

**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 **April 5, 2003**

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 an accelerated filer (as defined in Rule 12b-2 of the Securities and Exchange Act of 1934). YES  NO

On May 3, 2003, there were 108,015,260 shares of the registrant's Common Stock outstanding.

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VF CORPORATION

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

	Three Months Ended	
	April 5 2003	March 30 2002 *
<b>Net Sales</b>	\$ 1,250,055	\$ 1,212,262
<b>Costs and Operating Expenses</b>		
Cost of products sold	781,292	784,368
Marketing, administrative and general expenses	322,334	295,117
Other operating (income) expense, net	(6,330)	(4,497)
	<u>1,097,296</u>	<u>1,074,988</u>
<b>Operating Income</b>	152,759	137,274
<b>Other Income (Expense)</b>		
Interest income	2,130	1,453
Interest expense	(14,198)	(18,840)
Miscellaneous, net	731	1,134
	<u>(11,337)</u>	<u>(16,253)</u>
<b>Income from Continuing Operations Before Income Taxes</b>	141,422	121,021
<b>Income Taxes</b>	49,356	43,974
<b>Income from Continuing Operations</b>	92,066	77,047
<b>Discontinued Operations</b>	—	1,949
<b>Cumulative Effect of Change in Accounting Policy for Goodwill</b>	—	(527,254)
<b>Net Income (Loss)</b>	<u>\$ 92,066</u>	<u>\$ (448,258)</u>
<b>Earnings (Loss) Per Common Share — Basic</b>		
Income from continuing operations	\$ 0.84	\$ 0.67
Discontinued operations	—	0.02
Cumulative effect of change in accounting policy	—	(4.80)
Net income (loss)	0.84	(4.11)
<b>Earnings (Loss) Per Common Share — Diluted</b>		
Income from continuing operations	\$ 0.83	\$ 0.67
Discontinued operations	—	0.02
Cumulative effect of change in accounting policy **	—	(4.65)
Net income (loss) **	0.83	(3.96)
<b>Weighted Average Shares Outstanding</b>		
Basic	108,356	109,955
Diluted	110,943	113,377
<b>Cash Dividends Per Common Share</b>	\$ 0.25	\$ 0.24

\* Reclassified to present the Private Label knitwear and the Jantzen swimwear businesses as discontinued operations.

\*\* 2002 as restated; see Note H.

See notes to consolidated financial statements.

**VF CORPORATION**  
**Consolidated Balance Sheets**  
**(Unaudited)**  
**(In thousands)**

	April 5 2003	January 4 2003	March 30 2002 *
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and equivalents	\$ 265,340	\$ 496,367	\$ 221,080
Accounts receivable, net			
April 5 - \$54,463; Jan 4 - \$48,227			
March 30 - \$51,401	688,908	587,859	662,993
Inventories:			
Finished products	652,648	587,954	564,391
Work in process	104,884	110,383	130,281
Materials and supplies	136,584	132,181	123,185
	894,116	830,518	817,857
Other current assets	143,512	154,513	153,449
Current assets of discontinued operations	3,722	5,283	63,626
Total current assets	1,995,598	2,074,540	1,919,005
<b>Property, Plant and Equipment</b>	1,543,312	1,539,269	1,565,036
Less accumulated depreciation	982,763	972,723	948,871
	560,549	566,546	616,165
<b>Goodwill</b>	475,885	473,355	470,466
<b>Other Assets</b>	397,737	386,204	397,438
<b>Noncurrent Assets of Discontinued Operations</b>	2,502	2,506	13,917
	\$3,432,271	\$3,503,151	\$3,416,991
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Short-term borrowings	\$ 58,553	\$ 60,918	\$ 66,246
Current portion of long-term debt	782	778	703
Accounts payable	235,758	298,456	231,302
Accrued liabilities	440,039	502,057	468,984
Current liabilities of discontinued operations	8,389	12,635	52,215
Total current liabilities	743,521	874,844	819,450
<b>Long-term Debt</b>	602,172	602,287	703,851
<b>Other Liabilities</b>	346,818	331,270	231,107
<b>Redeemable Preferred Stock</b>	35,091	36,902	43,288
<b>Deferred Contributions to Employee Stock Ownership Plan</b>	—	—	(298)
	35,091	36,902	42,990
<b>Common Shareholders' Equity</b>			
Common Stock, stated value \$1; shares authorized, 300,000,000; shares outstanding:			
April 5 - 107,848,234; Jan 4 - 108,525,368;			
March 30 - 109,902,465	107,848	108,525	109,902
Additional paid-in capital	931,094	930,132	913,589
Accumulated other comprehensive income (loss)	(205,400)	(214,141)	(106,945)
Retained earnings	871,127	833,332	703,047
Total common shareholders' equity	1,704,669	1,657,848	1,619,593
	\$3,432,271	\$3,503,151	\$3,416,991

