \$150.1 million and \$189.1 million in 1999 and 1998, respectively. Capital expenditures relate to ongoing investments in information systems and capital improvements in our worldwide manufacturing and other facilities. Capital expenditures in 2001 are expected to be slightly higher than the 2000 level, but below historical levels, and will be funded by cash flow from operations. Capital expenditures have declined from the 1999/1998 levels due to slower expansion in offshore manufacturing capacity, primarily in jeanswear.

During 2000, the Company purchased 4.0 million shares of its Common Stock in open market transactions at a cost of \$105.7 million. During 1999, the Company purchased 4.0 million shares for \$149.1 million. Under its current authorization from the Board of Directors, the Company may purchase up to an additional 4.0 million shares. Depending on other opportunities that may arise, the Company intends to purchase approximately one million shares per quarter during 2001.

Cash dividends totaled \$.89 per common share in 2000, compared with \$.85 in 1999 and \$.81 in 1998. The dividend payout rate increased to 40% due to lower 2000 earnings (30% excluding the two unusual items), compared with a payout rate of 28% in 1999 and 26% in 1998. The indicated annual dividend rate for 2001 is \$.92 per share. VF has paid dividends on its Common Stock annually since 1941 and intends to maintain a long-term payout rate of 30%.

Dividends per Share
Dollars



VF's dividend payout rose 5% for 2000, with an indicated payout of \$.92 per share for 2001.

Looking ahead to 2001, sales should rise slightly above 2000 levels, with the sales increases from the 2000 acquisitions partially offset by the absence of \$101 million in sales related to the workwear, Wrangler Japan and other businesses that we exited in 2000. Management believes that the benefits from the restructuring initiatives described previously, as well as increased profitability in the workwear businesses and in the recently acquired companies, are necessary for the Company to achieve its long-term earnings growth target of 8% to 10%. For 2001, that implies a range in earnings per share of \$3.21 to \$3.28. We expect cash flow from operations to be approximately \$450 million to \$500 million. With our strong financial position, unused credit lines and additional borrowing capacity, the Company has substantial liquidity and flexibility to meet investment opportunities that may arise.

Euro Currency Conversion

Effective January 1, 1999, 11 of the 15 member countries of the European Union established fixed conversion rates between their existing currencies and a single new currency, the "euro." During a transition period through December 2001, business transactions can be conducted in both the euro and the legacy currencies, while cash transactions remain in the legacy currencies. After that date, the euro will be the sole currency of the participating countries for business transactions. Beginning in January 2002, new euro-denominated currency will be issued by the participating countries, and their legacy currencies will cease to be legal tender effective June 30, 2002. Approximately 9% of the Company's 2000 sales were generated in the participating countries of the European Union.

We have evaluated all information technology systems and have concluded that they are euro compliant. We are also evaluating the strategic implications of adopting the euro, including pricing and distribution of the Company's products. Although this evaluation is ongoing, it is likely that the euro will lead to more uniform pricing in all European markets, including those that have not adopted the euro as their common currency. The financial impact of the conversion to the euro on the Company's operations will depend on the competitive conditions that exist in the various regional markets. However, management believes that the conversion to the euro will not have a material effect on the Company's results of operations or financial position. All costs relating to the conversion to the euro, which are not significant, are being expensed as incurred.

Risk Management

The Company is exposed to a variety of market risks in the ordinary course of business, including the effects of changes in interest rates, foreign currency exchange rates and the value of marketable securities. The Company regularly assesses these potential risks and manages its exposures to these risks through its operating and financing activities and, when appropriate, through the use of derivative financial instruments. The Company does not use derivative instruments for trading or speculative purposes.

The Company limits its risk from interest rate fluctuations on its net income and cash flows by managing its mix of long-term borrowings at fixed interest rates and short-term borrowings at variable interest rates. The Company may also use derivative financial instruments to minimize its interest rate risk. The primary interest rate exposure relates to changes in interest rates on short-term domestic and foreign borrowings. These short-term borrowings averaged \$470 million during 2000 and \$430 million during 1999. Because a significant amount of short-term borrowings were repaid during the fourth quarter with proceeds of \$500 million of long-term debt issued in September 2000, the average amount of short-term borrowings is expected to be substantially less in 2001. The effect of a hypothetical 1% change in interest rates on reported net income would be approximately \$.02 per share.

The Company has assets and liabilities in foreign subsidiaries that are subject to fluctuations in foreign currency exchange rates. Investments in these primarily European subsidiaries are considered to be long-term investments, and accordingly, the Company uses a functional currency other than the U.S. dollar. The Company does not hedge these net investments and does not hedge the translation of foreign currency operating results into the U.S. dollar. In addition, a growing percentage of the total product needs to support our domestic and European businesses are manufactured in Company-owned plants in foreign countries or by foreign contractors. The Company's primary net foreign currency market exposures relate to the euro, the Mexican peso, the British pound and the Canadian dollar. Management monitors net foreign currency exposures and may in the ordinary course of business enter into foreign exchange forward contracts related to specific foreign currency transactions or anticipated cash flows occurring within twelve months. Use of derivative financial instruments allows the Company to reduce its overall exposure to exchange rate movements, since gains and losses on these

contracts will offset the losses and gains on the transactions being hedged. The amount of these contracts, and related gains and losses, during 1999 and 2000 were not material.

Amounts accrued under a nonqualified deferred compensation plan are based on market values of investment funds that are selected by the plans' participants. Changes in the market values of the participants' underlying investment selections expose the Company to risks of stock market fluctuations. However, this securities market risk is hedged by the Company's investments in a portfolio of variable life insurance contracts and other securities that substantially mirror the investment selections underlying the deferred compensation liabilities. These Company-owned investment securities are held in grantor trusts. Increases and decreases in deferred compensation liabilities are substantially offset by corresponding increases and decreases in the market value of the Company's investments, resulting in a negligible net exposure to the Company's operating results and financial position.

Cautionary Statement on Forward-Looking Statements

From time to time, the Company may make oral or written statements, including statements in this Annual Report, that constitute "forward-looking statements" within the meaning of the federal securities laws. This includes statements concerning plans and objectives of management relating to the Company's operations or economic performance, and assumptions related thereto.

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

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

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.



Mackey J. McDonald
Chairman, President and Chief Executive Officer



Robert K. Shearer
Vice President – Finance and
Chief Financial Officer



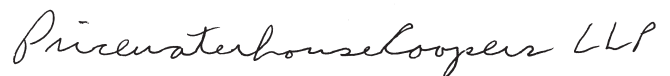
Robert A. Cordaro
Vice President – Controller and
Chief Accounting Officer

Report of Independent Accountants

To the Board of Directors and Shareholders
VF Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows and common shareholders' equity present fairly, in all material respects, the financial position of VF Corporation and its subsidiaries at December 30, 2000 and January 1, 2000, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 30, 2000, in conformity with accounting principles generally accepted in the United States of America. 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. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A to the financial statements, the Company changed its accounting policy for recognizing revenue in 2000.



