

V F CORP  
Form 10-Q  
November 10, 2010

**Table of Contents**

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-Q**  
**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended October 2, 2010**  
**Commission file number: 1-5256**

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

**Pennsylvania**  
(State or other jurisdiction of  
incorporation or organization)

**23-1180120**  
(I.R.S. employer  
identification number)

**105 Corporate Center Boulevard**  
**Greensboro, North Carolina 27408**  
(Address of principal executive offices)  
**(336) 424-6000**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

On October 30, 2010, there were 108,463,972 shares of the registrant's Common Stock outstanding.

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**VF CORPORATION**  
**Table of Contents**

	<b>Page No.</b>
<b><u>Part I Financial Information</u></b>	
<b><u>Item 1 Financial Statements (Unaudited)</u></b>	
<u>Consolidated Balance Sheets:</u> <u>September 2010, December 2009 and September 2009</u>	3
<u>Consolidated Statements of Income:</u> <u>Three and nine months ended September 2010 and September 2009</u>	4
<u>Consolidated Statements of Comprehensive Income:</u> <u>Three and nine months ended September 2010 and September 2009</u>	5
<u>Consolidated Statements of Cash Flows:</u> <u>Nine months ended September 2010 and September 2009</u>	6
<u>Consolidated Statements of Stockholders' Equity:</u> <u>Nine months ended September 2010 and year ended December 2009</u>	7
<u>Notes to Consolidated Financial Statements</u>	8
<b><u>Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	19
<b><u>Item 3 Quantitative and Qualitative Disclosures about Market Risk</u></b>	30
<b><u>Item 4 Controls and Procedures</u></b>	30
<b><u>Part II Other Information</u></b>	
<b><u>Item 1A Risk Factors</u></b>	30
<b><u>Item 2 Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	30
<b><u>Item 6 Exhibits</u></b>	31
<b><u>Signatures</u></b>	32
<u>EX-31.1</u>	
<u>EX-31.2</u>	
<u>EX-32.1</u>	
<u>EX-32.2</u>	
<u>EX-101 INSTANCE DOCUMENT</u>	
<u>EX-101 SCHEMA DOCUMENT</u>	
<u>EX-101 CALCULATION LINKBASE DOCUMENT</u>	
<u>EX-101 LABELS LINKBASE DOCUMENT</u>	
<u>EX-101 PRESENTATION LINKBASE DOCUMENT</u>	
<u>EX-101 DEFINITION LINKBASE DOCUMENT</u>	



**Table of Contents****Part I Financial Information****Item 1 Financial Statements (Unaudited)**

**VF CORPORATION**  
**Consolidated Balance Sheets**  
**(Unaudited)**  
**(In thousands, except share amounts)**

	September 2010	December 2009	September 2009
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and equivalents	\$ 402,863	\$ 731,549	\$ 379,148
Accounts receivable, less allowance for doubtful accounts of: Sept. 2010 - \$60,608; Dec. 2009 - \$60,380; Sept. 2009 - \$61,930	1,098,858	776,140	1,102,878
Inventories:			
Finished products	994,076	772,458	976,175
Work in process	77,920	70,507	71,778
Materials and supplies	139,311	115,674	123,198
	1,211,307	958,639	1,171,151
Other current assets	161,345	163,028	275,556
Total current assets	2,874,373	2,629,356	2,928,733
<b>Property, Plant and Equipment</b>	1,639,271	1,601,608	1,586,713
Less accumulated depreciation	1,041,097	987,430	956,633
	598,174	614,178	630,080
<b>Intangible Assets</b>	1,515,261	1,535,121	1,566,640
<b>Goodwill</b>	1,370,262	1,367,680	1,472,150
<b>Other Assets</b>	321,623	324,322	308,563
	\$ 6,679,693	\$ 6,470,657	\$ 6,906,166
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
<b>Current Liabilities</b>			
Short-term borrowings	\$ 49,022	\$ 45,453	\$ 252,175
Current portion of long-term debt	2,751	203,179	203,147
Accounts payable	482,082	373,186	362,010
Accrued liabilities	613,104	470,765	537,725

