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**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 July 1, 2006

Commission file number: 1-5256

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**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 is a large accelerated filer, accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Securities and Exchange Act of 1934. (check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities and Exchange Act of 1934).  
YES  NO

On July 29, 2006, there were 110,922,042 shares of the registrant's Common Stock outstanding.

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# VF CORPORATION

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Part I — Financial Information

Item 1 — Financial Statements (Unaudited)

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

	Three Months Ended June		Six Months Ended June	
	2006	2005*	2006	2005*
<b>Net Sales</b>	\$ 1,548,055	\$ 1,435,831	\$ 3,194,460	\$ 2,999,474
<b>Royalty Income</b>	18,773	16,276	38,101	34,818
<b>Total Revenues</b>	1,566,828	1,452,107	3,232,561	3,034,292
<b>Costs and Operating Expenses</b>				
Cost of goods sold	911,842	841,812	1,876,400	1,757,376
Marketing, administrative and general expenses	493,779	456,511	992,007	936,626
	<u>1,405,621</u>	<u>1,298,323</u>	<u>2,868,407</u>	<u>2,694,002</u>
<b>Operating Income</b>	161,207	153,784	364,154	340,290
<b>Other Income (Expense)</b>				
Interest income	1,292	2,041	2,710	5,057
Interest expense	(13,862)	(18,490)	(26,552)	(37,164)
Miscellaneous, net	(84)	(137)	798	(18)
	<u>(12,654)</u>	<u>(16,586)</u>	<u>(23,044)</u>	<u>(32,125)</u>
<b>Income Before Income Taxes and Cumulative Effect of a Change in Accounting Policy</b>	148,553	137,198	341,110	308,165
<b>Income Taxes</b>	49,521	40,449	113,893	96,730
<b>Income Before Cumulative Effect of a Change in Accounting Policy</b>	99,032	96,749	227,217	211,435
<b>Cumulative Effect of a Change in Accounting Policy</b>	—	—	—	(11,833)
<b>Net Income</b>	<u>\$ 99,032</u>	<u>\$ 96,749</u>	<u>\$ 227,217</u>	<u>\$ 199,602</u>
<b>Earnings Per Common Share — Basic</b>				
Income before cumulative effect of a change in accounting policy	\$ 0.90	\$ 0.87	\$ 2.06	\$ 1.90
Cumulative effect of a change in accounting policy	—	—	—	(0.11)
Net income	0.90	0.87	2.06	1.79
<b>Earnings Per Common Share — Diluted</b>				
Income before cumulative effect of a change in accounting policy	0.88	0.85	2.02	1.85
Cumulative effect of a change in accounting policy	—	—	—	(0.10)
Net income	0.88	0.85	2.02	1.75
<b>Weighted Average Shares Outstanding</b>				
Basic	109,879	110,254	109,867	111,008
Diluted	112,539	113,283	112,440	114,138
<b>Cash Dividends Per Common Share</b>	\$ 0.55	\$ 0.27	\$ 0.84	\$ 0.54

\* See Note A

See notes to consolidated financial statements.

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

	<u>June 2006</u>	<u>December 2005</u>	<u>June 2005*</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and equivalents	\$ 161,672	\$ 296,557	\$ 249,517
Accounts receivable, less allowances for doubtful accounts of: June 2006 - \$51,477; Dec. 2005 - \$55,328; June 2005 - \$63,733	892,732	764,184	792,747
Inventories:			
Finished products	998,323	853,309	944,666
Work in process	91,204	86,568	91,594
Materials and supplies	133,881	141,203	141,064
	<u>1,223,408</u>	<u>1,081,080</u>	<u>1,177,324</u>
Other current assets	256,302	223,555	199,363
Total current assets	<u>2,534,114</u>	<u>2,365,376</u>	<u>2,418,951</u>
<b>Property, Plant and Equipment</b>	1,598,442	1,551,411	1,544,884
Less accumulated depreciation	<u>991,421</u>	<u>987,356</u>	<u>985,297</u>
	607,021	564,055	559,587
<b>Intangible Assets</b>	747,839	744,313	754,717
<b>Goodwill</b>	1,108,484	1,097,037	1,094,562
<b>Other Assets</b>	<u>409,111</u>	<u>400,290</u>	<u>412,201</u>
	<u>\$ 5,406,569</u>	<u>\$ 5,171,071</u>	<u>\$ 5,240,018</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Short-term borrowings	\$ 229,145	\$ 138,956	\$ 256,090
Current portion of long-term debt	36,164	33,956	301,585
Accounts payable	456,095	451,900	384,757
Accrued liabilities	<u>458,650</u>	<u>527,331</u>	<u>499,513</u>
Total current liabilities	1,180,054	1,152,143	1,441,945
<b>Long-term Debt</b>	693,359	647,728	559,181
<b>Other Liabilities</b>	611,749	539,661	565,579
<b>Commitments and Contingencies</b>			
<b>Redeemable Preferred Stock</b>	—	23,326	24,626
<b>Common Stockholders' Equity</b>			
Common Stock, stated value \$1; shares authorized, 300,000,000; shares outstanding: June 2006 - 110,640,175; Dec. 2005 - 110,107,854; June 2005 - 111,094,795	110,640	110,108	111,095
Additional paid-in capital	1,368,082	1,277,486	1,218,995
Accumulated other comprehensive income (loss)	(180,782)	(164,802)	(133,028)
Retained earnings	<u>1,623,467</u>	<u>1,585,421</u>	<u>1,451,625</u>
Total common stockholders' equity	<u>2,921,407</u>	<u>2,808,213</u>	<u>2,648,687</u>
	<u>\$ 5,406,569</u>	<u>\$ 5,171,071</u>	<u>\$ 5,240,018</u>

\* See Note A

See notes to consolidated financial statements.

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

	<u>Six Months Ended June</u>	
	<u>2006</u>	<u>2005*</u>
<b>Operating Activities</b>		
Net income	\$ 227,217	\$ 199,602
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Cumulative effect of a change in accounting policy	—	11,833
Depreciation	47,525	47,633
Amortization of intangible assets	8,386	7,876
Other amortization	11,484	8,091
Stock-based compensation	29,523	25,641
Pension funding in excess of expense	(52,442)	(34,638)
Other, net	4,568	(8,225)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(120,133)	(36,288)
Inventories	(133,837)	(190,535)
Accounts payable	403	13,673
Accrued liabilities and other	(42,722)	(22,076)
	<u>(20,028)</u>	<u>22,587</u>
Cash provided (used) by operating activities	(20,028)	22,587
<b>Investing Activities</b>		
Capital expenditures	(57,187)	(50,722)
Business acquisitions, net of cash acquired	(3,893)	(211,301)
Software purchases	(7,196)	(9,484)
Sale of VF Playwear business	4,666	6,667
Other, net	9,582	12,670
	<u>(54,028)</u>	<u>(252,170)</u>
Cash used by investing activities	(54,028)	(252,170)
<b>Financing Activities</b>		
Increase in short-term borrowings	88,175	212,525
Payments on long-term debt	(1,444)	(100,743)
Purchase of Common Stock	(118,582)	(116,066)
Cash dividends paid	(93,607)	(61,309)
Proceeds from issuance of Common Stock	53,542	63,614
Excess tax benefits of stock option exercises	7,824	10,928
	<u>(64,092)</u>	<u>8,949</u>
Cash provided (used) by financing activities	(64,092)	8,949
<b>Effect of Foreign Currency Rate Changes on Cash</b>	<u>3,263</u>	<u>(15,356)</u>
<b>Net Change in Cash and Equivalents</b>	<u>(134,885)</u>	<u>(235,990)</u>
<b>Cash and Equivalents — Beginning of Year</b>	<u>296,557</u>	<u>485,507</u>
<b>Cash and Equivalents — End of Period</b>	<u>\$ 161,672</u>	<u>\$ 249,517</u>

\* See Note A

See notes to consolidated financial statements.

**VF CORPORATION**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**

**Note A – Basis of Presentation**

VF Corporation and its consolidated subsidiaries (“VF”) operate and report using a 52/53 week fiscal year ending on the Saturday closest to December 31 of each year. Similarly, the fiscal second quarter ends on the Saturday closest to June 30. For presentation purposes herein, all references to periods ended June 2006, December 2005 and June 2005 relate to the fiscal periods ended on July 1, 2006, December 31, 2005 and July 2, 2005, respectively.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X and do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. Similarly, the December 2005 consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles. In the opinion of management, the accompanying unaudited consolidated financial statements contain all normal and recurring adjustments necessary to make a fair statement of the consolidated financial position, results of operations and cash flows of VF for the interim periods presented. Operating results for the three months and six months ended June 2006 are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 30, 2006. For further information, refer to the consolidated financial statements and notes included in VF’s Annual Report on Form 10-K for the year ended December 2005 (“2005 Form 10-K”).

During the fourth quarter of 2005, VF elected to early adopt FASB Statement No. 123 (Revised), *Share-Based Payment*, effective as of the beginning of 2005 using the modified retrospective method. Under this method of adoption, VF restated its 2005 interim financial statements as follows: (i) recorded in the first quarter a noncash charge as the Cumulative Effect of a Change in Accounting Policy for periods prior to January 2005, (ii) restated its operating results, including segment information, for each quarter of 2005 to recognize compensation cost for grants of stock options and other stock-based compensation, (iii) reclassified accrued stock-based compensation from Current Liabilities to Common Stockholders’ Equity in the Consolidated Balance Sheets and (iv) reclassified the excess tax benefits from the exercise of stock options from operating activities to financing activities in the Consolidated Statements of Cash Flows.

Beginning in the fourth quarter of 2005, Royalty Income was classified as a separate component of Total Revenues, with related expenses classified in Marketing, Administrative and General Expenses. Prior year amounts have been reclassified to conform with the current year presentation.

In June 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* (“FIN 48”), which clarifies the accounting for uncertainty in tax positions. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. VF is currently evaluating the impact of FIN 48 on its financial statements and currently plans to adopt this interpretation in the first quarter of 2007.

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**Note B – Intangible Assets**

(Dollars in thousands)	June 2006				December 2005
	Weighted Average Life *	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
<b>Amortizable intangible assets:</b>					
License agreements	24 years	\$ 147,485	\$ 23,434	\$ 124,051	\$ 128,791
Customer relationships	22 years	91,413	10,638	80,775	81,849
Trademarks and other	8 years	9,143	1,606	7,537	4,026
<b>Amortizable intangible assets, net</b>				<b>212,363</b>	<b>214,666</b>
<b>Indefinite-lived intangible assets:</b>					
Trademarks and tradenames				535,476	529,647
<b>Intangible assets, net</b>				<b>\$ 747,839</b>	<b>\$ 744,313</b>

\* Amortization of license agreements – accelerated and straight-line methods; customer relationships – accelerated methods; trademarks and other – accelerated and straight-line methods.

Amortization expense of intangible assets for the second quarter and first six months of 2006 was \$4.4 million and \$8.4 million, respectively. Estimated amortization expense for the remainder of 2006 is \$8.9 million and for the years 2007 through 2010 is \$17.4 million, \$14.3 million, \$12.5 million and \$11.8 million, respectively.