PricewaterhouseCoopers LLP
Greensboro, North Carolina
February 1, 2001

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>Basic</i>	<i>Diluted</i>	
2000 (restated**)						
First quarter	\$1,355,184	\$ 457,603	\$ 71,069*	\$.61*	\$.60*	\$.22
Second quarter	1,330,325	462,859	75,745	.65	.64	.22
Third quarter	1,599,864	543,602	103,361	.90	.88	.22
Fourth quarter	1,462,506	441,364	10,159*	.08*	.08*	.23
	\$5,747,879	\$1,905,428	\$260,334	\$2.25	\$2.21	\$.89
1999						
First quarter	\$1,358,244	\$ 467,470	\$ 85,566	\$.70	\$.69	\$.21
Second quarter	1,364,830	461,935	79,582	.65	.64	.21
Third quarter	1,464,856	502,913	103,896	.87	.85	.21
Fourth quarter	1,363,686	462,178	97,198	.82	.81	.22
	\$5,551,616	\$1,894,496	\$366,242	\$3.04	\$2.99	\$.85
1998						
First quarter	\$1,326,205	\$ 453,225	\$ 78,106	\$.63	\$.62	\$.20
Second quarter	1,350,319	455,956	86,781	.70	.69	.20
Third quarter	1,458,780	514,108	119,615	.98	.96	.20
Fourth quarter	1,343,503	468,832	103,804	.86	.84	.21
	\$5,478,807	\$1,892,121	\$388,306	\$3.17	\$3.10	\$.81

*The first quarter includes an aftertax charge of \$6.8 million (\$.06 per share) for the cumulative effect of a change in accounting policy for revenue recognition. In addition, in the fourth quarter, restructuring charges of \$119.9 million reduced net income by \$76.7 million (\$.67 per share). See Notes A and M, respectively, to the consolidated financial statements.

**Amounts presented for the first three quarters of 2000 have been restated for a change in accounting policy for revenue recognition, as discussed in Note A. The change has an insignificant impact on annual sales and net income but does result in a shift in sales and earnings among the quarterly periods. The effect of this change for each quarter of 2000, excluding the cumulative effect of the change in accounting policy in the first quarter, follows:

<i>In thousands, except per share amounts</i>	<i>Net Sales</i>	<i>Net Income</i>	<i>Earnings Per Common Share Basic and Diluted</i>
First quarter	\$(11,564)	\$(2,726)	\$(-.02)
Second quarter	(20,728)	(5,059)	(.05)
Third quarter	11,258	2,999	.03
Fourth quarter	17,436	4,862	.04
	\$(3,598)	\$ 76	\$-0-

Consolidated Statements of Income

<i>In thousands, except per share amounts</i>	<i>Fiscal year ended</i>	<i>December 30, 2000</i>	<i>January 1, 2000</i>	<i>January 2, 1999</i>
Net Sales		\$5,747,879	\$5,551,616	\$5,478,807
Costs and Operating Expenses				
Cost of products sold		3,842,451	3,657,120	3,586,686
Marketing, administrative and general expenses		1,352,024	1,230,009	1,198,854
Other operating expense, net		43,411	11,855	9,098
		5,237,886	4,898,984	4,794,638
Operating Income		509,993	652,632	684,169
Other Income (Expense)				
Interest income		7,684	8,936	6,411
Interest expense		(88,716)	(71,426)	(62,282)
Miscellaneous, net		2,572	5,434	3,300
		(78,460)	(57,056)	(52,571)
Income Before Income Taxes and Cumulative Effect of Change in Accounting Policy		431,533	595,576	631,598
Income Taxes		164,417	229,334	243,292
Income Before Cumulative Effect of Change in Accounting Policy		267,116	366,242	388,306
Cumulative Effect on Prior Years of Change in Accounting Policy for Revenue Recognition, Net of Income Taxes		(6,782)	—	—
Net Income		\$ 260,334	\$ 366,242	\$ 388,306
Earnings Per Common Share – Basic				
Income before cumulative effect of change in accounting policy		\$ 2.31	\$ 3.04	\$ 3.17
Net income		2.25	3.04	3.17
Earnings Per Common Share – Diluted				
Income before cumulative effect of change in accounting policy		\$ 2.27	\$ 2.99	\$ 3.10
Net income		2.21	2.99	3.10
Cash Dividends Per Common Share		\$.89	\$.85	\$.81

Consolidated Statements of Comprehensive Income

<i>In thousands</i>	<i>Fiscal year ended</i>	<i>December 30, 2000</i>	<i>January 1, 2000</i>	<i>January 2, 1999</i>
Net Income		\$260,334	\$366,242	\$388,306
Other Comprehensive Income (Loss)				
Foreign currency translation:				
Amount arising during year		(36,758)	(60,180)	16,109
Less income tax effect		12,049	21,063	(5,638)
Reclassification to net income from disposal of subsidiaries		2,030	—	—
Less income tax effect		(711)	—	—
Unrealized gains (losses) on marketable securities:				
Amount arising during year		(1,176)	—	—
Less income tax effect		431	—	—
Reclassification to net income for losses realized		1,613	—	—
Less income tax effect		(597)	—	—
Comprehensive Income		\$237,215	\$327,125	\$398,777

See notes to consolidated financial statements.

Consolidated Balance Sheets

<i>In thousands</i>	<i>December 30, 2000</i>	<i>January 1, 2000</i>
Assets		
Current Assets		
Cash and equivalents	\$ 118,891	\$ 79,861
Accounts receivable, less allowances of \$54,918 in 2000 and \$54,477 in 1999	716,299	732,502
Inventories	1,124,438	964,040
Deferred income taxes	118,314	74,067
Other current assets	32,154	26,946
Total current assets	2,110,096	1,877,416
Property, Plant and Equipment	776,015	804,422
Intangible Assets	1,101,876	992,463
Other Assets	370,169	352,213
	\$4,358,156	\$4,026,514
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term borrowings	\$ 147,005	\$ 408,932
Current portion of long-term debt	113,999	4,751
Accounts payable	340,127	332,666
Accrued liabilities	405,069	367,124
Total current liabilities	1,006,200	1,113,473
Long-term Debt	905,036	517,834
Other Liabilities	214,590	194,113
Redeemable Preferred Stock	48,483	51,544
Deferred Contributions to Employee Stock Ownership Plan	(7,966)	(14,268)
	40,517	37,276
Common Shareholders' Equity		
Common Stock, stated value \$1; shares authorized, 300,000,000; shares outstanding, 112,258,556 in 2000 and 116,204,655 in 1999	112,259	116,205
Additional paid-in capital	833,441	831,054
Accumulated other comprehensive income (loss)	(87,875)	(64,756)
Retained earnings	1,333,988	1,281,315
Total common shareholders' equity	2,191,813	2,163,818
	\$4,358,156	\$4,026,514

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

<i>In thousands</i>	<i>Fiscal year ended</i>	<i>December 30, 2000</i>	<i>January 1, 2000</i>	<i>January 2, 1999</i>
Operations				
Net income		\$ 260,334	\$ 366,242	\$ 388,306
Adjustments to reconcile net income to cash provided by operations:				
Cumulative effect of change in accounting policy		6,782	–	–
Restructuring costs		117,770	–	–
Depreciation		137,022	134,335	128,495
Amortization of intangible assets		36,400	33,097	32,890
Other, net		5,358	5,341	27,764
Changes in current assets and liabilities:				
Accounts receivable		329	(12,379)	(48,771)
Inventories		(73,871)	43,655	(52,406)
Accounts payable		(20,554)	(21,414)	(17,013)
Other, net		(26,256)	(125,516)	(29,983)
Cash provided by operations		443,314	423,361	429,282
Investments				
Capital expenditures		(125,224)	(150,076)	(189,059)
Business acquisitions		(308,062)	(156,587)	(299,900)
Other, net		(9,953)	(13,114)	(16,943)
Cash invested		(443,239)	(319,777)	(505,902)
Financing				
Increase (decrease) in short-term borrowings		(244,041)	145,768	212,457
Proceeds from long-term debt		495,185	1,032	4,132
Payment of long-term debt		(5,058)	(3,269)	(2,998)
Purchase of Common Stock		(105,723)	(149,075)	(147,398)
Cash dividends paid		(104,920)	(104,302)	(101,660)
Proceeds from issuance of Common Stock		1,317	25,323	45,689
Other, net		4,493	1,269	2,115
Cash provided (used) by financing		41,253	(83,254)	12,337
Effect of Foreign Currency Rate Changes on Cash		(2,298)	(3,677)	3,397
Net Change in Cash and Equivalents		39,030	16,653	(60,886)
Cash and Equivalents – Beginning of Year		79,861	63,208	124,094
Cash and Equivalents – End of Year		\$ 118,891	\$ 79,861	\$ 63,208

See notes to consolidated financial statements.

