VF CORPORATION
# VF CORPORATION

## CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

<table>
<thead>
<tr>
<th></th>
<th>THREE MONTHS ENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>APRIL 2 1994</td>
</tr>
<tr>
<td></td>
<td>APRIL 3 1993</td>
</tr>
<tr>
<td><strong>NET SALES</strong></td>
<td>$1,123,035</td>
</tr>
<tr>
<td><strong>COSTS AND OPERATING EXPENSES</strong></td>
<td>$1,014,333</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>760,423</td>
</tr>
<tr>
<td>Marketing, administrative and general expenses</td>
<td>253,910</td>
</tr>
<tr>
<td></td>
<td>221,789</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>$108,702</td>
</tr>
<tr>
<td><strong>OTHER INCOME (EXPENSE)</strong></td>
<td>$2,508</td>
</tr>
<tr>
<td>Interest income</td>
<td>2,940</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(19,191)</td>
</tr>
<tr>
<td>Miscellaneous, net</td>
<td>(4,149)</td>
</tr>
<tr>
<td></td>
<td>286</td>
</tr>
<tr>
<td></td>
<td>(20,832)</td>
</tr>
<tr>
<td><strong>INCOME BEFORE INCOME TAXES</strong></td>
<td>$87,870</td>
</tr>
<tr>
<td></td>
<td>$86,441</td>
</tr>
</tbody>
</table>

VF CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)
INCOME TAXES                                      34,972             33,712
----------         ----------
NET INCOME                                   $   52,898         $   52,729
----------         ----------

EARNINGS PER COMMON SHARE
Primary                                        $0.81              $0.83
Fully diluted                                   0.79               0.81

CASH DIVIDENDS PER COMMON SHARE                   $0.32              $0.30
</TABLE>

See notes to consolidated financial statements.

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

<TABLE>
<CAPTION>
APRIL 2             JANUARY 1
APRIL 3
1994                 1994
1993
----------           ----------          -----     
-----    ASSETS
<S>                                                                 <C>                  <C>                 <C>
CURRENT ASSETS
Cash and equivalents                                             $   25,522           $  151,564          $ 37,416
Accounts receivable, less allowances: Apr 2-$30,648;
    Jan 1-$28,808; Apr 3-$33,047                                    632,631              511,887
625,359
Inventories:
    Finished products                                               625,359              486,045
536,265
Work in process                                                 136,479              119,582
142,614
Materials and supplies                                          145,087              173,140
149,538
----------           ----------          -----     
906,925              778,767
828,417
Other current assets                                                 89,008               57,962
69,636
----------           ----------          -----     
Total current assets                                          1,654,086            1,500,180
1,480,412
PROPERTY, PLANT AND EQUIPMENT                                        1,340,110            1,250,023
1,279,370
Less accumulated depreciation                                     569,192              537,264
554,097
----------           ----------          -----     
770,918              712,759
725,273
INTANGIBLE ASSETS                                                      917,945              575,359
550,098
OTHER ASSETS                                                           102,520               89,050
94,098
----------                   

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES
- Short-term borrowings $  446,576  $  35,648  $  
31,525
- Current portion of long-term debt 3,944  110,119  
52,910
- Accounts payable 257,268  246,503  
257,558
- Accrued liabilities 362,047  267,578  
323,894

Total current liabilities 1,069,835  659,848  665,887

LONG-TERM DEBT 630,574  527,573  635,821

OTHER LIABILITIES 148,678  126,978  112,649

REDEEMABLE PREFERRED STOCK 63,089  63,309  63,824

DEFERRED CONTRIBUTION TO EMPLOYEE STOCK OWNERSHIP PLAN (46,301)  (47,760)  (51,139)

Total other liabilities 16,788  15,549  12,685

COMMON SHAREHOLDERS' EQUITY
- Common Stock 64,584  64,489  64,298
- Additional paid-in capital 546,074  543,165  535,618
- Foreign currency translation adjustments (14,845)  (12,865)  
1,836
- Retained earnings 983,781  952,611  821,087

Total common shareholders' equity 1,579,594  1,547,400  1,422,839

Total liabilities and shareholders' equity $3,445,469  $2,877,348  $2,849,881

See notes to consolidated financial statements.

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

THREE MONTHS ENDED

<table>
<thead>
<tr>
<th></th>
<th>APRIL 2 1994</th>
<th>APRIL 3 1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 52,898</td>
<td>$ 52,729</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to cash provided by operations:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See notes to consolidated financial statements.
Depreciation 30,176 29,806
Amortization of intangible assets 7,403 4,464
Other 5,111 (3,074)
Changes in current assets and liabilities:
Accounts receivable (75,992) (51,649)
Inventories (32,287) (85,675)
Accounts payable (18,818) 8,692
Other, net 48,929 58,126

Cash provided by operations 17,420 13,419

INVESTMENTS
Capital expenditures (30,031) (43,258)
Business acquisitions (494,751) -
Other, net (4,258) (7,755)

Cash invested (529,040) (51,013)

FINANCING
Increase (decrease) in short-term borrowings 510,152 (94,314)
Proceeds from long-term debt - 98,557
Payment of long-term debt (106,978) (233,167)
Sale of Common Stock - 231,900
Cash dividends paid (21,725) (20,350)
Other 4,129 6,064

Cash provided (used) by financing 385,578 (11,310)

NET CHANGE IN CASH AND EQUIVALENTS (126,042) (48,904)

CASH AND EQUIVALENTS - BEGINNING OF YEAR 151,564 86,320

CASH AND EQUIVALENTS - END OF PERIOD $ 25,522 $ 37,416

See notes to consolidated financial statements.