**Note C – Goodwill**

(In thousands)	Jeanswear	Outdoor	Intimate Apparel	Imagewear	Sportswear	Total
Balance, December 2005	\$ 193,685	\$ 515,696	\$ 117,526	\$ 56,246	\$ 213,884	\$ 1,097,037
Additional purchase price	—	400	—	—	—	400
Adjustments to purchase price allocation	—	(447)	—	—	—	(447)
Currency translation	1,925	9,569	—	—	—	11,494
<b>Balance, June 2006</b>	<b>\$ 195,610</b>	<b>\$ 525,218</b>	<b>\$ 117,526</b>	<b>\$ 56,246</b>	<b>\$ 213,884</b>	<b>\$ 1,108,484</b>

**Note D – Long-term Debt**

During 2005, VF entered into a new international bank credit agreement consisting of (i) a euro-denominated five year revolving credit agreement for a U.S. dollar equivalent amount of \$218.9 million, (ii) a euro-denominated two year term loan for a U.S. dollar equivalent of \$50.0 million and (iii) a U.S. dollar-denominated two year term loan for \$40.0 million. At the end of June 2006, there was \$188.9 million outstanding under the agreement. While borrowings under the term credit facilities of the international bank credit agreement are short-term notes that can be continued to November 2007, \$63.8 million of these borrowings was classified as Short-term Borrowings because of VF's intent to repay that amount in the next 12 months. In addition, there is currently \$125.1 million in borrowings under the revolving credit portion of

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the agreement. These short-term notes can be continued until October 2010. This amount is classified as Long-term Debt as VF does not intend to pay down the amount in the next 12 months.

### **Note E – Pension Plans**

VF's net periodic pension cost was comprised of the following components:

(In thousands)	Three Months Ended June		Six Months Ended June	
	2006	2005	2006	2005
Service cost — benefits earned during the year	\$ 5,507	\$ 5,135	\$ 11,014	\$ 10,270
Interest cost on projected benefit obligations	16,575	15,338	33,150	30,676
Expected return on plan assets	(18,188)	(15,935)	(36,376)	(31,870)
Amortization of:				
Prior service cost	870	870	1,740	1,740
Actuarial loss	<u>6,855</u>	<u>5,366</u>	<u>13,710</u>	<u>10,732</u>
Net periodic pension cost	<u>\$ 11,619</u>	<u>\$ 10,774</u>	<u>\$ 23,238</u>	<u>\$ 21,548</u>

During the first six months of 2006, VF made a \$75.0 million discretionary contribution to its qualified pension plan and made contributions totaling \$1.5 million to fund benefit payments for the Supplemental Executive Retirement Plan ("SERP"). VF currently anticipates making an additional \$1.7 million of contributions to fund benefit payments for the SERP during the remainder of 2006.

### **Note F – Business Segment Information**

VF's businesses are grouped into five product categories, and by brands within those product categories, for management and internal financial reporting purposes. These groupings of businesses within VF are referred to as "coalitions." These coalitions represent VF's reportable business segments. Financial information for VF's reportable segments is presented below:

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(In thousands)	Three Months Ended June		Six Months Ended June	
	2006	(see Note A) 2005	2006	(see Note A) 2005
<b>Coalition revenues:</b>				
Jeanswear	\$ 638,170	\$ 601,974	\$ 1,341,990	\$ 1,315,476
Outdoor	371,047	300,434	756,692	585,815
Intimate Apparel	215,515	223,191	425,626	450,894
Imagewear	188,496	180,809	382,461	368,113
Sportswear	141,210	134,372	304,231	293,968
Other	12,390	11,327	21,561	20,026
Total coalition revenues	<u>\$ 1,566,828</u>	<u>\$ 1,452,107</u>	<u>\$ 3,232,561</u>	<u>\$ 3,034,292</u>
<b>Coalition profit:</b>				
Jeanswear	\$ 88,850	\$ 91,827(1)	\$ 211,873	\$ 208,506(1)
Outdoor	42,355	41,712	92,947	73,437
Intimate Apparel	14,946	13,060(2)	30,705	35,368(2)
Imagewear	29,107	24,157	59,158	53,727
Sportswear	17,885	18,562	38,338	44,991
Other	283	(204)	(927)	(928)
Total coalition profit	193,426	189,114	432,094	415,101
Corporate and other expenses	(32,303)	(35,467)	(67,142)	(74,829)
Interest, net	<u>(12,570)</u>	<u>(16,449)</u>	<u>(23,842)</u>	<u>(32,107)</u>
<b>Income Before Income Taxes and</b>				
<b>Cumulative Effect of a Change in</b>				
<b>Accounting Policy</b>	<u>\$ 148,553</u>	<u>\$ 137,198</u>	<u>\$ 341,110</u>	<u>\$ 308,165</u>

(1) Includes the impact of special items increasing coalition profit by \$13,178 in the 2005 period — see Note J

(2) Includes the impact of special items decreasing coalition profit by \$9,872 in the 2005 period — see Note J

**Note G — Capital and Comprehensive Income (Loss)**

Common stock outstanding is net of shares held in treasury, and in substance retired, of 5,775,810 at June 2006, 4,962,478 at December 2005 and 3,029,607 at June 2005. In addition, 266,558 shares of VF Common Stock at June 2006, 269,043 shares at December 2005 and 266,942 shares at June 2005 were held in trust for deferred compensation plans. These shares are treated for financial accounting purposes as treasury stock at each of the respective dates.

There are 25,000,000 authorized shares of Preferred Stock, \$1 par value. Of these shares, 2,000,000 were designated as Series A, of which none have been issued, and 2,105,263 shares were designated and issued as 6.75% Series B ESOP Convertible Preferred Stock (“Series B Preferred Stock”). In June 2006, the Series B Preferred Stock was converted to Common Stock because the quarterly Common Stock dividend rate (\$0.88 equivalent common dividend per preferred share) significantly exceeded the stated quarterly dividend rate (\$0.52 per share) of the Series B Preferred Stock. As a result, the redemption value of the Series B Preferred Stock was transferred to the Common Stock and Retained Earnings accounts. There were 755,518 shares of

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Series B Preferred Stock outstanding at December 2005 and 797,611 at June 2005.

Activity for 2006 in the Series B Preferred Stock, Common Stock, Additional Paid-in Capital and Retained Earnings accounts is summarized as follows:

(In thousands)	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings
Balance, December 2005	\$ 23,326	\$ 110,108	\$ 1,277,486	\$ 1,585,421
Net income	—	—	—	227,217
Cash dividends:				
Common Stock	—	—	—	(92,949)
Series B Redeemable Preferred Stock	—	—	—	(646)
Conversion of Preferred Stock	(23,326)	1,209	—	22,117
Purchase of treasury stock	—	(2,000)	—	(116,582)
Stock compensation plans, net	—	1,323	90,596	(1,111)
Balance, June 2006	<u>\$ —</u>	<u>\$ 110,640</u>	<u>\$ 1,368,082</u>	<u>\$ 1,623,467</u>

Other comprehensive income consists of certain changes in assets and liabilities that are not included in Net Income under generally accepted accounting principles but are instead reported within a separate component of Common Stockholders' Equity. VF's comprehensive income was as follows:

(In thousands)	Three Months Ended June		Six Months Ended June	
	2006	2005	2006	2005
Net income	\$ 99,032	\$ 96,749	\$ 227,217	\$ 199,602
Other comprehensive income (loss):				
Foreign currency translation, net of income taxes	18,438	(34,446)	293	(40,634)
Unrealized gains (losses) on derivative financial instruments, net of income taxes	(8,810)	10,327	(11,484)	15,649
Unrealized gains (losses) on marketable securities, net of income taxes	<u>(3,435)</u>	<u>1,153</u>	<u>(4,789)</u>	<u>5,028</u>
Comprehensive income	<u>\$ 105,225</u>	<u>\$ 73,783</u>	<u>\$ 211,237</u>	<u>\$ 179,645</u>

Accumulated Other Comprehensive Income (Loss) for 2006 is summarized as follows:

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(In thousands)	Foreign Currency Translation	Minimum Pension Liability	Derivative Financial Instruments	Marketable Securities	Total
Balance, December 2005	\$ (42,449)	\$ (143,192)	\$ 7,296	\$ 13,543	\$ (164,802)
Other comprehensive income (loss)	293	—	(11,484)	(4,789)	(15,980)
Balance, June 2006	<u>\$ (42,156)</u>	<u>\$ (143,192)</u>	<u>\$ (4,188)</u>	<u>\$ 8,754</u>	<u>\$ (180,782)</u>

**Note H – Stock-based Compensation**

During the first quarter of 2006, VF granted options for 2,585,400 shares of Common Stock at an exercise price of \$56.80 equal to the market value of VF Common Stock on the date of grant. The options vest in equal annual installments over a three year period. The fair value of these options was estimated using a lattice valuation model for employee groups having similar exercise behaviors, with the following assumptions: expected volatility ranging from 19% to 30%, with a weighted average of 22%; expected term of 4.7 to 7.5 years; expected dividend yield of 1.9%; and risk-free interest rate ranging from 4.7% at six months to 4.6% at 10 years. The resulting weighted average fair value of these options at the date of grant was \$14.00 per option.

Also during the first quarter of 2006, VF granted 299,600 restricted stock units, which are to be paid out at the end of a three year performance period. The actual number of shares, if any, that will be paid out will be based on VF's performance over that period. In addition, during the first quarter of 2006, VF granted 25,000 shares of restricted stock, which vest at the end of five years. The grant date fair values of the restricted stock units and restricted stock were \$55.32 and \$54.90, respectively.

**Note I – Earnings Per Share**

Earnings per share were computed as follows:

(In thousands, except per share amounts)	Three Months Ended June		Six Months Ended June	
	2006	2005	2006	2005
Basic earnings per share:				
Income before cumulative effect of a change in accounting policy	\$ 99,032	\$ 96,749	\$ 227,217	\$ 211,435
Less Preferred Stock dividends	266	415	646	836
Income available for Common Stock	<u>\$ 98,766</u>	<u>\$ 96,334</u>	<u>\$ 226,571</u>	<u>\$ 210,599</u>
Weighted average Common Stock outstanding	<u>109,879</u>	<u>110,254</u>	<u>109,867</u>	<u>111,008</u>
Basic earnings per share before cumulative effect of a change in accounting policy	<u>\$ 0.90</u>	<u>\$ 0.87</u>	<u>\$ 2.06</u>	<u>\$ 1.90</u>

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(In thousands, except per share amounts)	Three Months Ended June		Six Months Ended June	
	2006	2005	2006	2005
<b>Diluted earnings per share:</b>				
Income before cumulative effect of a change in accounting policy	\$ 99,032	\$ 96,749	\$ 227,217	\$ 211,435
Weighted average Common Stock outstanding	109,879	110,254	109,867	111,008
Effect of dilutive securities:				
Preferred Stock	744	1,277	955	1,285
Stock options and other	1,916	1,752	1,618	1,845
Weighted average Common Stock and dilutive securities outstanding	112,539	113,283	112,440	114,138
Diluted earnings per share before cumulative effect of a change in accounting policy	\$ 0.88	\$ 0.85	\$ 2.02	\$ 1.85

Options to purchase 2.6 million and 3.7 million shares of Common Stock were excluded from the diluted earnings per share calculation for the second quarter and six months of 2006, respectively, and 2.4 million were excluded from the calculation for the second quarter and six months of 2005 because their effect would be anti-dilutive. Earnings per share for the Cumulative Effect of a Change in Accounting Policy were computed using the first quarter of 2005 weighted average shares, as disclosed in Note H of VF's Form 10-Q for the quarter ended April 1, 2006. Earnings per share for Net Income in the second quarter and six months of 2005 were computed using the same weighted average shares described above.