Consolidated Statements of Common Shareholders' Equity

<i>In thousands</i>	<i>Common Stock</i>	<i>Additional Paid-in Capital</i>	<i>Accumulated Other Comprehensive Income (Loss)</i>	<i>Retained Earnings</i>
Balance January 3, 1998	\$121,225	\$744,108	\$(36,110)	\$1,037,546
Net income	—	—	—	388,306
Cash dividends:				
Common Stock	—	—	—	(97,943)
Series B Preferred Stock	—	—	—	(3,717)
Tax benefit from Preferred Stock dividends	—	—	—	568
Redemption of Preferred Stock	—	—	—	(2,763)
Purchase of treasury shares	(3,223)	—	—	(144,175)
Stock compensation plans, net	1,697	57,403	—	(124)
Common Stock held in trust for deferred compensation plans	(233)	—	—	(6,728)
Foreign currency translation	—	—	10,471	—
Balance January 2, 1999	119,466	801,511	(25,639)	1,170,970
Net income	—	—	—	366,242
Cash dividends:				
Common Stock	—	—	—	(100,755)
Series B Preferred Stock	—	—	—	(3,547)
Tax benefit from Preferred Stock dividends	—	—	—	437
Redemption of Preferred Stock	—	—	—	(3,284)
Purchase of treasury shares	(4,000)	—	—	(145,075)
Stock compensation plans, net	813	29,543	—	(187)
Common Stock held in trust for deferred compensation plans	(74)	—	—	(3,486)
Foreign currency translation	—	—	(39,117)	—
Balance January 1, 2000	116,205	831,054	(64,756)	1,281,315
Net income	—	—	—	260,334
Cash dividends:				
Common Stock	—	—	—	(101,584)
Series B Preferred Stock	—	—	—	(3,336)
Tax benefit from Preferred Stock dividends	—	—	—	280
Redemption of Preferred Stock	—	—	—	(1,102)
Purchase of treasury shares	(4,000)	—	—	(101,723)
Stock compensation plans, net	59	2,387	—	(163)
Common Stock held in trust for deferred compensation plans	(5)	—	—	(33)
Foreign currency translation	—	—	(23,390)	—
Unrealized gains on marketable securities	—	—	271	—
Balance December 30, 2000	\$112,259	\$833,441	\$(87,875)	\$1,333,988

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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 method represent 47% of total 2000 inventories and 42% in 1999. 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 \$306.7 million and \$270.5 million in 2000 and 1999. These assets are amortized on the straight-line method over 10 to 40 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. An impairment loss may be recorded if undiscounted future cash flows, net of income tax payments, are not expected to be adequate to recover the assets' carrying value.

Revenue Recognition: During the fourth quarter of 2000, the Company changed its accounting policy for recognizing sales in accordance with the SEC's Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements*. Previously, sales were recorded upon shipment of goods to the customer. The new policy recognizes that the risks of ownership in some transactions do not substantively transfer to customers until the product has been received by them, without regard to when legal title has transferred. The cumulative effect of this change in policy for periods prior to January 2000 of \$6.8 million (net of income taxes of \$4.1 million), or \$.06 per share, is shown in the Consolidated Statements of Income. The accounting change has an insignificant impact on annual sales and income (before cumulative effect). However, due to seasonal shipping patterns, the change in accounting policy results in a shift of sales and earnings among the Company's quarterly periods. As a result, the Company has restated its operating results for the first three quarters of 2000. (See Quarterly Results of Operations on page 22 for more information.) Pro forma results for prior fiscal years are not presented due to immateriality.

Advertising Costs are expensed as incurred and were \$251.7 million in 2000, \$257.6 million in 1999 and \$287.5 million in 1998.

Shipping Costs to customers are included in Marketing, Administrative and General Expenses and were \$54.1 million in 2000, \$51.0 million in 1999 and \$44.4 million in 1998.

Stock-based Compensation: Compensation expense is recorded for the excess, if any, of the market price of VF Common Stock at the date of grant over the amount the employee must pay for the stock.

Other Comprehensive Income consists of certain changes in assets and liabilities that are not included in Net Income but are instead reported under generally accepted accounting principles within a separate component of Common Shareholders' Equity. The components of Accumulated Other Comprehensive Income (Loss) include the effects of foreign currency translation and unrealized gains and losses on marketable securities.

New Accounting Pronouncement: The Company will adopt FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and related amendments at the beginning of its 2001 fiscal year. This statement requires all derivatives to be recognized as assets or liabilities on the balance sheet and measured at fair value. Changes in the fair value of derivatives will be recognized in either net income or other comprehensive income, depending on the designated purpose of the derivative. The cumulative effect of adopting this new statement will be an increase in reported net income of \$.4 million at the beginning of fiscal year 2001.

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

The Company acquired the common stock of The North Face, Inc. and acquired the Eastpak backpack and daypack business in May 2000. The Company also acquired the trademark rights to the Chic and Gitano brands and, in October 2000, acquired 85% of the common stock of H.I.S. Sportswear AG. The aggregate cost for these businesses was \$206.5 million, plus repayment of \$107.7 million of indebtedness. Intangible assets related to these acquisitions totaled \$171.2 million.

In 1999, the Company acquired three workwear and four jeanswear businesses for an aggregate cost of \$136.1 million, plus repayment of \$23.3 million in debt. Intangible assets related to these acquisitions totaled \$87.4 million. During 1998, the Company acquired Bestform Group, Inc. for \$184.3 million in cash, plus repayment of \$44.4 million in debt, and acquired three other businesses for an aggregate cost of \$76.1 million. Intangible assets related to these acquisitions totaled \$168.5 million.

The Company accrued various restructuring charges in connection with the 1999 and 2000 acquisitions. The charges relate to severance, closure of manufacturing and distribution facilities, and

lease and contract termination costs. Cash payments related to these actions will be substantially completed during 2001. Charges are summarized as follows:

<i>In thousands</i>	<i>Severance</i>	<i>Facilities Exit Costs</i>	<i>Lease and Contract Termination</i>	<i>Total</i>
1999 Activity:				
Accrual for 1999 acquisitions	\$ 5,061	\$1,622	\$17,948	\$ 24,631
Cash payments	(1,362)	(208)	(2,218)	(3,788)
Estimated remaining costs,				
January 1, 2000	3,699	1,414	15,730	20,843
2000 Activity:				
Accrual for 2000 acquisitions	7,971	967	3,558	12,496
Cash payments	(6,411)	(831)	(6,588)	(13,830)
Adjustments to acquisition costs	(2,037)	(711)	(723)	(3,471)
Estimated remaining costs,				
December 30, 2000	\$ 3,222	\$ 839	\$11,977	\$ 16,038

The following unaudited pro forma results of operations assume that acquisitions during the last two years had occurred at the beginning of 1999:

<i>In thousands, except per share amounts</i>	2000	1999
Net sales	\$5,927,634	\$6,043,873
Net income	229,556	316,644
Earnings per common share:		
Basic	\$ 1.98	\$ 2.62
Diluted	1.95	2.58

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 over periods from 19 to 40 years. Operating results of these businesses have been included in the consolidated financial statements since the dates of acquisition.