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended April 2, 1994 are not necessarily indicative of results that may be expected for the year ending December 31, 1994. For further information, refer to the consolidated financial statements and notes included in the Corporation's Annual Report on Form 10-K for the year ended January 1, 1994.

NOTE B - EARNINGS PER COMMON SHARE

Primary earnings per share are computed by dividing net income, after deducting preferred dividends, by the weighted average number of common shares outstanding. Fully diluted earnings per share assume the conversion of Preferred Stock and the exercise of stock options that have a dilutive effect.

NOTE C - LONG-TERM DEBT

At April 2, 1994, $100.0 million of commercial paper is classified as long-term debt pursuant to the Corporation's intent to refinance the obligation on a long-term basis. On April 6, 1994, the Corporation issued $100.0 million of 7.60% notes due 2004.
NOTE D - CAPITAL

There are 150,000,000 authorized shares of Common Stock, no par value - stated capital $1 a share. At April 2, 1994, there were 64,583,672 shares outstanding, excluding 1,769,197 treasury shares. At January 1, 1994 and April 3, 1993, there were 64,488,660 and 64,298,235 shares outstanding, excluding 1,769,131 and 1,767,131 treasury shares, respectively.

There are 25,000,000 authorized shares of Preferred Stock, $1 par value. Of these shares, 2,000,000 were designated as Series A, of which none have been issued, and 2,105,263 shares were designated and issued as 6.75% Series B Preferred Stock, of which 2,043,366 shares were outstanding at April 2, 1994, 2,050,491 at January 1, 1994 and 2,067,185 at April 3, 1993.

NOTE E - ACQUISITIONS

On January 4, 1994, the Corporation acquired H. H. Cutler Company for a total consideration of $154.7 million. Also on January 19, 1994, the Corporation acquired Nutmeg Industries, Inc. for a total consideration of $352.2 million. The acquisitions have been accounted for as purchases, and accordingly, operating results of the companies have been included in the consolidated financial statements since the dates of acquisition. The following pro forma results of operations assume that these acquisitions had occurred at the beginning of 1993:

| Table | First Quarter 1993 | First Quarter 1994 (Restated) | Change
|-------|--------------------|-------------------------------|--------
| Net sales | $1,094,394 | $1,272,365 | 45.8%
| Net income | 46,638 | 54,735 | 17.3%

Earnings per common share:
- Primary: $0.73
- Fully diluted: 0.71

RESULTS OF OPERATIONS

Consolidated net sales increased 10% for the first quarter compared with the first quarter of 1993. Of the total increase, $78 million represents sales of divisions acquired since last year's first quarter. With net income flat for the quarter, earnings per share declined slightly due to higher average shares outstanding from the public offering of Common Stock completed in late January 1993.

During the quarter, the Corporation was reorganized into five new business groups consisting of Jeanswear, Decorated Knitwear, Intimate Apparel, Playwear and Specialty Apparel. Sales and operating profit by business group are summarized as follows:

| Table | First Quarter 1993 | First Quarter 1994 (Restated) | Percent Change
|-------|--------------------|-------------------------------|--------
| NET SALES | | | |
| In thousands | | | |

VF CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS
The Jeanswear business group consists of the Lee and Wrangler divisions in the United States and in international markets, primarily in Europe. This business group also includes Girbaud, which designs and markets licensed jeanswear products in the United States under the Marithe & Francois Girbaud(R) label. Sales and operating profit increased strongly in international markets. Domestically, operating profit increased at Lee and Wrangler despite flat sales, but sales and profits declined at Girbaud, where consumer resistance to premium-priced jeans has impacted performance since mid-1993.

The Decorated Knitwear business group includes the manufacturing and marketing operations of Bassett-Walker, Nutmeg, Cutler sports apparel and JanSport imprinted apparel. The sales increase in the current quarter was due primarily to the addition of Nutmeg and Cutler, both newly acquired in January 1994. Sales and profits for the first quarter are at an expected low level due to the seasonal nature of this group.

The Intimate Apparel business group includes the operations of Vanity Fair Mills and Barbizon domestically and the intimate apparel divisions in Europe. Quarterly sales for the group rose modestly as a result of increased sales of Vassarette products at Vanity Fair. Operating margin improvements were posted for all divisions included in the business group.

The Playwear business group consists of Healthtex, the playwear and sleepwear operations of Cutler and the preschool sizes of Lee and Wrangler in the United States. Playwear sales increased primarily due to the acquisition of Cutler in 1994. Quarterly operating profits exceeded the prior year period due to the inclusion of Cutler and significantly higher margins in all other divisions.