**Note J — Special Items**

The second quarter of 2005 included special items, as follows:

(In thousands, except share amounts)	Effect on Second Quarter 2005	
	Net Income	EPS
<b>Special items included in 2005 operating income:</b>		
• Reductions of accruals totaling \$14,194, primarily in Jeanswear, for postemployment benefits in Mexico that were greater than required by local laws	\$ 9,400	\$ 0.08
• Capacity alignment actions totaling \$10,888, primarily in Intimate Apparel	(7,200)	(0.06)
<b>Special items included in 2005 income tax expense:</b>		
• Settlement of income tax matters in certain foreign jurisdictions	12,500	0.11
• Tax impact of repatriation of foreign earnings under the American Jobs Creation Act of 2004	(7,000)	(0.06)
<b>Total</b>	<b>\$ 7,700</b>	<b>\$ 0.07</b>

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During the second quarter of 2005, VF determined that amounts accrued for postemployment benefits in Mexico were greater than required by local laws. The excess had accumulated over a number of years and was not significant in any prior period.

Management made decisions during the second quarter of 2005 to align capacity with lower sales volume in the Intimate Apparel businesses, resulting in charges that were primarily severance of manufacturing plant personnel. These charges and the accrual adjustment for postemployment benefits in Mexico discussed above were recorded principally in cost of goods sold.

VF settled income tax matters in certain foreign jurisdictions, resulting in a reduction of income tax expense in the second quarter of 2005.

The American Jobs Creation Act of 2004 (the "Act") contained an incentive for the repatriation of foreign earnings during 2005 at an effective income tax rate of 5.25%. During the second quarter of 2005, management adopted a formal Domestic Reinvestment Plan to repatriate \$226.3 million of foreign earnings, of which \$159.5 qualified for the incentive tax rate under the Act. The estimated tax liability associated with the repatriation was \$7.0 million, which was included in income tax expense during the second quarter of 2005.

### **Note K — Subsequent Events**

Subsequent to the end of the second quarter, the VF Board of Directors declared a regular quarterly cash dividend of \$0.55 per share, payable on September 18, 2006 to shareholders of record as of the close of business on September 8, 2006.

## **Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

Highlights of the second quarter of 2006 included:

- The Board of Directors increased the quarterly dividend by 90%, from \$0.29 to \$0.55 per share, starting with the dividend paid in June 2006. This resulted in an indicated annual dividend rate of \$2.20 per share, compared with the prior rate of \$1.16 per share. The indicated annual rate represents a payout of approximately 44% of full year earnings (using estimated 2006 diluted earnings per share of \$5.00), compared with an actual payout rate of 24% in 2005. Our intent is to maintain the dividend payout, on a long-term basis, in the 40 – 45% range.
  - Revenues, net income and earnings per share for the second quarter were each at record levels.
  - Revenues increased 8% to \$1,566.8 million. The increase in revenues was driven by organic growth across our Outdoor, Jeanswear, Imagewear and Sportswear businesses.
  - Operating income increased 5% over the level of the prior year quarter. Net income increased 2% to \$99.0 million, and earnings per share increased 4% to \$0.88. (All per share amounts are presented on a diluted basis.) As described in Note J to the Consolidated Financial Statements, second quarter comparisons were impacted by special items included in the 2005 quarter’s results, which positively impacted earnings by \$7.7 million and \$0.07 per share. In addition, the improved operating results in the second quarter of 2006 resulted from earnings growth in our businesses and reduced interest expense.
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[Table of Contents](#)**Analysis of Results of Operations****Consolidated Statements of Income**

Comparisons of our 2006 operating results with the prior year are impacted by the special items included in the second quarter of 2005. These special items included in operating results of the second quarter and six months of 2005 are described further in Note J to the Consolidated Financial Statements.

The following table presents a summary of the changes in our Total Revenues from 2005:

(In millions)	Second Quarter 2006 Compared with 2005	Six Months 2006 Compared with 2005
Total revenues - 2005	\$ 1,452	\$ 3,034
Organic growth	110	152
Acquisition in prior year (to anniversary date)	<u>5</u>	<u>47</u>
Total revenues - 2006	<u>\$ 1,567</u>	<u>\$ 3,233</u>

The increases in Total Revenues in the second quarter and first half of 2006 were due to organic sales growth within all coalitions, except Intimate Apparel, and were led by increases in the Outdoor coalition businesses. In addition, the *Reef*<sup>®</sup> brand, which was acquired in April 2005, added \$5 million to second quarter revenues and \$47 million to first half revenues prior to its acquisition anniversary date. Licensing revenues increased in both the second quarter and first half primarily due to increases in *Nautica*<sup>®</sup> brand royalties. Additional details on revenues are provided in the section titled "Information by Business Segment."

Approximately 25% of Total Revenues in 2005 were in international markets. In translating foreign currencies into the U.S. dollar, a stronger U.S. dollar in relation to the functional currencies where VF conducts the majority of its international business (primarily the European euro countries) negatively impacted revenue comparisons by \$4 million in the second quarter of 2006 and \$34 million in the first half of 2006, compared with the 2005 periods. The average translation rate for the euro was \$1.22 per euro during the first half of 2006, compared with \$1.30 during the first half of 2005. However, the U.S. dollar has weakened in recent months, resulting in a translation rate of \$1.25 per euro at the end of June 2006. Since the weighted average translation rate was \$1.20 per euro during the second half of 2005, reported revenues for the remainder of 2006 would be positively affected by currency translation rates when compared with 2005 if the current translation rate was to continue.

The following table presents the percentage relationship to Total Revenues for components of our Consolidated Statements of Income:

	Three Months Ended June		Six Months Ended June	
	2006	2005	2006	2005
Gross margin (total revenues less cost of goods sold)	41.8%	42.0%	42.0%	42.1%
Marketing, administrative and general expenses	<u>31.5</u>	<u>31.4</u>	<u>30.7</u>	<u>30.9</u>
Operating income	<u>10.3%</u>	<u>10.6%</u>	<u>11.3%</u>	<u>11.2%</u>

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Gross margin as a percentage of Total Revenues was 41.8% in the second quarter of 2006 and 42.0% in the first half of 2006, each just slightly less than the 42.0% and 42.1% earned in the comparable periods of 2005. These slight declines in the 2006 comparisons are explained by the special items (described in Note J to the Consolidated Financial Statements), which benefited the second quarter of 2005 by 0.2% and the first six months of 2005 by 0.1%.

Marketing, Administrative and General Expenses as a percentage of Total Revenues increased 0.1% in the 2006 quarter but decreased 0.2% for the six months of 2006. For the full year 2006, expenses are expected to be somewhat higher as a percent of revenues than in 2005, primarily due to a higher level of investments behind our brands and other specific growth initiatives.

Net Interest Expense decreased by \$3.9 million in the quarter and by \$8.3 million in the first half of 2006 due to reduced borrowings and lower interest rates. During 2005, we repaid when due \$300.0 million of 8.10% notes and \$100.0 million of 6.75% notes. During the first half of 2006, we borrowed an average of \$205 million at an average interest rate of 3.2% under an international bank credit agreement entered into in late 2005. Average interest-bearing debt outstanding totaled \$862 million for the first half of 2006 and \$1,014 million for the comparable period of 2005. The weighted average interest rate on outstanding debt was 6.0% and 7.2% for the 2006 and 2005 six month periods, respectively.

The effective income tax rate was 33.3% for the second quarter and 33.4% for the first half of 2006, compared with 29.5% and 31.4% for the respective periods of 2005 and 32.7% for the full year 2005. The effective income tax rate for the 2006 periods was based on the expected rate of approximately 34% for the full year, adjusted for favorable audit settlements arising in the first half of the year. The effective income tax rate was lower in the second quarter of 2005 due to the \$12.5 million benefit from the favorable resolution of income tax issues in certain foreign jurisdictions, offset in part by incremental U.S. income taxes of \$7.0 million from repatriation of foreign earnings under the American Jobs Creation Act of 2004. See Note J to the Consolidated Financial Statements.

Net income rose 2% to \$99.0 million in the second quarter of 2006, compared with \$96.7 million in 2005, with earnings per share increasing 4% to \$0.88 from \$0.85. Income rose 7% to \$227.2 million in the first half of 2006 from \$211.4 million in 2005 before the cumulative effect of the change in accounting for stock-based compensation, with earnings per share rising 9% to \$2.02 from \$1.85. The slightly higher percentage increases in earnings per share reflected the effect of a lower number of diluted shares outstanding in the 2006 periods resulting from the purchase of treasury stock, net of shares issued for exercises of stock options. In translating foreign currencies into the U.S. dollar, there was a \$0.01 favorable impact on earnings per share in the 2006 quarter and a \$0.01 unfavorable impact on earnings per share in the 2006 six months compared with the prior year periods. The 2005 acquisition of Reef added \$0.02 per share to first half 2006 operating results compared with the comparable period of 2005.

### **Information by Business Segment**

VF's businesses are grouped into five product categories, and by brands within those product categories, for management and internal financial reporting purposes. These groupings of businesses within VF are referred to as "coalitions." These coalitions represent VF's reportable business segments.

See Note F to the Consolidated Financial Statements for a summary of our results of operations by coalition, along with a reconciliation of Coalition Profit to Income before Income Taxes. Also, as explained in Note A to the Consolidated Financial Statements, amounts for 2005 have been restated to conform with the 2006 presentation.

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The following table presents a summary of the changes in our Total Revenues by coalition for the second quarter and six months of 2006:

(In millions)	Second Quarter					
	Jeanswear	Outdoor	Intimate Apparel	Imagewear	Sportswear	Other
Revenues - 2005	\$ 602	\$ 300	\$ 223	\$ 181	\$ 134	\$ 12
Organic growth	36	66	(7)	7	7	1
Acquisition in prior year	—	5	—	—	—	—
Revenues - 2006	<u>\$ 638</u>	<u>\$ 371</u>	<u>\$ 216</u>	<u>\$ 188</u>	<u>\$ 141</u>	<u>\$ 13</u>
(In millions)	Six Months					
	Jeanswear	Outdoor	Intimate Apparel	Imagewear	Sportswear	Other
Revenues - 2005	\$ 1,315	\$ 586	\$ 451	\$ 368	\$ 294	\$ 20
Organic growth	27	124	(25)	14	10	2
Acquisition in prior year	—	47	—	—	—	—
Revenues - 2006	<u>\$ 1,342</u>	<u>\$ 757</u>	<u>\$ 426</u>	<u>\$ 382</u>	<u>\$ 304</u>	<u>\$ 22</u>

### Jeanswear:

Overall Jeanswear Coalition revenues in the second quarter of 2006 increased 6% in both our domestic and international businesses. For the six months, domestic jeanswear revenues increased 3%, but declined 1% in international markets. Foreign currency translation negatively impacted 2006 revenues by \$14 million in the first half of 2006 relative to the prior year period; the currency translation effect was not significant in the 2006 quarter relative to the prior year period. The domestic jeanswear revenue increase reflected strong performance of our *Wrangler Hero* and *Riders* brands, with mass market revenues increasing 8% for the quarter and 6% for the first half. In addition, sales of our *Lee* branded products in the United States advanced 11% in the quarter; this included new products sold to our retail customers in anticipation of a new marketing campaign to begin in the third quarter. International jeanswear revenues increased notably in Mexico, Latin America and China in both the quarter and half year. Revenues in Europe increased in the quarter but were down in the first half due to the unfavorable effects of foreign currency translation.