Note C Inventories

<i>In thousands</i>	2000	1999
Finished products	\$ 710,158	\$575,617
Work in process	194,194	171,275
Materials and supplies	220,086	217,148
	\$1,124,438	\$964,040

The current cost of inventories stated on the last-in, first-out method 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>	2000	1999
Land	\$ 57,961	\$ 46,626
Buildings	504,816	478,372
Machinery and equipment	1,302,549	1,289,064
	1,865,326	1,814,062
Less accumulated depreciation	1,089,311	1,009,640
	\$ 776,015	\$ 804,422

Note E Short-term Borrowings

<i>In thousands</i>	2000	1999
Commercial paper	\$ 56,855	\$319,033
Banks	90,150	89,899
	\$147,005	\$408,932

The weighted average interest rate for short-term borrowings was 9.0% at the end of 2000 and 6.5% at the end of 1999. 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 July 2004, requires an .08% facility fee per year and contains various financial covenants, including a debt to net worth requirement. At December 30, 2000, there were no borrowings under the agreement.

Note F Accrued Liabilities

<i>In thousands</i>	2000	1999
Income taxes	\$ 45,548	\$ 59,242
Compensation	86,521	71,798
Restructuring costs (Note M)	37,393	—
Other	235,607	236,084
	\$405,069	\$367,124

Note G Long-term Debt

<i>In thousands</i>	2000	1999
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
8.10% notes, due 2005	300,000	—
8.50% notes, due 2010	200,000	—
9.25% debentures, due 2022	100,000	100,000
Other	19,035	22,585
	1,019,035	522,585
Less current portion	113,999	4,751
	\$905,036	\$517,834

The scheduled payments of long-term debt are \$1.8 million in 2002, \$100.8 million in 2003, \$100.3 million in 2004 and \$400.3 million in 2005. The Company paid interest of \$77.1 million in 2000, \$73.4 million in 1999 and \$59.5 million in 1998.

Note H Other Liabilities

<i>In thousands</i>	2000	1999
Deferred compensation	\$192,768	\$179,321
Other	21,822	14,792
	\$214,590	\$194,113

Note I Benefit Plans

The Company sponsors a noncontributory defined benefit pension plan covering substantially all full-time domestic employees and a nonqualified supplemental defined benefit pension plan covering key employees. The effect of the pension plans on income is as follows:

<i>In thousands</i>	2000	1999	1998
Service cost – benefits earned during the year	\$ 20,863	\$ 22,174	\$ 20,391
Interest cost on projected benefit obligation	47,630	41,166	38,584
Expected return on plan assets	(57,945)	(50,692)	(45,270)
Amortization of:			
Transition asset	–	–	(3,068)
Prior service cost	6,352	5,359	5,667
Actuarial (gain) loss	(2,156)	(831)	610
Pension expense	\$ 14,744	\$ 17,176	\$ 16,914

The following provides a reconciliation of the changes in fair value of the pension plans' assets and benefit obligations, based on a September 30 valuation date, plus the funded status at the end of each year:

<i>In thousands</i>	2000	1999
Fair value of plan assets, beginning of year	\$ 667,295	\$553,591
Actual return on plan assets	80,443	112,848
Company contributions	1,445	24,000
Acquired company plan	5,647	–
Benefits paid	(26,441)	(23,144)
Fair value of plan assets, end of year	728,389	667,295
Benefit obligations, beginning of year	585,850	591,726
Service cost	20,863	22,174
Interest cost	47,630	41,166
Plan amendments	19,277	–
Acquired company plan	4,917	–
Actuarial (gain) loss	(28,274)	(44,831)
Benefits paid	(26,441)	(24,385)
Benefit obligations, end of year	623,822	585,850
Funded status, end of year	104,567	81,445
Unrecognized net actuarial (gain) loss	(137,164)	(88,095)
Unrecognized prior service cost	43,729	29,911
Pension asset, net	\$ 11,132	\$ 23,261
Amount included in:		
Other Assets	\$ 42,516	\$ 47,633
Other Liabilities	(31,384)	(24,372)
	\$ 11,132	\$ 23,261

For the unfunded supplemental defined benefit pension plan, the projected benefit obligation and the accumulated benefit obligation were \$50.5 million and \$39.3 million, respectively, at the end of 2000 and \$50.2 million and \$37.6 million, respectively, at the end of 1999. To support these benefit liabilities, the Company has purchased life insurance contracts and marketable securities. These investments are held in irrevocable trusts and are included in Other Assets. The cash value of life insurance and the market value of other investments was \$25.3 million in 2000 and \$27.9 million in 1999.

The projected benefit obligation was determined using an assumed discount rate of 8.0% in 2000, 7.8% in 1999 and 6.8% in 1998. The assumption for compensation increases was 4.0% in each year, 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 \$7.2 million in 2000, \$6.9 million in 1999 and \$6.5 million in 1998. Plan expense was \$4.7 million in 2000, \$5.2 million in 1999 and \$5.5 million in 1998, after giving effect to dividends on the Series B Preferred Stock of \$3.3 million in 2000, \$3.5 million in 1999 and \$3.7 million in 1998.

The Company also sponsors other savings and retirement plans for certain domestic and foreign employees. Expense for these plans totaled \$5.2 million in 2000, \$6.2 million in 1999 and \$6.5 million in 1998.

Note J Capital

Common shares outstanding are net of shares held in treasury, and in substance retired, of 25,139,897 in 2000, 21,136,952 in 1999 and 17,134,370 in 1998. In addition, 311,608 shares of VF Common Stock at the end of 2000, 306,698 shares at the end of 1999 and 232,899 shares at the end of 1998 are held in trust for deferred compensation plans. These shares are treated for financial accounting purposes as treasury shares at a cost of \$10.6 million, \$10.5 million and \$7.0 million, respectively at the end of the last three years.

There are 25,000,000 authorized shares of Preferred Stock, \$1 par value. As of December 30, 2000, 2,000,000 shares are designated as Series A Preferred Stock, of which none has 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 1,570,301 shares of Series B Preferred Stock outstanding at December 30, 2000, 1,669,444 outstanding at January 1, 2000, and 1,760,119 outstanding at January 2, 1999, 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, 15% or more of the Common Stock. Once exercisable, each right will entitle its holder to buy 1/100 share of Series A Preferred Stock for \$175. If the Company is involved in a merger or other business combination or an outside party acquires 15% or more of the Common Stock, each right will be modified to entitle its holder (other than the acquirer) to purchase common stock of the acquiring company or, in certain circumstances, VF Common Stock having a market value of twice the exercise price of the right. In some circumstances, rights other than those held by an acquirer may be exchanged for one share of VF Common Stock. The rights, which expire in January 2008, may be redeemed at \$.01 per right prior to their becoming exercisable.

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 1.6 shares of Common Stock and is entitled to two votes 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 2002. Interest income on this loan was \$1.7 million in 2000, \$2.6 million in 1999 and \$3.3 million in 1998. 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. At the end of 2000, 1,312,345 shares of Preferred Stock had been allocated to participating employees' accounts.