Total current liabilities	1,146,959	1,092,583	1,355,057
<b>Long-term Debt</b>	936,511	938,494	939,143
<b>Other Liabilities</b>	657,914	626,295	754,398
<b>Commitments and Contingencies</b>			
<b>Stockholders Equity</b>			
Common stock, stated value \$1; shares authorized, 300,000,000; shares outstanding: Sept. 2010 - 108,144,163; Dec. 2009 - 110,285,132; Sept. 2009 - 110,813,811	108,144	110,285	110,814
Additional paid-in capital	2,002,160	1,864,499	1,842,147
Accumulated other comprehensive income (loss)	(229,199)	(209,742)	(201,708)
Retained earnings	2,057,965	2,050,109	2,105,758
Noncontrolling interests in subsidiaries	(761)	(1,866)	557
Total stockholders equity	3,938,309	3,813,285	3,857,568
	\$ 6,679,693	\$ 6,470,657	\$ 6,906,166

See notes to consolidated financial statements.

Table of Contents

**VF CORPORATION**  
**Consolidated Statements of Income**  
**(Unaudited)**  
**(In thousands, except per share amounts)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September</b>		<b>September</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Net Sales</b>	\$ 2,213,151	\$ 2,075,510	\$ 5,520,184	\$ 5,249,619
<b>Royalty Income</b>	19,216	18,296	56,166	55,298
 <b>Total Revenues</b>	 2,232,367	 2,093,806	 5,576,350	 5,304,917
 <b>Costs and Operating Expenses</b>				
Cost of goods sold	1,195,379	1,165,843	2,970,084	2,996,176
Marketing, administrative and general expenses	682,443	610,072	1,858,937	1,709,664
	1,877,822	1,775,915	4,829,021	4,705,840
 <b>Operating Income</b>	 354,545	 317,891	 747,329	 599,077
 <b>Other Income (Expense)</b>				
Interest income	610	420	1,600	1,750
Interest expense	(20,557)	(21,325)	(61,550)	(65,159)
Miscellaneous, net	599	505	8,945	3,148
	(19,348)	(20,400)	(51,005)	(60,261)
 <b>Income Before Income Taxes</b>	 335,197	 297,491	 696,324	 538,816
 <b>Income Taxes</b>	 91,943	 79,430	 178,121	 145,343
 <b>Net Income</b>	 243,254	 218,061	 518,203	 393,473
 <b>Net (Income) Loss Attributable to Noncontrolling Interests in Subsidiaries</b>	 (467)	 (141)	 (1,065)	 913
 <b>Net Income Attributable to VF Corporation</b>	 \$ 242,787	 \$ 217,920	 \$ 517,138	 \$ 394,386

**Earnings Per Common Share  
Attributable to VF Corporation Common  
Stockholders**

Basic	\$	2.25	\$	1.97	\$	4.74	\$	3.57
Diluted		2.22		1.94		4.68		3.54

**Weighted Average Shares Outstanding**

Basic		107,881		110,881		109,093		110,372
Diluted		109,190		112,145		110,492		111,471

<b>Cash Dividends Per Common Share</b>	\$	0.60	\$	0.59	\$	1.80	\$	1.77
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See notes to consolidated financial statements.

4

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Table of Contents

**VF Corporation**  
**Consolidated Statements of Comprehensive Income**  
**(Unaudited)**  
**In thousands**

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September</b>		<b>Ended September</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Net Income</b>	\$ 243,254	\$ 218,061	\$ 518,203	\$ 393,473
<b>Other Comprehensive Income (Loss):</b>				
Foreign currency translation				
Gains (losses) arising during the period	124,889	53,334	(54,361)	68,598
Less income tax effect	(19,473)	(10,452)	12,016	(15,818)
Defined benefit pension plans				
Amortization of net deferred actuarial loss	11,381	15,131	34,132	45,393
Amortization of prior service cost	987	1,067	2,961	3,201
Less income tax effect	(5,387)	(6,242)	(14,011)	(18,724)
Derivative financial instruments				
Gains (losses) arising during the period	(36,261)	(13,583)	254	(14,859)
Less income tax effect	13,969	5,233	(99)	5,725
Reclassification to net income for (gains) losses realized	(8,241)	4,997	(518)	(850)
Less income tax effect	3,176	(1,924)	200	327
Marketable securities				
Gains (losses) arising during the period		478	(408)	1,710
Less income tax effect	417		417	
Other comprehensive income (loss)	85,457	48,039	(19,417)	74,703
<b>Comprehensive Income</b>	328,711	266,100	498,786	468,176
<b>Comprehensive (Income) Loss Attributable to Noncontrolling Interests</b>	(330)	(216)	(1,105)	796
<b>Comprehensive Income Attributable to VF Corporation</b>	\$ 328,381	\$ 265,884	\$ 497,681	\$ 468,972

See notes to consolidated financial statements.