\* Reclassified to present the Private Label knitwear and the Jantzen swimwear businesses as discontinued operations.

See notes to consolidated financial statements.

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

	Three Months Ended	
	April 5 2003	March 30 2002 *
<b>Operations</b>		
Net income (loss)	\$ 92,066	\$(448,258)
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities of continuing operations:		
Discontinued operations	—	(1,949)
Cumulative effect of change in accounting policy	—	527,254
Restructuring costs	—	7,176
Depreciation	27,889	26,422
Other, net	6,786	(875)
Changes in current assets and liabilities:		
Accounts receivable	(100,528)	(87,799)
Inventories	(54,704)	40,629
Accounts payable	(65,683)	(7,575)
Other, net	(41,941)	53,464
Cash provided (used) by operating activities of continuing operations	(136,115)	108,489
<b>Investments</b>		
Capital expenditures	(25,528)	(12,782)
Business acquisitions	(2,914)	—
Other, net	(5,995)	5,863
Cash used by investing activities of continuing operations	(34,437)	(6,919)
<b>Financing</b>		
Decrease in short-term borrowings	(4,119)	(10,321)
Payment of long-term debt	(102)	(200,152)
Purchase of Common Stock	(28,562)	(41,973)
Cash dividends paid	(27,750)	(26,927)
Proceeds from issuance of Common Stock	941	25,038
Other, net	(486)	(2,402)
Cash used by financing activities of continuing operations	(60,078)	(256,737)
<b>Net Cash Provided (Used) by Discontinued Operations</b>	(3,651)	46,805
<b>Effect of Foreign Currency Rate Changes on Cash</b>	3,254	(2,607)
<b>Net Change in Cash and Equivalents</b>	(231,027)	(110,969)
<b>Cash and Equivalents - Beginning of Year</b>	496,367	332,049
<b>Cash and Equivalents - End of Period</b>	\$ 265,340	\$ 221,080

\* Reclassified to present the Private Label knitwear and the Jantzen swimwear businesses as discontinued operations.

See notes to consolidated financial statements.

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

**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. Similarly, the 2002 year-end consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States. 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 5, 2003 are not necessarily indicative of results that may be expected for the year ending January 3, 2004. For further information, refer to the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended January 4, 2003.

Certain amounts in the consolidated financial statements as of March 30, 2002 have been reclassified to conform to the current period's presentation.