Jeanswear Coalition Profit declined 3% in the quarter and increased 2% in the first half of 2006. Jeanswear operating margins as a percent of revenues were 13.9% in the quarter. Operating margins in the second quarter of 2005 were 15.3%; however, comparisons with the prior year quarter were affected by special items totaling \$13.2 million (described in Note J to the Consolidated Financial Statements) that benefited operating margins in that quarter by 2.2%. For the six months, operating margins were 15.8%, a slight decrease from the prior year period that included a benefit of 1.0% from those special items reported in 2005.

### Outdoor:

Revenues in our Outdoor businesses increased 24% in the quarter and 29% year-to-date, with double digit gains in both domestic and international markets. Organic revenue growth exceeded 20% in both 2006 periods, led by strong global unit volume gains of *The North Face*, *Vans* and *JanSport* brands. The *Reef* brand contributed \$42 million to revenues in the first quarter and \$5 million in the second quarter of



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2006 prior to the anniversary of its April 2005 acquisition. Foreign currency translation negatively impacted second quarter and six month revenues by \$2 million and \$15 million, respectively, compared with the prior year periods.

Coalition profit increased 2% in the 2006 quarter, with operating margins declining to 11.4% from 13.9% in the prior year quarter. The decline in operating margins resulted from significant investment spending in product development, distribution and other areas to support future growth of our Outdoor brands. This spending had a disproportionate impact on second quarter margins due to the low seasonal volume in the quarter. For the six months, even with significant investment spending, coalition profit increased 27% due to the strong volume gains achieved, along with the first year contribution of Reef acquired in April 2005. Due to the seasonal nature of the businesses comprising this coalition, the level of first half profitability is not indicative of expected full year results.

### **Intimate Apparel:**

Intimate apparel revenues declined 3% in the quarter and 6% in the first half of 2006. Revenues of our U.S. mass market and department store brands declined in both periods, offset in part in the second quarter by a rebound in our domestic private label business, which had incurred unit volume declines since early 2005. International revenues advanced slightly in the quarter and declined slightly in the first half year, with gains in Mexico and Canada and declines in Europe. International revenues included an unfavorable \$1 million impact of foreign currency translation in the quarter and \$5 million in the six months, relative to the prior year periods.

Reported Coalition Profit increased 14% in the second quarter, but comparisons with the 2005 quarter are affected by special items totaling \$9.9 million (described in Note J to the Consolidated Financial Statements) that negatively impacted the prior year period. Coalition Profit decreased 13% for the six months of 2006, with comparisons also impacted by the special items in 2005. The declines in Coalition Profit and in margin percentage were primarily due to (i) lower revenues, (ii) the resulting impact of higher costs due to low overhead absorption and (iii) supply chain disruption and incremental costs arising from a fire that destroyed a manufacturing plant. Recovery under a business interruption insurance policy of excess costs incurred as a result of the fire would be recognized in a future period once recovery is determined to be probable.

Our goal this year has been to stabilize the business and position it for improvement in 2007. Actions taken have slowed the revenue decline, and we believe that revenues will be about flat for the second half of 2006, compared with the 2005 second half, with an improvement in operating margins.

### **Imagewear:**

Coalition Revenues increased 4% in both the quarter and six months of 2006, led by sales increases in industrial and career apparel. Coalition Profit increased 20% in the quarter and 10% for the first half of 2006, with an improvement in operating margins in the quarter due to the increased sales volume and changes in product mix.

### **Sportswear:**

Coalition Revenues increased 5% in the quarter and 3% in the first half of 2006. The *Nautica*® brand men's sportswear business continued to have improved sell-through at our wholesale accounts, and sales increased despite the reduced number of doors sold resulting from consolidation within the brand's key customers. Both *John Varvatos*® luxury apparel and *Kipling*® products in North America achieved double digit revenue increases in the quarter and first half of 2006.

Coalition Profit declined 4% in the quarter and 15% in the first half of 2006 due to spending related to supporting the Fall 2006 launch of *Nautica*® women's sportswear in the United States and retail store

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expansion for the *Nautica*, *John Varvatos* and *Kipling* brand stores. In addition, profits reflected increased markdown activity at our *Nautica* brand retail stores.

### **Other:**

The Other business segment consists of our VF Outlet business. VF Outlet's retail sales and profit of non-VF products are reported in this business segment, while VF Outlet's retail sales and profit of VF products are reported as part of the operating results of the respective coalitions.

### **Reconciliation of Coalition Profit to Income before Income Taxes:**

There are two types of costs necessary to reconcile total Coalition Profit, as discussed in the preceding paragraphs, to Consolidated Income before Income Taxes and Cumulative Effect of a Change in Accounting Policy. These costs are (i) Corporate and Other Expenses, discussed below, and (ii) Interest, Net, which was discussed in the previous "Consolidated Statements of Income" section.

Corporate and Other Expenses consist of corporate headquarters expenses that are not allocated to the coalitions and certain other expenses related to but not allocated to the coalitions for internal management reporting, including development costs for management information systems, certain costs of maintaining and enforcing VF's trademarks and miscellaneous consolidating adjustments. Corporate and Other Expenses decreased in the first half of 2006 due to a greater proportion of management information systems and other costs being allocated to the coalitions.

## **Analysis of Financial Condition**

### **Balance Sheets**

Accounts Receivable increased at June 2006 over the prior year date due primarily to increased revenues in the latter part of the 2006 quarter, compared with the prior year quarter. Receivables are higher at June 2006 than at the end of 2005 due to seasonal sales patterns.

Inventories increased by 4% in 2006 over the level at June 2005. This was less than our sales increase in the second quarter and below sales increases expected in the third quarter of 2006. Inventory levels at June 2006 increased from December 2005 due to higher seasonal requirements of our businesses.

Other Current Assets increased at June 2006 and December 2005 from June 2005 due primarily to an increase in value-added taxes ("VAT") in slower paying jurisdictions. The additional VAT amounts will be recoverable over the next year. In addition, Other Current Assets increased at June 2006 over the level at December 2005 due to higher domestic current and deferred income tax balances.

Property, Plant and Equipment increased during the first half of 2006 due to the addition of an Outdoor Coalition distribution center that was placed in service during the second quarter. Included in this increase was a \$43.0 million capital lease for the new facility.

Intangible Assets declined due to amortization, offset in part by an increase from foreign currency translation, and Goodwill increased due to foreign currency translation. See Notes B and C to the Consolidated Financial Statements.

Short-term Borrowings at June 2006 consisted of the following: (i) \$128.0 million of domestic commercial paper borrowings, (ii) \$63.8 million of U.S. dollar and euro-denominated borrowings under the two term loan credit facilities that are part of the international bank credit agreement and (iii) \$37.3 million of other international borrowings. Borrowings under the term loan credit facilities of our international bank credit agreement are short-term notes that can be continued to November 2007, but these amounts are classified as

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current liabilities because it is our intent to repay them within the next 12 months.

Accrued Liabilities declined at June 2006 from the level at December 2005 due to (i) payment of a \$75.0 million pension contribution that was accrued at the end of 2005, (ii) payment of incentive compensation earned for 2005 and (iii) reclassification of \$28.6 million of accrued income taxes to Long-term Liabilities because the issues are now not expected to be settled within the next 12 months, (iv) offset in part by seasonal increases.

Total Long-term Debt, including the current portion, decreased from the level at June 2005 due to the repayment of \$300.0 million of debt at the scheduled maturity date after June 2005, offset in part by (i) revolving credit borrowings of \$125.1 million U.S. dollar equivalent under our international bank credit agreement and (ii) a \$43.0 million capital lease obligation referred to in the Property, Plant and Equipment paragraph above. Borrowings under the revolving credit portion of the international bank credit agreement are short-term notes that can be continued until October 2010. VF does not intend to pay down that amount in the next 12 months, and accordingly, it is classified as Long-term Debt. The Current Portion of Long-term Debt includes a \$33.0 million note payable in August 2006.

Other Liabilities increased at June 2006 from both December 2005 and June 2005 due to the reclassification of \$28.6 million of accrued income taxes (see the Accrued Liabilities paragraph above) and additional participant deferrals under VF's deferred compensation plans.

The Series B Redeemable Preferred Stock was converted to Common Stock because the quarterly Common Stock dividend rate (\$0.88 equivalent common dividend per preferred share) significantly exceeded the stated quarterly dividend rate (\$0.52 per share) of the Preferred Stock. As a result of the conversion, the redemption value of the Preferred Stock was transferred to the Common Stock and Retained Earnings accounts.

### **Liquidity and Cash Flows**

The financial condition of VF is reflected in the following:

(Dollars in millions)	June 2006	December 2005	June 2005
Working capital	\$1,354.1	\$1,213.2	\$ 977.0
Current ratio	2.1 to 1	2.1 to 1	1.7 to 1
Debt to total capital ratio	24.7%	22.6%	29.7%

For the ratio of debt to total capital, debt is defined as short-term and long-term borrowings, and total capital is defined as debt plus common stockholders' equity.

On an annual basis, VF's primary source of liquidity is its strong cash flow provided by operating activities. Cash provided by operating activities is primarily dependent on the level of net income and changes in investments in inventories and other working capital components. Cash provided by operating activities is substantially higher in the second half of the year due to higher net income and reduced working capital requirements during that period. For the six months through June 2006, cash used by operating activities was \$20.0 million, compared with cash provided by operating activities of \$22.6 million in the comparable 2005 period. Net Income increased significantly in the 2006 period, compared with the 2005 period.

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Offsetting this increase, however, was the funding of our qualified defined benefit pension plan of \$75.0 million in the 2006 period compared with \$55.0 million in 2005, and the net change in working capital components that resulted in a use of funds of \$296.3 million during 2006, compared with a use of \$235.2 million in the 2005 period. The major reasons for the increased cash usage from changes in working capital between the two periods were a decrease in cash inflows from Accounts Receivable in the 2006 period due to increased revenues late in the period compared with the prior year period, offset in part by reduced spending on inventories in the 2006 period.