The Specialty Apparel business group consists primarily of the Red Kap and Jantzen divisions and JanSport equipment. The group's sales and operating profit increases resulted primarily from the higher volume experienced at Red Kap.

Overall, gross margins increased slightly to 32.3% of sales from 31.8% in 1993, due primarily to reduced use of outside contractors in the Jeanswear group.

Marketing, administrative and general expenses were 22.6% of sales, compared with 21.8% in the first quarter of 1993. The increase is attributable to higher distribution and other costs. Marketing, administrative and general expenses as a percent of sales in the first quarter are historically at higher levels than annual amounts and are not necessarily representative of the trend expected for the year.

Net interest expense increased due to higher short-term borrowings related to the Nutmeg and Cutler acquisitions. The increase in miscellaneous expense results from higher goodwill amortization related to these acquisitions.

The effective income tax rate for the first quarter of 1994 was 39.8% versus
39.0% for the 1993 period, based on the expected effective rate for the year. The higher rate results primarily from the change in the United States corporate income tax rate from 34% to 35% effective August 1993.

FINANCIAL CONDITION AND LIQUIDITY

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

<table>
<thead>
<tr>
<th></th>
<th>April 2 1994</th>
<th>January 1 1994</th>
<th>April 3 1993</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Working capital</strong></td>
<td>$584.3</td>
<td>$840.3</td>
<td>$814.5</td>
</tr>
<tr>
<td><strong>Current ratio</strong></td>
<td>1.5 to 1</td>
<td>2.3 to 1</td>
<td>2.2 to 1</td>
</tr>
<tr>
<td><strong>Total debt to capitalization</strong></td>
<td>40.6%</td>
<td>30.3%</td>
<td>33.6%</td>
</tr>
</tbody>
</table>

Days' sales outstanding in accounts receivable are consistent at all balance sheet dates.

Inventories are higher than at the comparable date in the prior year and at year-end 1993 levels due to the acquisitions of Nutmeg and Cutler in January 1994. Inventories also increased from year-end 1993 to meet seasonal requirements.

During the 1994 first quarter, short-term borrowings were used to finance the purchases of Nutmeg and Cutler. In addition, the Corporation used short-term borrowings to fund the January 1994 redemption of $100.0 million of 8.00% notes due in 1997. On April 6, 1994, the redeemed notes were refinanced with 10 year 7.60% notes.

PART II - OTHER INFORMATION

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

At the Annual Meeting of Shareholders of the Corporation held on April 19, 1994, shares representing a total of 66,606,149 votes were outstanding and entitled to vote on the following matters:

1) The Directors elected at the meeting for a term of three years were Roger S. Hillas, William E. Pike, M. Rust Sharp, and L. Dudley Walker.

2) The proposal to adopt the 1991 Stock Option Plan, as amended, was approved. The vote was 49,041,668 for, 6,967,014 against and 350,372 abstaining.

3) The proposal to adopt the Executive Incentive Compensation Plan was approved. The vote was 54,080,711 for, 1,897,425 against and 380,918 abstaining.

Item 6 - Exhibits and Reports on Form 8-K

(a) **Exhibit 11**

Computation of earnings per share for the three months ended April 2, 1994 and April 3, 1993

(b) **Reports on Form 8-K**

A report on Form 8-K dated January 19, 1994, as amended on Form 8-K/A, announced the acquisitions of Nutmeg Industries, Inc. and H. H. Cutler Company and included documents related to the acquisitions, financial statements of Nutmeg and combined condensed financial statements.
V.F. CORPORATION
----------------------------------
(Registrant)

Date: May 12, 1994

/s/ G. G. Johnson
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G. G. JOHNSON
Vice President-Finance
(Chief Financial Officer)

/s/ R. K. Shearer
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R. K. SHEARER
Vice President/Controller
(Chief Accounting Officer)

-11-
VF CORPORATION
COMPUTATION OF EARNINGS PER SHARE
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<table>
<thead>
<tr>
<th>THREE MONTHS ENDED</th>
<th>APRIL 2</th>
<th>APRIL 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>1993</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$52,898</td>
<td>$52,729</td>
</tr>
<tr>
<td>Less preferred stock dividends</td>
<td>783</td>
<td>777</td>
</tr>
<tr>
<td>Net income available to common stockholders</td>
<td>$52,115</td>
<td>$51,952</td>
</tr>
<tr>
<td>Average number of common shares outstanding</td>
<td>64,532</td>
<td>62,842</td>
</tr>
<tr>
<td>Primary earnings per share</td>
<td>$0.81</td>
<td>$0.83</td>
</tr>
</tbody>
</table>

FULLY DILUTED EARNINGS PER SHARE

| Net income | $52,898 | $52,729 |
| Increased ESOP contribution | 379 | 396 |
| Fully diluted earnings | $52,519 | $52,333 |
| Average number of common shares outstanding | 64,532 | 62,842 |
| Additional common equivalent shares resulting from: | | |
| Conversion of preferred stock | 1,634 | 1,654 |
| Dilutive effect of stock options | 347 | 461 |
| Average number of common and common equivalent shares | 66,513 | 64,957 |
| Fully diluted earnings per share | $0.79  | $0.81  |