**Note B - Stock-based Compensation**

Stock-based compensation is accounted for under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*. For stock option grants, compensation expense is not required, as all options have an exercise price equal to the market value of the underlying common stock at the date of grant. For grants of stock awards, compensation expense equal to the market value of the shares to be issued is recognized over the performance period being measured. For restricted stock grants, compensation expense equal to the market value of the shares at the date of grant is recognized over the vesting period. The following table presents the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to all stock-based employee compensation (in thousands, except per share amounts):

	First Quarter	
	2003	2002
Net income (loss), as reported	\$92,066	\$(448,258)
Add employee compensation expense for restricted stock grants and stock awards included in reported net income (loss), net of income taxes	671	489
Less total stock-based employee compensation expense determined under the fair value-based method, net of income taxes	(4,050)	(4,119)
Pro forma net income (loss)	\$88,687	\$(451,888)
Earnings (loss) per common share:		
Basic - as reported	\$ 0.84	\$ (4.11)
Basic - pro forma	0.81	(4.14)
Diluted - as reported	\$ 0.83	\$ (3.96)
Diluted - pro forma	0.80	(3.99)

During the first quarter of 2003, the Company granted 2,348,480 stock options at prices equal to the market value on the date of grant. Accordingly, no compensation expense was recognized for these options granted. The fair value of options at the date of grant was estimated using the Black-Scholes option-pricing model with the following assumptions: expected dividend yield of 2.9%; expected volatility of 36%; risk-free interest rate of 2.6%; and expected average life of 4 years. The resulting fair value of options granted during 2003 was \$8.28 per share.

#### Note C - Discontinued Operations

As part of the Company's Strategic Repositioning Program, in the fourth quarter of 2001 management announced plans to exit the Private Label knitwear business and the Jantzen swimwear business. Liquidation of the Private Label knitwear business began in late 2001 and was substantially completed during the third quarter of 2002. The *Jantzen* trademarks and certain other assets of the swimwear business were sold to Perry Ellis International, Inc. in March 2002 for \$24.0 million, resulting in a gain of \$1.4 million. Liquidation of the remaining inventories of Jantzen products and other assets was substantially completed during the third quarter of 2002. Both the Private Label knitwear and the Jantzen businesses are accounted for as discontinued operations in accordance with FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Accordingly, the results of operations, assets, liabilities and cash flows of these businesses are separately presented in the accompanying consolidated financial statements.

Summarized operating results for these discontinued businesses are as follows (in thousands):

	First Quarter	
	2003	2002
Net sales	\$—	\$60,794
Income before income taxes, including gain on sale of Jantzen	\$—	\$ 3,058
Income taxes	—	1,109
Income from discontinued operations	\$—	\$ 1,949

Summarized assets and liabilities of the discontinued operations presented in the Consolidated Balance Sheets are as follows (in thousands):

	First Quarter 2003	Year-end 2002	First Quarter 2002
Accounts receivable, net	\$ 1,395	\$ 2,273	\$ 37,678
Inventories	—	—	14,816
Other current assets, primarily deferred income taxes	2,327	3,010	11,132
Current assets of discontinued operations	\$ 3,722	\$ 5,283	\$ 63,626
Property, plant and equipment, net	\$ 2,500	\$ 2,500	\$ 13,917
Other assets	2	6	—
Noncurrent assets of discontinued operations	\$ 2,502	\$ 2,506	\$ 13,917
Accounts payable	\$ 81	\$ 133	\$ 6,198
Accrued liabilities	8,308	12,502	46,017
Current liabilities of discontinued operations	\$ 8,389	\$12,635	\$ 52,215

#### Note D - Acquisition

In February 2003, the Company acquired the net assets of a business having rights to manufacture and market certain apparel products under license from Harley-Davidson Motor Company. The purchase price was \$3.1 million, plus assumption of \$1.1 million of debt. Contingent consideration of up to \$1.8 million is payable if certain financial targets are achieved over the next four years. Pro forma operating results for prior periods are not presented due to immateriality.

#### Note E - Restructuring Accruals

Activity in the restructuring accruals related to the 2001/2002 Strategic Repositioning Program for continuing operations is summarized as follows (in thousands):



	Severance	Facilities Exit Costs	Lease and Contract Termination	Total
Balance January 4, 2003	\$23,041	\$ 882	\$ 4,653	\$ 28,576
Cash payments	(8,547)	(666)	(789)	(10,002)
Reduction of accrual	(60)	—	(374)	(434)
Balance April 5, 2003	\$14,434	\$ 216	\$ 3,490	\$ 18,140

The Company's restructuring actions are proceeding as planned. The remaining accruals are expected to be adequate to cover the remaining costs. The majority of the severance and other cash payments will be made through 2003.