In addition to cash provided by operating activities, VF has significant liquidity based on its available debt capacity supported by its strong credit rating. VF has a \$750.0 million unsecured committed bank facility that expires in September 2008. This bank facility is available to support up to a \$750.0 million commercial paper program. Any issuance of commercial paper reduces the amount available under the bank facility. At the end of June 2006, \$608.7 million was available for borrowing under the credit agreement, with \$128.0 million of commercial paper outstanding and \$13.3 million of standby letters of credit issued under the agreement. In addition, VF has an unsecured committed revolving credit agreement under an international bank credit agreement that expires in October 2010. At the end of June 2006, a U.S. dollar equivalent of \$125.1 million was outstanding and \$93.8 million was available for borrowing under the agreement. Further, under a registration statement filed in 1994 with the Securities and Exchange Commission, VF has the ability to offer, on a delayed or continuous basis, up to \$300.0 million of additional debt, equity or other securities.

The principal investing activities in the first half of 2006 related to capital spending. The largest single capital project during the first half of 2006 was a distribution center to support the growing sales of our Outdoor Coalition. For the full year, we expect that capital spending could reach \$125 million and be funded by operating cash flows. Payments for business acquisitions in the first half of 2005 related to acquisition of the Reef and the Holoubek businesses.

In June 2006, Moody's Investors Service affirmed VF's long-term debt rating of 'A3' and commercial paper rating of 'Prime-2' and amended the ratings outlook to 'stable' from 'negative.' Standard & Poor's Ratings Services currently maintains its 'A minus' long-term corporate credit and senior unsecured debt and 'A-2' commercial paper ratings for VF. Standard & Poor's ratings outlook is 'stable.' Existing debt agreements do not contain acceleration of maturity clauses based on changes in credit ratings.

During the first half of 2006, VF purchased 2.0 million shares of its Common Stock in open market transactions at a cost of \$118.6 million (average price of \$59.29 per share) and in the first half of 2005 purchased 2.0 million shares at a cost of \$116.1 million (average price of \$58.03 per share). During the first half of 2006, the Board of Directors authorized the purchase of 10.0 million shares. Share repurchase activity during the period reduced the total approved authorization to 9.3 million shares as of the end of June 2006. The primary objective of our share repurchase program is to reduce the impact of dilution caused by exercises of stock options. Management will evaluate future share repurchases from time-to-time depending on market conditions, stock option exercises and funding required to support business acquisitions and other opportunities.

Management's Discussion and Analysis in our 2005 Form 10-K provided a table summarizing VF's contractual obligations and commercial commitments at the end of 2005 that would require the use of funds. Since the filing of our 2005 Form 10-K, there have been no material changes, except as stated below, relating to VF's contractual obligations that require the use of funds or other financial commitments that may require the use of funds:

- Inventory purchase obligations represent binding commitments to purchase finished goods, raw materials and sewing labor in the ordinary course of business. The total of these inventory purchase obligations increased by approximately \$60 million at the end of the second quarter, compared with the 2005 year-end, to support sales expectations in succeeding months.
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Management believes that VF's cash balances and funds provided by operating activities, as well as unused committed bank credit lines, additional borrowing capacity and access to equity markets, taken as a whole, provide (i) adequate liquidity to meet all of its obligations when due, (ii) adequate liquidity to fund capital expenditures and to maintain our dividend payout policy and (iii) flexibility to meet investment opportunities that may arise. Specifically, we believe VF has adequate liquidity to repay the (i) \$33.0 million note due in August 2006 and (ii) total U.S. dollar equivalent of \$63.8 million under the term loan facilities of our international bank credit agreement, which amount can be continued to November 2007 but which VF intends to repay within the next 12 months.

We do not participate in transactions with unconsolidated entities or financial partnerships established to facilitate off-balance sheet arrangements or other limited purposes.

### **Critical Accounting Policies and Estimates**

We have chosen accounting policies that we believe are appropriate to accurately and fairly report VF's operating results and financial position in conformity with accounting principles generally accepted in the United States. We apply these accounting policies in a consistent manner. Our significant accounting policies are summarized in Note A to the Consolidated Financial Statements included in our 2005 Form 10-K.

The application of these accounting policies requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. These estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. We evaluate these estimates and assumptions on an ongoing basis and may retain outside consultants to assist in our evaluation. If actual results ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actual amounts become known. The accounting policies that involve the most significant management judgments and estimates used in preparation of our consolidated financial statements, or are the most sensitive to change from outside factors, are discussed in Management's Discussion in our 2005 Form 10-K. There have been no material changes in these policies.

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. VF is currently evaluating the impact of FIN 48 on its financial statements and currently plans to adopt this interpretation in the first quarter of 2007.

### **Cautionary Statement on Forward-Looking Statements**

From time to time, we may make oral or written statements, including statements in this Quarterly Report, that constitute "forward-looking statements" within the meaning of the federal securities laws. These include statements concerning plans, objectives, projections and expectations relating to VF's operations or economic performance, and assumptions related thereto.

Forward-looking statements are made based on our expectations and beliefs concerning future events impacting VF and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and actual results could differ materially from those expressed or implied in the forward-looking statements.

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Potential risks and uncertainties that could cause the actual results of operations or financial condition of VF to differ materially from those expressed or implied by forward-looking statements in this Quarterly Report on Form 10-Q include VF's reliance on a small number of large customers; the financial strength of VF's customers; changing fashion trends and consumer demand; increasing pressure on margins; VF's ability to implement its growth strategy; VF's ability to effectively transition to a new distribution center supporting our Outdoor businesses; VF's ability to maintain information technology systems; stability of VF's manufacturing facilities and foreign suppliers; continued use by VF's suppliers of ethical business practices; VF's ability to accurately forecast demand for products; continuity of members of VF's management; VF's ability to protect trademarks and other intellectual property rights; maintenance by VF's licensees of the value of VF's brands; the overall level of consumer spending; general economic conditions and other factors affecting consumer confidence; fluctuations in the price, availability and quality of raw materials; foreign currency fluctuations; and legal, regulatory, political and economic risks in international markets. More information on potential factors that could affect VF's financial results is included from time to time in VF's public reports filed with the Securities and Exchange Commission, including VF's Annual Report on Form 10-K.

### **Item 3 – Quantitative and Qualitative Disclosures about Market Risk**

There have been no significant changes in VF's market risk exposures from what was disclosed in Item 7A in our 2005 Form 10-K.

### **Item 4 – Controls and Procedures**

Disclosure controls and procedures:

Under the supervision of our Chief Executive Officer and Chief Financial Officer, a Disclosure Committee comprising various members of management has evaluated the effectiveness of the disclosure controls and procedures at VF and its subsidiaries as of the end of the period covered by this Quarterly Report (the "Evaluation Date"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded as of the Evaluation Date that such controls and procedures were effective.

Changes in internal control over financial reporting:

There have been no changes, except as described below, that have materially affected, or are reasonably likely to materially affect, VF's internal control over financial reporting.

During VF's fiscal quarter ended July 1, 2006, VF's domestic Outdoor business implemented certain new processes and systems to enhance sales and distribution functions, including the opening of a centralized distribution center. Internal controls over these processes and systems were designed to reasonably assure that such controls are effective as they relate to the reliability of financial reporting and the fair presentation of our consolidated financial statements.

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**Part II – Other Information****Item 1A – Risk Factors**

There have been no material changes to our risk factors from those disclosed in our 2005 Form 10-K.

**Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds**

(c) Issuer purchases of equity securities:

<u>Fiscal Period</u>	<u>Total Number of Shares Purchased</u>	<u>Weighted Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)</u>
April 2 - April 29, 2006	120,000	\$ 57.13	120,000	10,200,000
April 30 - May 27, 2006	200,000	62.33	200,000	10,000,000
May 28 - July 1, 2006	680,000	64.55	680,000	9,320,000
Total	<u>1,000,000</u>		<u>1,000,000</u>	

- (1) Management will evaluate future share repurchases from time-to-time depending on market conditions, stock option exercises and funding required to support business acquisitions and other opportunities. Also, under the Mid-Term Incentive Plan implemented under VF's 1996 Stock Compensation Plan, VF must withhold from the shares of Common Stock issuable in settlement of a participant's performance restricted stock units the number of shares having an aggregate fair market value equal to any federal, state and local withholding or other tax that VF is required to withhold, unless the participant has made other arrangements to pay such amounts. There were 574 shares withheld under the Mid-Term Incentive Plan during the second quarter of 2006.

**Item 6 – Exhibits**

- 3 By-laws, as amended through April 25, 2006 and as presently in effect
- 31.1 Certification of the principal executive officer, Mackey J. McDonald, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of the principal financial officer, Robert K. Shearer, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of the principal executive officer, Mackey J. McDonald, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of the principal financial officer, Robert K. Shearer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
-

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

V.F. CORPORATION

(Registrant)

By: /s/ Robert K. Shearer  
Robert K. Shearer  
Senior Vice President and  
Chief Financial Officer  
(Chief Financial Officer)

Date: August 8, 2006

By: /s/ Bradley W. Batten  
Bradley W. Batten  
Vice President — Controller  
(Chief Accounting Officer)



VF CORPORATION

BY-LAWS

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Effective April 25, 2006

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BY-LAWS

OF

VF CORPORATION

(A Pennsylvania Corporation)

ARTICLE I

MEETINGS OF SHAREHOLDERS

SECTION 1. PLACE OF MEETING. Meetings of shareholders shall be held at such places, within or without the Commonwealth of Pennsylvania, as may be fixed from time to time by the Board of Directors. If no such place is fixed by the Board of Directors, meetings of the shareholders shall be held at the registered office of the Corporation.

SECTION 2. ANNUAL MEETING. The Annual Meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held in each calendar year, commencing with the year 2000, at such time and on such date as the Board of Directors shall determine, or if the Board of Directors fails to set a time and date, at 10:30 a.m. on the fourth Tuesday in April in each year, if such day is not a legal holiday, and if a legal holiday, then on the first following day that is not a legal holiday, at such place and time as shall be fixed by the Board of Directors. If the Annual Meeting shall not be called and held within six months after the designated time, any shareholder may call such meeting at any time thereafter.

SECTION 3. SPECIAL MEETINGS. Special meetings of shareholders may be called at any time by the Chairman, the President, or the Board of Directors, and may be called by a shareholder only as provided in Section 2521(b) of the Pennsylvania Business Corporation Law. At any time, upon written request of any person or persons entitled to call a special meeting, such request stating the purpose or purposes of such meeting, it shall be the duty of the Secretary forthwith to call a special meeting of the shareholders, which, if the meeting is called pursuant to a statutory right, shall be held at such time as the Secretary may fix, not more than 60 days after the receipt of the request. If the Secretary shall neglect or refuse to issue such call, the person or persons

making the request may do so.

SECTION 4. ADJOURNMENT. Adjournment or adjournments of any annual or special meeting may be taken, including one at which directors are to be elected, for such period as the shareholders present and entitled to vote shall direct.