**Table of Contents**

**VF CORPORATION**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(In thousands)**

	<b>Nine Months Ended</b>	
	<b>September</b>	
	<b>2010</b>	<b>2009</b>
<b>Operating Activities</b>		
Net income	\$ 518,203	\$ 393,473
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	81,618	78,616
Amortization of intangible assets	29,621	29,953
Other amortization	12,141	12,346
Stock-based compensation	47,591	26,998
Pension funding less (greater) than expense	39,637	(35,420)
Other, net	54,647	80,601
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(332,006)	(237,209)
Inventories	(249,593)	(1,945)
Other current assets	(6,584)	(1,635)
Accounts payable	110,382	(79,225)
Accrued compensation	24,675	17,128
Accrued income taxes	(1,890)	3,598
Accrued liabilities	116,654	3,594
Other assets and liabilities	3,528	(26,999)
Cash provided by operating activities	448,624	263,874
<b>Investing Activities</b>		
Capital expenditures	(73,592)	(57,746)
Business acquisitions, net of cash acquired	(38,446)	(207,219)
Software purchases	(5,825)	(9,349)
Other, net	(6,842)	4,175
Cash used by investing activities	(124,705)	(270,139)
<b>Financing Activities</b>		
Increase in short-term borrowings	1,794	196,799
Payments on long-term debt	(202,384)	(2,582)
Purchase of Common Stock	(322,206)	(52,988)
Cash dividends paid	(195,999)	(195,550)
Proceeds from issuance of Common Stock, net	80,680	47,418
Tax benefits of stock option exercises	3,280	4,648
Cash used by financing activities	(634,835)	(2,255)

<b>Effect of Foreign Currency Rate Changes on Cash</b>	(17,770)	5,824
<b>Net Change in Cash and Equivalents</b>	(328,686)	(2,696)
<b>Cash and Equivalents Beginning of Year</b>	731,549	381,844
<b>Cash and Equivalents End of Period</b>	\$ 402,863	\$ 379,148

See notes to consolidated financial statements.

Table of Contents

**VF CORPORATION**  
**Consolidated Statements of Stockholders Equity**  
**(Unaudited)**  
**(In thousands)**

	VF Corporation Stockholders				
	Common	Additional Paid-in	Accumulated Other Comprehensive Income	Retained	Non- controlling
	Stock	Capital	(Loss)	Earnings	Interests
<b>Balance, December 2008</b>	\$ 109,848	\$ 1,749,464	\$ (276,294)	\$ 1,972,874	\$ 1,353
Net income (loss)				461,271	(2,813)
Common Stock dividends				(261,682)	
Purchase of treasury stock	(1,560)			(110,415)	
Stock compensation plans, net	1,977	115,035		(12,732)	
Common Stock held in trust for deferred compensation plans, net	20			793	
Distributions to noncontrolling interests					(480)
Foreign currency translation			37,468		74
Defined benefit pension plans			25,021		
Derivative financial instruments			510		
Marketable securities			3,553		
<b>Balance, December 2009</b>	110,285	1,864,499	(209,742)	2,050,109	(1,866)
Net income				517,138	1,065
Common Stock dividends				(195,999)	
Purchase of treasury stock	(4,060)			(318,147)	
Stock compensation plans, net	1,812	137,661		(3,240)	
Common Stock held in trust for deferred compensation plans, net	107			8,103	
Foreign currency translation			(42,385)		40
Defined benefit pension plans			23,082		
Derivative financial instruments			(163)		
Marketable securities			9		
<b>Balance, September 2010</b>	\$ 108,144	\$ 2,002,160	\$ (229,199)	\$ 2,057,9	