#### Note F - Business Segment Information

Financial information for the Company's reportable segments is presented below (in thousands). Prior year's information has been reclassified to present continuing operations and to reflect a change in the basis of allocating certain Corporate information systems expenses to the operating business units.

	First Quarter	
	2003	2002 *
Net sales:		
Consumer Apparel	\$ 959,990	\$ 953,097
Occupational Apparel	122,855	120,716
Outdoor Apparel and Equipment	100,385	87,609
All Other	66,825	50,840
Consolidated net sales	\$1,250,055	\$1,212,262
Segment profit:		
Consumer Apparel	\$ 141,282	\$ 138,510
Occupational Apparel	18,897	13,646
Outdoor Apparel and Equipment	6,911	4,666
All Other	9,141	7,413
Total segment profit	176,231	164,235
Interest, net	(12,068)	(17,387)
Restructuring charges, net	434	(7,176)
Corporate and other expenses	(23,175)	(18,651)
Income from continuing operations before income taxes	\$ 141,422	\$ 121,021

\* Reclassified to conform with 2003 presentation.

Restructuring charges for continuing operations, net of reversals, relate to the following segments (in

thousands):

	First Quarter	
	2003	2002
Consumer Apparel	\$ —	\$3,710
Occupational Apparel	(374)	3,432
Outdoor Apparel and Equipment	—	34
Corporate	(60)	—
<b>Total</b>	<b>\$(434)</b>	<b>\$7,176</b>

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

Common shares outstanding are net of shares held in treasury, and in substance retired, of 32,940,502 at April 5, 2003, 32,233,996 at January 4, 2003 and 29,141,452 at March 30, 2002. In addition, 272,426 shares of VF Common Stock at April 5, 2003, 266,146 shares at January 4, 2003 and 245,153 shares at March 30, 2002 are 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 Convertible Preferred Stock, of which 1,136,536 shares were outstanding at April 5, 2003, 1,195,199 at January 4, 2003 and 1,401,950 at March 30, 2002.

Activity for 2003 in the Common Stock, Additional Paid-in Capital and Retained Earnings accounts is summarized as follows (in thousands):

	Common Stock	Additional Paid-in Capital	Retained Earnings
Balance January 4, 2003	\$108,525	\$ 930,132	\$833,332
Net income	—	—	92,066
Cash dividends:			
Common Stock	—	—	(27,144)
Series B Convertible Preferred Stock	—	—	(606)
Conversion of Preferred Stock	117	—	1,694
Purchase of treasury shares	(810)	—	(27,752)
Stock compensation plans, net	16	962	(463)
<b>Balance April 5, 2003</b>	<b>\$107,848</b>	<b>\$ 931,094</b>	<b>\$871,127</b>

Comprehensive income consists of net income, plus certain changes in assets and liabilities that are not included in net income but are instead reported within a separate component of shareholders' equity under generally accepted accounting principles. The Company's comprehensive income (loss) was as follows (in thousands):

	First Quarter	
	2003	2002
Net income (loss)	\$ 92,066	\$(448,258)
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of income taxes	3,053	(5,042)
Derivative hedging contracts, net of income taxes	1,441	179
Unrealized gains on marketable securities, net of income taxes	4,247	958
Comprehensive income (loss)	<u>\$100,807</u>	<u>\$(452,163)</u>

Accumulated other comprehensive income (loss) for 2003 is summarized as follows (in thousands):