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SECTION 5. NOTICE OF MEETINGS. Written notice (conforming to the provisions of Section 1 of Article IV of these By-Laws) of every meeting of the shareholders shall be given by the Secretary in the case of an Annual Meeting, and by or at the direction of the person or persons authorized to call the meeting in the case of a special meeting, to each shareholder of record entitled to vote at the meeting, at least 10 days prior to the day named for the meeting, unless a greater period of notice is by law required in a particular case. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken, unless the Board of Directors fixes a new record date for the adjourned meeting.

SECTION 6. QUORUM OF SHAREHOLDERS. A shareholders' meeting duly called shall not be organized for the transaction of business unless a quorum is present. The presence, in person or by proxy, of the holders of a majority of the outstanding shares entitled to cast a vote on the particular matters to be acted upon shall constitute a quorum. The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine, but in the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in this Section, shall nevertheless constitute a quorum for the purpose of electing directors.

SECTION 7. ORGANIZATION. At every meeting of the shareholders, the Chairman of the Board of Directors, or in his absence, the President, or, in his absence, a Vice President, shall act as chairman of the meeting and the Secretary, or in his absence, a person appointed by the Chairman, shall act as secretary of the meeting.

#### SECTION 8. VOTING.

(A) VOTING RIGHTS. Except as otherwise provided in the Articles, or by law, every shareholder of record shall have the right, at every shareholders' meeting, to one vote for every share standing in his name on the books of the Corporation. Holders of fractional shares shall not be entitled to any vote in respect thereof. Every shareholder may vote either in person or by proxy.

(B) PROXIES. Every proxy shall be executed in writing by the shareholder, or by his duly authorized attorney in fact, and filed with the Secretary of the Corporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the Secretary of the Corporation. No unrevoked proxy shall be

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valid after three years from the date of its execution, unless a longer time is expressly provided therein. A proxy shall not be revoked by the death or incapacity of the maker unless before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary of the Corporation. A shareholder shall not sell his vote or execute a proxy to any person for any sum of money or anything of value.

(C) BALLOT. No vote by the shareholders need be by ballot, except, in elections of directors, upon demand made by a shareholder entitled to vote at the election before the voting begins.

(D) REQUIRED VOTE. Except as otherwise specified in the Articles, these By-Laws or provided by law, all matters shall be decided by the vote of the holders of a majority of the shares cast at a meeting at which a quorum shall be present, though such majority be less than a majority of all the outstanding shares entitled to vote thereon. The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. In all elections for directors, the candidate receiving the highest number of votes up to the number of directors to be elected shall be elected.

(E) SHARES OWNED BY THE CORPORATION. Shares of its own capital stock belonging to the Corporation (other than shares of its own capital stock, if any, held by it in a fiduciary capacity) shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares for voting purposes at any given time.

(F) SHARES OWNED BY OTHER CORPORATIONS. Shares in this Corporation owned by another corporation may be voted by any officer or agent of the latter or by proxy appointed by any such officer or agent, unless some other person, by resolution of its Board of Directors or a provision of its Articles or By-Laws, a copy of which resolution or provision certified to be correct by one of its officers has been filed with the Secretary of this Corporation, shall be appointed its general or special proxy, in which case such person shall be entitled to vote such shares.

(G) SHARES JOINTLY HELD OR HELD BY FIDUCIARIES. Shares in this Corporation held by two or more persons jointly or as tenants in common, as fiduciaries or otherwise (including a partnership), may be voted by any one or more of such persons, either in person or by proxy. If the persons are equally divided upon whether the shares held by them shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among the persons without prejudice to the rights of the joint owners or the beneficial owners thereof among themselves. If there has been filed with the Secretary of the Corporation a copy, certified by an attorney at law to be correct, of the relevant portions of the agreement under which the shares are held or the

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instrument by which the trust or estate was created or the order of court appointing them or of an order of court directing the voting of the shares, the persons specified as having such voting power in the latest document so filed, and only those persons, shall be entitled to vote the shares but only in accordance therewith.

(H) USE OF CONFERENCE TELEPHONE. Unless specifically authorized by the Board of Directors, no shareholder may participate in any meeting of shareholders by means of conference telephone or similar communications equipment.

SECTION 9. JUDGES OF ELECTION. In advance of any meeting of shareholders, the Board of Directors may appoint Judges of Election, who need not be shareholders, to act at such meeting or any adjournment thereof. If Judges of Election be not so appointed, the Chairman of any such meeting may, and on the request of any shareholder or his proxy shall, make such appointment at the meeting. The number of Judges shall be one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares present and entitled to vote shall determine whether one or three Judges are to be appointed. No person who is a candidate for office shall act as a Judge.

In case any person appointed as Judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting, or at the meeting by the person or officer acting as Chairman.

The Judges of Election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity, and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The Judges of Election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical. If there be three Judges of Election, the decision, act, or certificate of a majority shall be as effective in all respects as the decision, act, or certificate of all.

On the request of the Chairman of the meeting, or of any shareholder or his proxy, the Judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts as stated therein.

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SECTION 10. DETERMINATION OF SHAREHOLDERS OF RECORD. The Board of Directors may fix a time prior to the date of any meeting of shareholders, or prior to any other date, including, but not limited to, the date fixed for the payment of any dividend or distribution, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting or entitled to receive payment of any such dividend or distribution or as a record date for any other purpose. In the case of a meeting of shareholders, the record date shall be not more than 90 days prior to the date of the meeting, except in the case of an adjourned meeting. Only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting, or to receive payment of such dividend or distribution, or to such other rights as are involved, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid.

Unless a record date is fixed by the Board of Directors: (1) the record date for determining shareholders entitled to notice of or to vote at a meeting

of shareholders shall be at the close of business on the tenth day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day immediately preceding the day on which the meeting is held, (2) the record date for determining shareholders entitled to express consent or dissent to corporate action in writing without a meeting, when prior action by the Board of Directors is not necessary, shall be the close of business on the day on which the first written consent or dissent is filed with the Secretary of the Corporation, and (3) the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 11. VOTING LISTS. The officer or agent having charge of the transfer books for shares of the Corporation shall make a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, with the address of and number of shares held by each, which list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in the Commonwealth of Pennsylvania, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book, or to vote, in person or by proxy, at any meeting of shareholders. Notwithstanding the foregoing, at any time when the Corporation has 5,000 or more shareholders, in lieu of making a list, the Corporation may make such information available at the meeting by any other means.

SECTION 12. NOMINATING PROCEDURE. Subject to the rights of any class or series of stock having a preference over the common stock as to dividends or upon dissolution to elect directors under specified circumstances, nominations for election of directors may be made by any shareholder entitled to vote for the election of directors only if written notice of such shareholder's intent to nominate

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a director at the meeting is given by the shareholder and received by the Secretary of the Corporation in the manner and within the time specified herein. Notice must be received by the Secretary of the Corporation not less than 150 days prior to the date fixed for the annual meeting of shareholders pursuant to these By-Laws; provided, however, that if directors are to be elected by the shareholders at any other time, notice must be received by the Secretary of the Corporation not later than the seventh day following the day on which notice of the meeting was first mailed to shareholders. The notice may either be delivered or may be mailed to the Secretary of the Corporation by certified or registered mail, return receipt requested.

The notice shall be in writing and shall contain:

- (i) the name and residence of such shareholder;
- (ii) a representation that the shareholder is a holder of voting stock of the Corporation and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;
- (iii) such information regarding each nominee as would have been required to be included in a proxy statement filed pursuant to Regulation 14A of the rules and regulations established by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (or pursuant to any successor act or regulation) had proxies been solicited with respect to such nominee by the management or Board of Directors of the Corporation;
- (iv) a description of all arrangements or understandings among the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which such nomination or nominations are to be made by the shareholders; and
- (v) the consent of each nominee to serve as director of the Corporation if so elected.

The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that any nomination made at the meeting was not made in accordance with the foregoing procedures and, in such event, the nomination shall be disregarded.

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## ARTICLE II

### BOARD OF DIRECTORS

SECTION 1. POWERS AND ELECTION. The business and affairs of the Corporation shall be managed by the Board of Directors, and all powers of the Corporation, except as otherwise provided by law, by the Articles, or by these By-Laws, shall be exercised by the Board of Directors.

Except in the case of vacancies, directors shall be elected by the

shareholders.

SECTION 2. QUALIFICATIONS. Directors shall be natural persons of full age but need not be residents of the Commonwealth of Pennsylvania or shareholders in the Corporation. A director may also be a salaried officer or employee of the Corporation. No person shall be eligible to be elected a director of the Corporation for a period extending beyond the Annual Meeting of Shareholders immediately following his attaining the age of 72 years. If any person elected as a director shall within 30 days after notice of his election fail to accept such office, either in writing or by attending a meeting of the Board of Directors, the Board of Directors may declare his office vacant.

SECTION 3. NUMBER, CLASSIFICATION, AND TERM OF OFFICE. The number of directors of the Corporation shall be not less than six and may consist of such larger number as may be determined from time to time by the Board of Directors. The Board of Directors shall be divided into three classes, each class of which shall be as nearly equal in number as possible, the term of office of at least one class shall expire in each year, and the members of a class shall not be elected for a shorter period than one year, or for a longer period than three years. One-third (or the nearest approximation thereto) of the number of the Board of Directors, determined as aforesaid, shall be elected at each Annual Meeting of the shareholders for terms to expire no later than the third subsequent meeting of shareholders at which directors are elected. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified, subject to earlier termination as herein provided.

SECTION 4. RESIGNATIONS. Any director of the Corporation may resign at any time by giving written notice to the Board of Directors, to the Chairman, to the President, or to the Secretary of the Corporation. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. REMOVAL. The entire Board of Directors, or a class of the Board, or any individual director may be removed from office by the vote of shareholders entitled to cast at least 80% of the votes which all shareholders

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would be entitled to cast at any election of directors or of such class of directors only for cause. In case the Board or such a class of the Board or any one or more directors be so removed, new directors may be elected at the same meeting. The repeal of a provision of the Articles or By-Laws prohibiting, or the addition of a provision to the Articles or By-Laws permitting, the removal by the shareholders of the Board, a class of the Board or a director without assigning any cause shall not apply to any incumbent director during the balance of the term for which he was elected.

SECTION 6. VACANCIES. Vacancies in the Board of Directors, whether occurring because of death, resignation, removal, increase in the number of directors, or because of some other reason, may be filled by a majority of the remaining members of the Board, though less than a quorum. Any director chosen to fill a vacancy, including a vacancy resulting from an increase in the number of directors, shall hold office until the next election of the class for which such director has been chosen, and until his successor has been selected and qualified or until his earlier death, resignation or removal.

SECTION 7. PLACE OF MEETING. The meetings of the Board of Directors may be held at such place, within the Commonwealth of Pennsylvania or elsewhere, as a majority of the directors may from time to time determine, or as may be designated in the notice calling the meeting.

SECTION 8. ANNUAL MEETING. Immediately after each annual election of directors the Board of Directors shall meet for the purpose of organization, election of officers, and the transaction of other business, at the place where such election of directors was held. Notice of such meeting need not be given. In the absence of a quorum at said meeting, the same may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

SECTION 9. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at such time and place, if any, as shall be designated from time to time by resolution of the Board of Directors. If the date fixed for any such regular meeting be a legal holiday under the laws of the State where such meeting is to be held, then the same shall be held on the next succeeding secular day not a legal holiday under the laws of said State, or at such other time as may be determined by resolution of the Board of Directors. At such meetings the directors shall transact such business as may properly be brought before the meeting.