Note L Stock Option Plan

The Company has granted nonqualified stock options to officers, directors and key employees under a stock compensation plan at prices not less than fair market value on the date of grant. Options become exercisable generally one year after the date of grant and expire ten years after the date of grant. Activity in the stock compensation plan is summarized as follows:

	<i>Shares Under Options</i>	<i>Weighted Average Exercise Price</i>
Balance January 3, 1998	5,511,616	\$28.21
Options granted	1,940,000	43.30
Options exercised	(1,680,000)	27.26
Options canceled	(69,310)	25.41
Balance January 2, 1999	5,702,306	33.65
Options granted	1,975,400	43.20
Options exercised	(795,400)	31.87
Options canceled	(250,810)	32.88
Balance January 1, 2000	6,631,496	36.74
Options granted	2,213,025	26.20
Options exercised	(51,130)	21.60
Options canceled	(294,500)	34.46
Balance December 30, 2000	8,498,891	\$34.17

Stock options outstanding at December 30, 2000 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	41,220	.9 years	\$17.95
21–25	599,586	3.7 years	23.48
26–30	3,264,335	7.0 years	26.46
31–35	1,081,100	5.9 years	34.49
40–45	3,512,650	7.7 years	43.25
\$16–45	8,498,891	6.9 years	\$34.17

All above options are exercisable, except for those granted in 2000. There are 2,665,734 shares available for future grants of stock options and stock awards, of which no more than 968,356 may be grants of restricted stock awards.

Since all stock options are granted at market value, compensation expense is not required. However, had compensation expense been determined based on the fair value of the options on the grant dates, the Company's net income would have been reduced by \$10.5 million (\$.09 per share) in 2000, \$11.9 million (\$.10 per share) in 1999 and \$9.7 million (\$.08 per share) in 1998.

The fair value of options granted during 2000 was \$7.66 per share, during 1999 was \$9.97 per share and during 1998 was \$8.78 per share. Fair value is estimated based on the Black-Scholes option-pricing model with the following assumptions: dividend yield of 2.0%; expected volatility of 36% in 2000, 26% in 1999 and 20% in 1998; risk-free interest rates of 6.8% in 2000, 4.8% in 1999 and 5.4% in 1998; and expected lives of 4 years.

The Company has granted to key employees 69,706 shares of restricted stock that vest in periods through 2005. Compensation equal to the market value of shares at the date of grant is amortized to expense over the vesting period. Expense for these shares was \$.6 million in 2000, \$.3 million in 1999 and \$.2 million in 1998.

In 2000 and 1999, the Company granted stock awards to certain key employees under a stock award plan that replaced a portion of the cash incentive compensation for those employees. The stock

awards entitle the participants to the right to receive shares of VF Common Stock, with the number of shares to be earned based on the three year total shareholder return of VF Common Stock compared with a peer group of major apparel companies. Shares earned at the end of each three year period are issued to participants in the following year, unless they elect to defer receipt of the shares. A total of 39,923 shares and 44,962 shares of VF Common Stock were earned for the three year performance periods ended in 2000 and 1999, respectively. At the end of 2000, there are 33,875 stock awards outstanding for the performance period ending in 2001 and 54,711 for the performance period ending in 2002. Compensation expense equal to the market value of the shares to be issued is recognized over each three year performance period. Expense of \$1.8 million and \$2.0 million was recognized for this plan in 2000 and 1999, respectively. A total of 37,911 shares of Common Stock are issuable in future years to participants who have elected to defer receipt of their shares earned.

Note M Restructuring Costs

During the fourth quarter of 2000, the Company recorded pretax charges totaling \$119.9 million (\$.67 per share) aimed at eliminating certain underperforming businesses and reducing the Company's overall cost structure. These charges related to exiting certain businesses and product lines, closing higher cost manufacturing facilities, consolidating distribution and administrative operations and writing down assets.

As part of the above charge, the Company recorded costs totaling \$69.7 million to exit several underperforming businesses. Effective December 27, 2000, the Company transferred its Wrangler business in Japan to a licensee and recorded a pretax loss on disposition of \$26.8 million, of which \$23.8 million related to the write-off of intangible assets. In the occupational apparel business units, the Company discontinued its regional catalog and linens businesses and exited other unprofitable product lines arising from certain of the companies acquired in late 1998 and early 1999. Finally, the Company decided to exit certain intimate apparel product lines having limited profit and growth potential. Sales of these businesses included in the consolidated operating results were \$101 million in 2000, \$138 million in 1999 and \$92 million in 1998.

Also included are charges of \$18.5 million to close certain higher cost North American manufacturing facilities as part of the ongoing strategy of moving toward lower cost, more flexible global sourcing. In other actions, the Company recorded \$31.7 million of other restructuring costs relating to closing and consolidating distribution centers and administrative offices and functions in the U.S., Europe and Latin America.

The restructuring costs were recorded in the Consolidated Statement of Income in Cost of Products Sold – \$55.9 million; Marketing, Administrative and General – \$37.2 million; and Other Operating Expense – \$26.8 million. A total of \$22.4 million of the costs relate to personnel reductions, including severance and related benefits. These actions affect approximately 2,700 of the Company's employees. As of December 30, 2000, 400 employees

have been terminated. The remainder of the employees, all of whom have been notified, are generally located at manufacturing facilities and will work through the plant closing transition periods that end in 2001.

Activity in the restructuring accrual is summarized as follows:

<i>In thousands</i>	<i>Severance</i>	<i>Facilities Exit Costs</i>	<i>Other Asset Write-downs</i>	<i>Lease and Contract Termination</i>	<i>Total</i>
Total restructuring costs	\$22,367	\$ 21,850	\$ 59,996	\$15,695	\$119,908
Noncash charges:					
Intangible assets	–	–	(23,819)	–	(23,819)
Inventories	–	–	(22,392)	–	(22,392)
Other	–	(20,381)	(13,785)	–	(34,166)
Cash payments	(1,976)	(8)	–	(154)	(2,138)
Balance					
December 30, 2000	\$20,391	\$ 1,461	\$ 0	\$15,541	\$ 37,393

Remaining severance and other cash payments will be made into 2002.

Note N Income Taxes

The provision for income taxes is computed based on the following amounts of income before income taxes and cumulative effect of change in accounting policy:

<i>In thousands</i>	2000	1999	1998
Domestic	\$429,453	\$567,545	\$582,128
Foreign	2,080	28,031	49,470
	\$431,533	\$595,576	\$631,598

The provision for income taxes consists of:

<i>In thousands</i>	2000	1999	1998
Current:			
Federal	\$130,740	\$175,052	\$174,346
Foreign	23,957	14,113	35,082
State	17,753	19,607	14,757
	172,450	208,772	224,185
Deferred, primarily federal	(8,033)	20,562	19,107
	\$164,417	\$229,334	\$243,292

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>	2000	1999	1998
Tax at federal statutory rate	\$151,037	\$208,452	\$221,059
State income taxes, net of federal tax benefit	6,169	12,744	9,592
Amortization of intangible assets	8,812	8,241	7,916
Foreign operating losses with no current benefit	20,613	13,871	8,988
Change in valuation allowance	(4,951)	(2,263)	(4,273)
Other, net	(17,263)	(11,711)	10
	\$164,417	\$229,334	\$243,292

Deferred income tax assets and liabilities consist of the following:

<i>In thousands</i>	2000	1999
Deferred income tax assets:		
Employee benefits	\$ 53,064	\$ 51,582
Inventories	23,463	19,990
Other accrued expenses	117,511	79,767
Operating loss carryforwards	104,143	71,911
Foreign currency translation	46,372	34,869
	344,553	258,119
Valuation allowance	(57,033)	(46,526)
Deferred income tax assets	287,520	211,593
Deferred income tax liabilities:		
Depreciation	45,985	56,103
Other	32,124	25,244
Deferred income tax liabilities	78,109	81,347
Net deferred income tax assets	\$209,411	\$130,246
Amount included in:		
Current Assets	\$118,314	\$ 74,067
Other Assets	91,097	56,179
	\$209,411	\$130,246

As of the end of 2000, the Company has not provided deferred U.S. income taxes on \$18.7 million of undistributed earnings of international subsidiaries where such earnings are considered to be permanently invested. The Company has \$185.1 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 \$183.4 million in 2000, \$228.0 million in 1999 and \$215.2 million in 1998.

Note O Business Segment Information

The Company designs and manufactures apparel products marketed primarily under Company-owned brand names. Customers are primarily department, discount and specialty stores throughout the world.

The Company manages its businesses through separate marketing companies that support specific brands. Manufacturing and product sourcing needs are met by groups that support individual or in some cases several different product types. These operations have been aggregated into three reportable segments. The "Consumer Apparel" segment includes jeanswear and related products, women's intimate apparel and swimwear, and children's apparel, all having similar characteristics of economic performance, product type, production process, method of distribution and class of customer. The "Occupational Apparel" segment is distinguished from the Consumer Apparel segment because of a different class of customer. The "All Other" segment consists of the Company's knitwear, outdoor apparel and equipment, and daypack operations, which have different product or economic characteristics than those in the other segments.

Management evaluates the operating performance of each of its marketing companies based on their income from operations. Accounting policies used for segment reporting are consistent with those stated in Note A, except that inventories are valued on a first-in, first-out basis and that interest income and expense and amortization of intangible assets are not allocated to individual segments. Corporate and other expenses include expenses incurred in and directed by the Corporate offices that are not allocated to specific business units. Segment assets are those used directly in the operations of each business unit, such as accounts receivable, inventories and property, plant and equipment. Corporate assets include investments and deferred income taxes. Financial information for the Company's reportable segments is as follows:

<i>In thousands</i>	2000	1999	1998
Net sales:			
Consumer Apparel	\$4,227,997	\$4,276,809	\$4,313,082
Occupational Apparel	661,635	640,227	482,931
All Other	858,247	634,580	682,794
Consolidated net sales	\$5,747,879	\$5,551,616	\$5,478,807
Segment profit:			
Consumer Apparel	\$ 605,197	\$ 629,127	\$ 693,638
Occupational Apparel	3,050	79,164	80,988
All Other	54,897	57,715	38,686
Total segment profit	663,144	766,006	813,312
Interest, net	(81,032)	(62,490)	(55,871)
Amortization of intangible assets	(36,400)	(33,097)	(32,890)
Corporate and other expenses	(114,179)	(74,843)	(92,953)
Consolidated income before income taxes	\$ 431,533	\$ 595,576	\$ 631,598
Segment assets:			
Consumer Apparel	\$1,780,493	\$1,783,225	\$1,858,873
Occupational Apparel	348,134	379,004	247,734
All Other	457,195	332,850	377,155
Total segment assets	2,585,822	2,495,079	2,483,762
Cash and equivalents	118,891	79,861	63,208
Intangible assets	1,101,876	992,463	951,562
Corporate assets	551,567	459,111	338,134
Consolidated assets	\$4,358,156	\$4,026,514	\$3,836,666
Capital expenditures:			
Consumer Apparel	\$ 68,115	\$ 97,196	\$ 129,532
Occupational Apparel	11,072	20,845	19,362
All Other	14,920	8,358	11,480
Corporate	31,117	23,677	28,685
Consolidated capital expenditures	\$ 125,224	\$ 150,076	\$ 189,059
Depreciation expense:			
Consumer Apparel	\$ 83,260	\$ 89,313	\$ 83,382
Occupational Apparel	15,515	14,958	11,769
All Other	24,295	23,555	26,165
Corporate	13,952	6,509	7,179
Consolidated depreciation expense	\$ 137,022	\$ 134,335	\$ 128,495

The 2000 restructuring costs (Note M) were incurred as follows: Consumer Apparel – \$71.0 million; Occupational Apparel – \$34.6 million; All Other – \$6.0 million; and Corporate – \$8.3 million.

Information by geographic area is presented below, with sales based on the location of the customer:

<i>In thousands</i>	2000	1999	1998
Net sales:			
United States	\$4,803,872	\$4,605,624	\$4,552,785
Foreign, primarily Europe	944,007	945,992	926,022
Consolidated net sales	\$5,747,879	\$5,551,616	\$5,478,807
Long-lived assets, primarily property, plant and equipment:			
U.S.	\$ 610,287	\$ 650,577	\$ 634,231
Mexico	85,762	71,627	60,400
Other foreign, primarily Europe	80,777	83,029	83,842
Total long-lived assets	\$ 776,826	\$ 805,233	\$ 778,473

Worldwide sales by product category are as follows:

<i>In thousands</i>	2000	1999	1998
Jeanswear and related products	\$2,985,975	\$2,936,196	\$2,962,790
Intimate apparel	894,580	981,798	965,782
Occupational apparel	661,635	640,227	482,931
Knitwear	472,298	453,103	506,365
Other	733,391	540,292	560,939
Total	\$5,747,879	\$5,551,616	\$5,478,807

Sales to one domestic discount store group comprise 13.9% of consolidated sales in 2000, 13.0% in 1999 and 12.3% in 1998.

Note P Leases

The Company leases certain facilities and equipment under non-cancelable operating leases. Rental expense was \$67.1 million in 2000, \$59.3 million in 1999 and \$64.3 million in 1998. Future minimum lease payments are \$55.8 million, \$45.4 million, \$36.2 million, \$27.8 million and \$22.1 million for the years 2001 through 2005 and \$62.4 million thereafter.

Note Q Earnings Per Share

<i>In thousands, except per share amounts</i>	2000	1999	1998
Basic earnings per share:			
Net income	\$260,334	\$366,242	\$388,306
Less Preferred Stock dividends and redemption premium	4,158	6,394	5,912
Net income available for Common Stock	\$256,176	\$359,848	\$382,394
Weighted average Common Stock outstanding	114,075	118,538	120,744
Basic earnings per share	\$ 2.25	\$ 3.04	\$ 3.17
Diluted earnings per share:			
Net income	\$260,334	\$366,242	\$388,306
Increased ESOP expense if Preferred Stock were converted to Common Stock	925	1,036	1,136
Net income available for Common Stock and dilutive securities	\$259,409	\$365,206	\$387,170
Weighted average Common Stock outstanding	114,075	118,538	120,744
Additional Common Stock resulting from dilutive securities:			
Preferred Stock	2,561	2,724	2,854
Stock options and other	582	996	1,397
Weighted average Common Stock and dilutive securities outstanding	117,218	122,258	124,995
Diluted earnings per share	\$ 2.21	\$ 2.99	\$ 3.10

Outstanding options to purchase 6.5 million shares of Common Stock have been excluded from the computation of diluted earnings per share in 2000 and 2.1 million shares in 1999 because the option exercise prices were greater than the average market price of the Common Stock.