SECTION 10. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, by the President, or by a majority of the directors, and shall be held at such time and place as shall be designated in the call for the meeting.

SECTION 11. NOTICE OF MEETINGS; ADJOURNMENT. Notice, in accordance with the provisions of Article IV, Section 1 of these By-Laws, of each special meeting shall be given, by or at the direction of the person authorized to call such meeting, to each director, at least six hours prior to the commencement of the meeting. Notice of regular meetings need not be given. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting, or of the business to be transacted at an adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

SECTION 12. QUORUM. A majority of the directors in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

SECTION 13. ORGANIZATION. At every meeting of the Board of Directors, the Chairman of the Board of Directors, or in his absence, the President, or, in his absence, a Vice President, or, in the absence of each Vice President, a chairman chosen by a majority of the directors present, shall preside, and the Secretary, or, in his absence, any person appointed by the chairman, shall act as secretary.

SECTION 14. ACTION WITHOUT A MEETING OR BY CONFERENCE TELEPHONE SIMILAR COMMUNICATIONS EQUIPMENT. Any action which may be taken at a meeting of the directors or any Board committee may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors or the members of the committee, as the case may be, and shall be filed with the Secretary of the Corporation. One or more directors may participate in a meeting of the Board or of any Board committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate with each other.

SECTION 15. COMPENSATION OF DIRECTORS. Each director who is not a salaried officer or employee of the Corporation or its subsidiaries shall be compensated for his services as a member of the Board or any committee thereof in such manner as the Board of Directors by resolution shall from time to time provide. Directors shall also be reimbursed by the Corporation for all reasonable expenses incurred in traveling to and from the place of each meeting of the Board of Directors or any such committee.

### ARTICLE III

#### COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE. The Board of Directors may, by resolution adopted by a majority of the whole Board, delegate the Chairman of the Board, and one or more additional directors to constitute an Executive Committee which, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the business of the Corporation, except that such Executive Committee shall not have any power or authority as to the following: (i) the submission to shareholders of any action requiring approval of shareholders under the Pennsylvania Business Corporation Law; (ii) the creation or filling of vacancies in the Board of Directors; (iii) the adoption, amendment or repeal of the By-Laws; (iv) the amendment or repeal of any resolution of the Board that by its terms is amendable or repealable only by the Board; and (v) action on matters committed by the By-Laws or resolution of the Board of Directors to another committee of the Board.

The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors at each regular meeting.

SECTION 2. OTHER COMMITTEES. The Board of Directors may, at any time and from time to time, appoint one or more other committees, consisting of directors or others, to perform such duties and make such investigations and reports as the Board of Directors shall by resolution determine, except that any such committee shall be subject to the same restrictions on power and authority as the Executive Committee set forth in Section 1 of this Article III. Such committees shall determine their own organization and times and places of meeting, unless otherwise directed by such resolution.

### ARTICLE IV

#### NOTICE - WAIVER

SECTION 1. NOTICE - WHAT CONSTITUTES. Whenever written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by telecopier, to his address (or to his telex, TWX, telecopier, or telephone number) appearing on the books of the Corporation, or supplied by him to the Corporation for the purpose of

notice. If the notice is sent by mail, telegraph, or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office or courier service for transmission to

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such person or in the case of telex, telecopier, or TWX, when dispatched. If notice of any meeting is given by telephone, it shall be deemed to have been given when a message is received by either the person entitled to such notice or a representative authorized to receive such message. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting of shareholders, the general nature of the business to be transacted.

SECTION 2. WAIVER IN WRITING. Whenever any written notice is required to be given, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of shareholders, neither the business to be transacted at nor the purpose of the meeting need be specified in the waiver of notice of such meeting.

SECTION 3. WAIVER BY ATTENDANCE. The presence of a person, either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purposes of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

SECTION 4. NOTICE NOT REQUIRED. The giving of notice required under these By-Laws is not required to be given to any shareholder with whom the Corporation has been unable to communicate for more than 24 consecutive months, if such communications to the shareholder are returned unclaimed or the shareholder has otherwise failed to provide the Corporation with a current address. Whenever the shareholder provides the Corporation with a current address, notice shall be given to that shareholder as required under these By-Laws.

#### ARTICLE V

##### OFFICERS AND AGENTS

SECTION 1. OFFICERS. The officers of the Corporation shall be a Chairman of the Board of Directors, a President, a Secretary, a Treasurer, and may include one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, a Controller, and such other officers and assistant officers as the Board of Directors may from time to time determine.

SECTION 2. QUALIFICATIONS. Any two or more offices may be held by the same person except the offices of President and Secretary. It shall not be necessary for the officers to be directors. The Board of Directors may secure the fidelity of any or all of the officers by bond or otherwise. The officers, other than the Treasurer, shall be natural persons of full age. The Treasurer shall be either a natural person of full age or a corporation.

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SECTION 3. ELECTION AND TERM OF OFFICE. The officers of the Corporation shall be elected or appointed by the Board of Directors at its annual meeting, but the Board of Directors may elect or appoint officers or fill any vacancies among the officers at any other meeting. Subject to earlier termination of office as herein provided, each officer shall hold office for one year and until his successor shall have been duly elected or appointed and qualified.

SECTION 4. RESIGNATIONS. Any officer may resign at any time by giving written notice to the Board of Directors, or to the Chairman, or to the President, or to the Secretary, of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. REMOVAL OF OFFICERS. Any officer or agent of the Corporation may be removed by the Board of Directors with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the persons so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 6. VACANCIES. The Board of Directors shall have power to fill any vacancies in any office occurring from whatever reason.

SECTION 7. THE CHAIRMAN OF THE BOARD OF DIRECTORS. The Chairman of the Board of Directors shall be the chief executive officer of the Corporation and shall have general supervision over the business and operations of the Corporation, subject, however, to the control of the Board of Directors. The Chairman of the Board of Directors shall serve as Chairman of the Executive Committee, subject, however, to the control of the Board of Directors. He shall,



if present thereat, preside as Chairman at all meetings of the shareholders and of the directors. He shall be, ex officio, a member of all standing committees of the Board of Directors except the Audit, Nominating and Governance and Compensation Committees. He shall have such other powers and perform such further duties as may be assigned to him by the Board of Directors.

SECTION 8. THE PRESIDENT. The President shall be the chief operating officer of the Corporation and sign, execute, and acknowledge, in the name of the Corporation, deeds, mortgages, bonds, contracts, and other instruments authorized by the Board of Directors, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation; and in general, he shall perform duties incident to the office of President, and such other duties as from time to time may be assigned to him by the Board of Directors or by the Chairman.

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SECTION 9. THE VICE PRESIDENTS. In the absence or disability of the President, any Vice President designated by the Board of Directors may perform all the duties of the President, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President; provided, however, that no Vice President shall act as a member of or as chairman of any special committee of which the President is a member or chairman by designation or ex officio, except when designated by the Board of Directors. The Vice Presidents shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the Chairman or the President.

SECTION 10. THE SECRETARY. The Secretary shall record all the votes of the shareholders and of the directors and the minutes of the meetings of the shareholders and of the Board of Directors in a book or books to be kept for that purpose; he shall see that notices of meetings of the Board of Directors and shareholders are given and that all records and reports are properly kept and filed by the Corporation as required by law; he shall be the custodian of the seal of the Corporation and shall see that it is affixed to all documents to be executed on behalf of the Corporation under its seal; he shall take note in the minutes of a dissent of a director and shall file a written dissent filed by a director prior to the adjournment of a meeting or immediately thereafter, and, in general, he shall perform all duties incident to the office of Secretary, and such other duties as may from time to time be assigned to him by the Board of Directors, the Chairman or the President.

SECTION 11. ASSISTANT SECRETARIES. In the absence or disability of the Secretary, any Assistant Secretary may perform all the duties of the Secretary, and, when so acting shall have all the powers of, and be subject to all the restrictions upon, the Secretary. The Assistant Secretaries shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the Chairman, the President or the Secretary.

SECTION 12. THE TREASURER. The Treasurer shall have charge of all receipts and disbursements of the Corporation and shall have or provide for the custody of its funds and securities; he shall have full authority to receive and give receipts for all money due and payable to the Corporation from any source whatever, and to endorse checks, drafts, and warrants in its name and on its behalf and to give full discharge for the same; he shall deposit all funds of the Corporation, except such as may be required for current use, in such banks or other places of deposit as the Board of Directors may from time to time designate; and, in general, he shall perform all duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Board of Directors, the Chairman or the President.

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SECTION 13. ASSISTANT TREASURERS. In the absence or disability of the Treasurer, any Assistant Treasurer may perform all the duties of the Treasurer, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the Chairman, the President or the Treasurer.

SECTION 14. THE CONTROLLER. The Controller shall be the accounting officer of the Corporation, shall have the duties and responsibilities for corporate, general, plant, distribution, and cost accounting, budgeting, forecasting, financial reporting, systems and procedures, data processing, taxes, and such other duties as may from time to time be assigned by the Board of Directors, the Chairman or the President.

SECTION 15. COMPENSATION OF OFFICERS AND OTHERS. The compensation of all officers shall be fixed from time to time by the Board of Directors or a Committee thereof or by the Chairman. No officer shall be precluded from receiving such compensation by reason of the fact that he is also a director of the Corporation. Additional compensation, fixed as above provided, may be paid to any officers and/or employees for any year, based on the success of the

operations of the Corporation during such year.

SECTION 16. AGENTS AND EMPLOYEES. The Chairman, the President or any officer or employee of the Corporation authorized by the Chairman or the President may appoint or employ such agents and employees as shall be requisite for the proper conduct of the business of the Corporation, and may fix their compensation and the terms of their employment; provided that without the approval of the Board of Directors first had and obtained no agent or employee shall be appointed or employed under a contract unless it is terminable by the Corporation on not more than 60 days' notice.

#### ARTICLE VI

##### BORROWING, DEPOSITS, PROXIES, ETC.

SECTION 1. BORROWING, ETC. No officer or officers, agent or agents, employee or employees of the Corporation shall have any power or authority to borrow money on its behalf, to pledge its credit, or to mortgage or pledge its real or personal property, except within the scope and to the extent of the authority delegated by resolution of the Board of Directors. Authority may be given by the Board of Directors for any of the above purposes and may be general or limited to specific instances.

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SECTION 2. DEPOSITS. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories, as the Board of Directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the Board of Directors shall from time to time determine.

SECTION 3. PROXIES. Unless otherwise ordered by the Board of Directors, any officer of the Corporation may appoint an attorney or attorneys (who may be or include such officer himself), in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as a shareholder or otherwise in any other corporation any of whose shares or other securities are held by or for the Corporation, at meetings of the holders of the shares or other securities of such other corporation, or, in connection with the ownership of such shares or other securities, to consent in writing to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its seal such written proxies or other instruments as he may deem necessary or proper in the premises.