Note R Financial Instruments

The carrying amount and fair value of financial instruments included in the balance sheets are as follows:

<i>In thousands</i>	2000		1999	
	<i>Carrying Amount</i>	<i>Fair Value</i>	<i>Carrying Amount</i>	<i>Fair Value</i>
Financial liabilities:				
Short-term borrowings	\$ 147,005	\$ 147,005	\$408,932	\$408,932
Long-term debt	1,019,035	1,028,460	522,585	507,297
Series B Preferred Stock	48,483	91,052	51,544	80,133

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.

The Company enters into short-term foreign currency forward exchange contracts to manage exposures related to specific foreign currency transactions or anticipated cash flows. The amounts of the contracts, and related gains and losses, are not material. The fair value of foreign currency financial instruments is not significant.

VF Corporation Financial Summary

<i>In thousands, except per share amounts</i>	2000 ⁴	1999	1998	1997
Summary of Operations				
Net sales	\$ 5,747,879	\$ 5,551,616	\$ 5,478,807	\$ 5,222,246
Cost of products sold	3,842,451	3,657,120	3,586,686	3,440,611
Gross margin	1,905,428	1,894,496	1,892,121	1,781,635
Marketing, administrative and other	1,395,435	1,241,864	1,207,952	1,176,562
Operating income	509,993	652,632	684,169	605,073
Interest, net	(81,032)	(62,490)	(55,871)	(25,877)
Miscellaneous, net	(8,279)	5,434	3,300	6,684
Income before income taxes	420,682	595,576	631,598	585,880
Income taxes	160,348	229,334	243,292	234,938
Net income	\$ 260,334	\$ 366,242	\$ 388,306	\$ 350,942
Per share of Common Stock¹				
Earnings – basic	\$ 2.25	\$ 3.04	\$ 3.17	\$ 2.76
Earnings – diluted	2.21	2.99	3.10	2.70
Dividends	.89	.85	.81	.77
Average number of common shares outstanding	114,075	118,538	120,744	125,504
Net income as % of average common shareholders' equity	11.7%	17.3%	19.7%	18.2%
Net income as % of average total assets	6.0%	8.9%	10.2%	10.1%
Financial Position				
Accounts receivable, net	\$ 716,299	\$ 732,502	\$ 705,734	\$ 587,934
Inventories	1,124,438	964,040	954,007	774,755
Total current assets	2,110,096	1,877,416	1,848,152	1,601,466
Property, plant and equipment, net	776,015	804,422	776,091	705,990
Total assets	4,358,156	4,026,514	3,836,666	3,322,782
Total current liabilities	1,006,200	1,113,473	1,033,006	765,908
Long-term debt	905,036	517,834	521,657	516,226
Common shareholders' equity	2,191,813	2,163,818	2,066,308	1,866,769
Other Statistics				
Working capital	\$ 1,103,896	\$ 763,943	\$ 815,146	\$ 835,558
Current ratio	2.1	1.7	1.8	2.1
Debt to capital ratio ²	34.7%	30.1%	27.1%	22.5%
Dividends	\$ 104,920	\$ 104,302	\$ 101,660	\$ 100,141
Purchase of Common Stock	105,723	149,075	147,398	391,651
Cash provided by operations	443,314	423,361	429,282	460,652
Capital expenditures (excluding acquisitions)	125,224	150,076	189,059	154,262
Depreciation and amortization	173,422	167,432	161,385	156,252
Market Data				
Market price range ¹	\$36.90-20.94	\$55.00-27.44	\$54.69-33.44	\$48.25-32.25
Book value per common share ¹	19.52	18.62	17.30	15.40
Price earnings ratio – high-low	16.4-9.3	18.1-9.0	17.3-10.5	17.5-11.7
Rate of payout ³	39.6%	28.0%	25.6%	27.9%

¹ Per share computations and market price ranges have been adjusted to reflect a two-for-one stock split in November 1997.

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

³ Dividends per share divided by earnings per share.

⁴ 2000 includes a \$76.7 million (\$.67 per share) restructuring charge and a \$6.8 million (\$.06 per share) charge for the cumulative effect of a change in accounting policy for revenue recognition.

	1996	1995	1994	1993	1992	1991	1990
	\$ 5,137,178	\$ 5,062,299	\$ 4,971,713	\$ 4,320,404	\$ 3,824,449	\$ 2,952,433	\$ 2,612,613
	3,458,166	3,577,555	3,387,295	2,974,861	2,603,726	2,039,787	1,874,590
	1,679,012	1,484,744	1,584,418	1,345,543	1,220,723	912,646	738,023
	1,121,729	1,137,354	1,053,912	911,063	788,216	604,774	528,443
	557,283	347,390	530,506	434,480	432,507	307,872	209,580
	(49,387)	(66,217)	(70,984)	(37,387)	(53,615)	(55,155)	(64,938)
	512	2,962	(3,861)	2,894	(3,119)	10,480	(1,558)
	508,408	284,135	455,661	399,987	375,773	263,197	143,084
	208,884	126,844	181,125	153,572	138,742	101,867	61,960
	\$ 299,524	\$ 157,291	\$ 274,536	\$ 246,415	\$ 237,031	\$ 161,330	\$ 81,124
	\$ 2.32	\$ 1.20	\$ 2.10	\$ 1.90	\$ 1.98	\$ 1.37	\$.67
	2.28	1.19	2.05	1.85	1.92	1.34	.66
	.73	.69	.65	.61	.56	.51	.50
	127,292	127,486	129,240	128,022	117,216	114,304	114,244
	16.2%	8.8%	16.8%	16.9%	23.0%	18.8%	9.9%
	8.6%	4.4%	7.9%	8.5%	9.7%	8.0%	4.1%
	\$ 592,942	\$ 629,506	\$ 613,337	\$ 511,887	\$ 493,030	\$ 333,073	\$ 301,032
	730,823	841,907	801,338	778,767	742,474	537,027	436,657
	1,706,326	1,667,637	1,551,166	1,500,180	1,365,573	1,071,109	824,249
	721,524	749,880	767,011	712,759	711,087	577,019	537,178
	3,449,535	3,447,071	3,335,608	2,877,348	2,712,380	2,126,913	1,852,829
	766,267	868,320	912,332	659,848	684,002	510,776	351,462
	519,058	614,217	516,700	527,573	767,641	583,209	585,142
	1,973,739	1,771,506	1,734,009	1,547,400	1,153,971	938,078	823,126
	\$ 940,059	\$ 799,317	\$ 638,834	\$ 840,332	\$ 681,571	\$ 560,333	\$ 472,787
	2.2	1.9	1.7	2.3	2.0	2.1	2.3
	21.4%	32.3%	32.7%	30.3%	44.8%	42.2%	44.9%
	\$ 97,036	\$ 92,038	\$ 88,223	\$ 82,831	\$ 69,552	\$ 62,712	\$ 61,133
	61,483	86,251	27,878	—	—	—	29,950
	711,454	323,656	479,401	293,751	123,060	287,172	284,378
	138,747	155,206	132,908	209,494	207,202	110,762	110,143
	160,578	167,721	158,511	125,765	108,281	90,991	97,850
	\$34.94-23.81	\$28.56-23.38	\$26.88-22.13	\$28.25-19.75	\$28.75-19.25	\$20.75-8.81	\$17.13-5.81
	15.44	13.96	13.51	12.00	9.70	8.13	7.22
	15.1-10.3	23.8-19.5	12.8-10.5	14.9-10.4	14.5-9.7	15.1-6.4	25.6-8.7
	31.5%	57.5%	31.0%	32.1%	28.3%	37.2%	74.6%

Board of Directors

Erskine B. Bowles 5,6
General Partner
Forstmann Little & Co.
New York, New York
Managing Director
Carousel Capital Company, LLC
Charlotte, North Carolina
(Investment banking and
private equity firms)
Director since 1999, age 55

Robert D. Buzzell 1,4,6
Distinguished Visiting Professor
Georgetown University
Washington, D.C.
Director since 1983, age 67

Edward E. Crutchfield 3,4
Former Chairman and
Chief Executive Officer
First Union Corporation
Charlotte, North Carolina
(Banking)
Director since 1992, age 59

Juan Ernesto de Bedout
President Latin American Operations
Kimberly-Clark Corporation
Roswell, GA
(Consumer products)
Director since 2000, age 56

Ursula F. Fairbairn 1,3,6
Executive Vice President –
Human Resources & Quality
American Express Company
New York, New York
(Financial services company)
Director since 1994, age 58

Barbara S. Feigin 2,5,6
Consultant
New York, New York
(Strategic marketing and branding)
Director since 1987, age 63

George Fellows 2,5
Former President and
Chief Executive Officer
Revlon, Inc.
New York, New York
(Cosmetics)
Director since 1997, age 58

Daniel R. Hesse 2,6
Chairman, President and
Chief Executive Officer
TeraBeam Corporation
Seattle, Washington
(Telecommunications)
Director since 1999, age 47

Robert J. Hurst 3,4,5
Vice Chairman
The Goldman Sachs Group, Inc.
New York, New York
(International investment banking
and securities firm)
Director since 1994, age 55

W. Alan McCollough 1,2
President and Chief Executive Officer
Circuit City Stores, Inc.
Richmond, Virginia
(National retailer)
Director since 2000, age 51

Mackey J. McDonald 1*,3,4*
Chairman, President
and Chief Executive Officer
Director since 1993, age 54

M. Rust Sharp 3,4
Of Counsel
Heckscher, Teillon, Terrill & Sager
West Conshohocken, Pennsylvania
(Attorneys)
Director since 1984, age 60

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*

**Ex officio member*

Corporate Officers

Mackey J. McDonald
Chairman, President
and Chief Executive Officer
Joined VF in 1982, age 54

George N. Derhofer
Vice President and Chairman –
Imagewear Coalition
Joined VF in 1989, age 47

Terry L. Lay
Vice President – Global Processes
Vice President and Chairman –
International Jeanswear Coalition
Joined VF in 1974, age 53

John P. Schamberger
Vice President and Chairman –
North & South America
Jeanswear & Playwear Coalitions
Joined VF in 1972, age 52

Eric C. Wiseman
Vice President and Chairman –
Global Intimate Apparel Coalition
Joined VF in 1995, age 45

Robert K. Shearer
Vice President – Finance and
Chief Financial Officer
Joined VF in 1986, age 49

Robert A. Cordaro
Vice President – Controller and
Chief Accounting Officer
Joined VF in 1985, age 47

Candace S. Cummings
Vice President – Administration,
General Counsel and Secretary
Joined VF in 1995, age 53

Frank C. Pickard III
Vice President – Treasurer
Joined VF in 1976, age 56

Susan Larson Williams
Vice President – Human Resources
Joined VF in 1983, age 43

Richard Lipinski
Vice President – Corporate Taxes
Joined VF in 1986, age 55

Linda J. Matthews
Assistant Treasurer
Joined VF in 1981, age 44

David L. Reklau
Financial Controller
Joined VF in 1981, age 54

Investor Information

Common Stock

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

Shareholders of Record

As of February 16, 2001, there were 6,667 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 – Administration, General Counsel and 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.

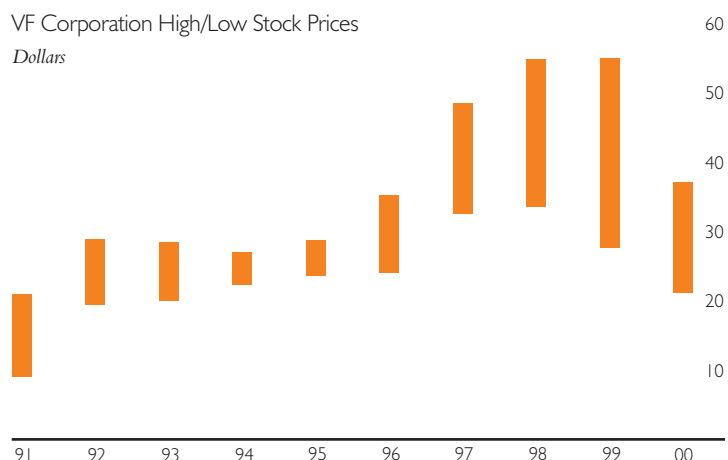
Quarterly Common Stock Price Information

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

	2000		1999		1998	
	High	Low	High	Low	High	Low
First quarter	\$30.38	\$20.94	\$50.81	\$40.88	\$53.25	\$40.75
Second quarter	31.25	22.88	55.00	37.50	54.69	49.69
Third quarter	27.81	21.81	43.38	30.00	52.25	36.63
Fourth quarter	36.90	22.50	32.63	27.44	50.69	33.44

VF Corporation High/Low Stock Prices

Dollars



Corporate Office

628 Green Valley Road, Suite 500
Greensboro, North Carolina 27408
Telephone: (336) 547-6000
Facsimile: (336) 547-7630
Mail Address: P.O. Box 21488
Greensboro, North Carolina 27420

Annual Meeting

The Annual Meeting of Shareholders will be held on Tuesday, April 24, 2001 at 10:30 AM at the O.Henry Hotel, Caldwell Room, 626 Green Valley Road, Greensboro, North Carolina 27408.

Investor Relations

Cindy Knoebel, CFA
Vice President, Financial and Corporate Communications
VF Services, Inc.
628 Green Valley Road, Suite 500
Greensboro, North Carolina 27408

Transfer Agent and Registrar

First Chicago Trust Company of New York, a Division of EquiServe
Mail Suite 4694, P.O. Box 2536
Jersey City, New Jersey 07303-2536
Telephone Response Center: (201) 324-1225

Independent Accountants

PricewaterhouseCoopers LLP
101 CentrePort Drive
Greensboro, North Carolina 27409

Form 10-K

Copies of the Company's Form 10-K Report to the Securities and Exchange Commission may be obtained from the Investor Relations Office.

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.vfc.com>.

The following registered trademarks owned by V.F. Corporation or its affiliates appear in this report: LEE, WRANGLER HERO, RIDERS, RUSTLER, TIMBER CREEK BY WRANGLER, HERO BY WRANGLER, BRITTANIA, WRANGLER RUGGED WEAR, CHIC, GITANO, HEALTHTEX, VANITY FAIR, LILY OF FRANCE, VASSARETTE, BESTFORM, EXQUISITE FORM, JANTZEN, LOU, BOLERO, GEMMA, INTIMA CHERRY, BELCOR, VARIANCE, MAJESTIC, TROPIC, BILYTIS, LEE SPORT, CSA, RED KAP, BULWARK PROTECTIVE APPAREL, HORACE SMALL PROFESSIONAL APPAREL, MAVERICK, OLD AXE, H.I.S, JANSPOUT, EASTPAK, THE NORTH FACE.

The following other trademarks owned by V.F. Corporation or its affiliates appear in this report: PENN STATE TEXTILE, FIBROTEK, VF SOLUTIONS.

The following trademarks owned by other companies also appear in this report: NIKE, NATORI, TOMMY HILFIGER, CHASE AUTHENTICS, NASCAR, WORLD SERIES.

VF Corporation

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