SECTION 4. EXECUTION OF INSTRUMENTS. Except as otherwise authorized by the Board of Directors, any note, mortgage, evidence of indebtedness, contract, or other instrument of writing, or any assignment or endorsement thereof, executed or entered into between the Corporation and any other person, co-partnership, association or corporation, when signed by any one of the Chairman, the President, a Vice President, the Treasurer and the Secretary shall be held to have been properly executed for and on behalf of the Corporation.

#### ARTICLE VII

##### CORPORATE RECORDS - INSPECTION

SECTION 1. RECORDS TO BE KEPT. The Corporation shall keep an original or duplicate record of the proceedings of the shareholders and of the directors, and a copy of these By-Laws, including all amendments or alterations thereto, to date, certified by the Secretary of the Corporation. It shall also keep at its registered office, its principal office, or at the office of a Transfer Agent or Registrar within the Commonwealth of Pennsylvania, an original or a duplicate share register giving the names of the shareholders, in alphabetical order, and showing their respective addresses, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the number and date of cancellation of every certificate surrendered for cancellation. It shall also keep appropriate, complete, and accurate books of records of account, which may be kept at its registered office or at its principal place of business.

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Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

SECTION 2. INSPECTION. Every shareholder shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, at any reasonable time or times, for any proper purpose, the share register, books or records of account, and records of the proceedings of the shareholders and directors, and to make copies or make extracts therefrom.

## ARTICLE VIII

### SHARE CERTIFICATES, TRANSFER

SECTION 1. SHARE CERTIFICATES. Unless otherwise determined by the Board of Directors, the shares of the Corporation shall be represented by share certificates. Share certificates shall contain the matters required by law, and shall be signed by any one or more of the Chairman of the Board, the President, a Vice President, the Treasurer and the Secretary. Where such certificate is signed by a Transfer Agent or a Registrar, the signature of any corporate officer upon such certificate, and the corporate seal if one is affixed, may be a facsimile, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon, any share certificate shall have ceased to be such officer because of death, resignation, or otherwise, before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue. Every shareholder of record shall be entitled to a share certificate representing the shares owned by him, but a share certificate shall not be issued by the Corporation to any shareholder until the shares represented thereby have been fully paid for. The Board of Directors may determine that any or all classes and series of shares, or any part thereof, shall be uncertificated shares, in which case the Corporation shall send to the registered owner thereof a written notice containing such information as is required by law.

SECTION 2. TRANSFER OF SHARES. Transfers of share certificates and the shares represented thereby shall be made only on the books of the Corporation by the owner thereof, or by his attorney thereunto authorized, by a power of attorney duly executed and filed with the Secretary or a Transfer Agent of the Corporation, and on surrender of the share certificate or certificates. In the case of uncertificated shares, the transfer of shares shall be made upon receipt of such documentation as the Corporation may require.

SECTION 3. TRANSFER AGENT AND REGISTRAR; REGULATIONS. The Corporation may, if and whenever the Board of Directors may so determine, maintain in the Commonwealth of Pennsylvania or any other state, or in both, one or more transfer offices or agencies, each in charge of a Transfer Agent or

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Agents designated by the Board of Directors, where the shares of the Corporation shall be directly transferable, and also one or more registry offices, each in charge of a Registrar or Registrars designated by the Board of Directors, where such shares shall be so registered, and no certificates for shares of the Corporation in respect of which a Transfer Agent and Registrar shall have been designated shall be valid unless countersigned by such Transfer Agent and registered by such Registrar. The Board of Directors may also make such additional rules and regulations as it may deem expedient concerning the issue, transfer, and registration of share certificates of the Corporation.

SECTION 4. LOST, DESTROYED, AND MUTILATED CERTIFICATES. The holder of any share certificate of the Corporation shall immediately notify the Corporation of any loss, destruction, or mutilation thereof, and the Board of Directors may, in its discretion, by either special or standing resolution, provide for and cause the issuance to him of a new share certificate or certificates, in the case of mutilation upon surrender of the mutilated certificate, or, in case of loss or destruction of the certificate, upon such proof of loss or destruction and such reasonable notice by publication and/or the deposit of a bond in such form and in such sum and with such surety or sureties, as in such resolution the Board of Directors may direct.

## ARTICLE IX

### FINANCIAL REPORTS

The directors shall cause to be sent to shareholders annual reports, containing financial statements certified by an independent certified public accountant, and such other interim reports as may be deemed desirable or necessary; provided that reports to shareholders shall comply with the requirements of applicable federal or state securities laws and of the rules and listing agreements of any national securities exchange where a class of the Corporation's securities is listed for trading.

## ARTICLE X

### INDEMNIFICATION; LIMITATION OF LIABILITY

SECTION 1. RIGHT TO INDEMNIFICATION. The Corporation shall indemnify to the fullest extent permitted by applicable law any person who was or is a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving at the request of the corporation as a director or officer of

another corporation or of a partnership, joint venture, trust or other enterprise or entity, whether or not for

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profit, whether domestic or foreign, including service with respect to an employee benefit plan, its participants or beneficiaries, against all liability, loss and expense (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by such person in connection with such Proceeding, whether or not the indemnified liability arises or arose from any Proceeding by or in the right of the Corporation.

SECTION 2. ADVANCE OF EXPENSES. Subject to Section 3 hereof, expenses incurred by a director or officer in defending (or acting as a witness in) a Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding, subject to the provisions of applicable law, upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation under applicable law.

SECTION 3. PROCEDURE FOR DETERMINING PERMISSIBILITY. To determine whether any indemnification or advance of expenses under this Article X is permissible, the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to such proceeding may, and on request of any person seeking indemnification or advance of expenses shall, reasonably determine (i) in the case of indemnification, whether the standards under applicable law have been met and (ii) in the case of advance of expenses prior to a change of control of the Corporation as provided below, whether such advance is appropriate under the circumstance, provided that each such determination shall be made by independent legal counsel if such quorum is not obtainable, or even if obtainable, a majority vote of a quorum of directors who are not parties to the Proceeding so directs; and provided further that, if there has been a change in control of the Corporation between the time of the action or failure to act giving rise to the claim for indemnification or advance of expenses and the time such claim is made, at the option of the person seeking indemnification or advance of expenses, the permissibility of indemnification shall be determined by independent legal counsel and the advance of expenses shall be obligatory subject to receipt of the undertaking specified in Section 2 hereof. The reasonable expenses of any director or officer in prosecuting a successful claim for indemnification, and the fees and expenses of any independent legal counsel engaged to determine permissibility of indemnification or advance of expenses, shall be borne by the Corporation.

SECTION 4. CONTRACTUAL OBLIGATION. The obligations of the Corporation to indemnify a director or officer under this Article X, including, if applicable, the duty to advance expenses, shall be considered a contract between the Corporation and such director or officer, and no modification or repeal of any provision of this Article X shall affect, to the detriment of the director or officer, such obligations of the Corporation in connection with a claim based on any act or failure to act occurring before such modification or repeal.

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SECTION 5. LIMITATION OF LIABILITY. A director of the Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless (a) the director has breached or failed to perform the duties of his office under Section 511 of the Pennsylvania Associations Code or as such law may be amended from time to time and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; provided, however, that the provisions of this Section shall not apply to the responsibility or liability of a director pursuant to any criminal statute or the liability of a director for the payment of taxes pursuant to local, state or federal law.

## ARTICLE XI

### AMENDMENTS TO BY-LAWS

These By-Laws may be amended, altered, or repealed, or new By-Laws may be adopted, either (a) upon receiving at least 80% of the votes which all voting shareholders are entitled to cast on the proposed By-Law change or adoption at any annual or special meeting of shareholders, or (b) in the event that the proposed By-Law change or adoption has been proposed by a majority of the Disinterested Directors (as defined below), upon receiving at least a majority of the votes cast at a duly convened meeting by the holders of shares entitled to vote on the proposed By-Law change, or (c) by a vote of a majority of the Disinterested Directors of the Corporation at any regular or special meeting of the directors.

The term "Disinterested Director" means any member of the Board of Directors who is unaffiliated with an Interested Shareholder and was a member of the Board prior to the time that the Interested Shareholder became an Interested Shareholder, and any successor of a Disinterested Director who is unaffiliated

with the Interested Shareholder and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board. A member of the Board of Directors who is affiliated with an Interested Shareholder shall nevertheless be considered a Disinterested Director for the purpose of voting upon any matter in which the interests of such Interested Shareholder (or any affiliate or associate of such Interested Shareholder) are solely as a holder of shares of capital stock and are undifferentiated from the interests of other holders of the same class of shares of capital stock.

The term "Interested Shareholder" shall mean and include any individual, corporation, partnership or other person or entity (other than the Corporation or any subsidiary thereof) who or which, together with its affiliates and associates (as those terms are defined in Rule 12b-2 promulgated under the

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Securities Exchange Act of 1934 as in effect on October 17, 1989) (a) becomes the beneficial owner (as that term is defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934 as in effect on October 17, 1989) of an aggregate of 20% or more of the outstanding voting stock of the Corporation, (b) is an affiliate or associate of the Corporation and at any time within the five-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 20% or more of the voting power of the then outstanding voting stock or (c) is the beneficial owner of 5% or more of the shares of any class of voting stock which were at any time within the five-year period immediately prior to the date in question beneficially owned by any Interested Shareholder; provided, however, that the term "Interested Shareholder" shall not include any employee benefit plan of the Corporation or a majority-owned subsidiary of the Corporation or any trustee or fiduciary with respect to any such plan when acting in the capacity of a trustee or fiduciary.

A majority of the Disinterested Directors of the Corporation shall have the power and duty to determine for the purposes of this Article XI, on the basis of information known to them after reasonable inquiry, (a) whether a person is an Interested Shareholder or a Disinterested Director, (b) the number of shares of each class of stock beneficially owned by any person, and (c) whether a person is an affiliate or associate of another. A majority of the Disinterested Directors of the Corporation shall have the further power to interpret all of the terms and provisions of this Article XI.

#### ARTICLE XII

##### PROVISIONS RELATING TO THE ACT OF APRIL 27, 1990 (P.L. 129, NO. 36)

The provisions of Subsections (d) through (f) of Section 511, Subsections (e) through (g) of Section 1721 and Subchapters G and H of Chapter 25 of the Pennsylvania Business Corporation Law shall not be applicable to the Corporation.

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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 15 U.S.C. SECTION 10A, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mackey J. McDonald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of V.F. Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2006

/s/ Mackey J. McDonald

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Mackey J. McDonald  
Chairman and  
Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 15 U.S.C. SECTION 10A, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert K. Shearer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of V.F. Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2006

/s/ Robert K. Shearer

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Robert K. Shearer  
Senior Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of V.F. Corporation (the "Company") on Form 10-Q for the period ending July 1, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mackey J. McDonald, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 8, 2006

/s/ Mackey J. McDonald

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Mackey J. McDonald  
Chairman and Chief Executive Officer



CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of V.F. Corporation (the "Company") on Form 10-Q for the period ending July 1, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert K. Shearer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 8, 2006

/s/ Robert K. Shearer

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Robert K. Shearer  
Senior Vice President and  
Chief Financial Officer