	Foreign Currency Translation	Minimum Pension Liability	Hedging Contracts	Marketable Securities	Total
Balance January 4, 2003	\$(80,728)	\$(128,494)	\$(5,269)	\$ 350	\$(214,141)
Other comprehensive income	3,053	—	1,441	4,247	8,741
Balance April 5, 2003	<u>\$(77,675)</u>	<u>\$(128,494)</u>	<u>\$(3,828)</u>	<u>\$ 4,597</u>	<u>\$(205,400)</u>

#### Note H - Earnings Per Share

Earnings per share from continuing operations are computed as follows (in thousands, except per share amounts):

	First Quarter	
	2003	2002
Basic earnings per share:		
Income from continuing operations	\$ 92,066	\$ 77,047
Less Preferred Stock dividends and redemption premium	606	3,420
Income available for Common Stock	\$ 91,460	\$ 73,627
Weighted average Common Stock outstanding	108,356	109,955
Basic earnings per share from continuing operations	\$ 0.84	\$ 0.67
	First Quarter	
	2003	2002
Diluted earnings per share:		
Income from continuing operations	\$ 92,066	\$ 77,047
Increased ESOP expense if Preferred Stock were converted to Common Stock	124	172
Income available for Common Stock and dilutive securities	\$ 91,942	\$ 76,875
Weighted average Common Stock outstanding	108,356	109,955
Additional Common Stock resulting from dilutive securities:		
Preferred Stock	1,819	2,243
Stock options and other	768	1,179
Weighted average Common Stock and dilutive securities outstanding	110,943	113,377
Diluted earnings per share from continuing operations	\$ 0.83	\$ 0.67*

\* Reduced due to antidilution

Diluted per share amounts for the 2002 quarter for the cumulative effect of the change in accounting policy have been restated to a charge of \$4.65 from \$4.80 originally presented in 2002, and for the net loss to \$3.96 from \$4.11, based on using the weighted average number of Common Stock and dilutive securities outstanding.

Outstanding options to purchase 6.5 million shares of Common Stock have been excluded from the computation of diluted earnings per share for the first quarter of 2003, because the option exercise prices were greater than the average market price of the Common Stock. Similarly, options to purchase 5.7 million

shares of Common Stock were excluded for the first quarter of 2002.

**Note I - Subsequent Event**

Subsequent to the end of the first quarter, the Board of Directors declared a regular quarterly cash dividend of \$.25 per share, payable on June 20, 2003 to shareholders of record as of the close of business on June 10, 2003.

## Part I – Financial Information

### Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Discussion and Analysis of Results of Continuing Operations

##### Consolidated Statements of Income

For the first quarter of 2003, VF reported consolidated income from continuing operations of \$92.1 million, equal to \$.83 per share, compared with \$77.0 million or \$.67 per share in the 2002 period. Income from continuing operations increased 19%, while earnings per share increased 24%, reflecting the benefit of the Company's share repurchase program. Operating results in the 2002 quarter included \$5.4 million (\$.03 per share) of net restructuring costs related to the 2001/2002 Strategic Repositioning Program; see Note E. All per share amounts are presented on a diluted basis.

The first quarter of 2002 included \$1.9 million of income from discontinued operations, or \$.02 per share. See Note C for details of discontinued operations. In addition, the first quarter of 2002 included a noncash charge of \$527.3 million, or \$4.65 per share, for the change in accounting policy resulting from the adoption of FASB Statement No. 142, *Goodwill and Other Intangible Assets*. Including the effects of discontinued operations and the change in accounting policy, there was a net loss of \$448.3 million, or \$3.96 per share, for the first quarter of 2002.

Sales in the first quarter of 2003 were \$1,250.1 million, a 3% increase over the \$1,212.3 million from continuing operations in 2002. In translating foreign currencies into the U.S. dollar, the weaker U.S. dollar in relation to most functional currencies where the Company conducts business (primarily the European euro countries) benefited 2003 sales comparisons by \$39 million relative to the prior year period. Similarly, foreign currency translation effects had a \$.05 per share favorable effect on 2003 operating results.

Gross margin was 37.5% of sales in the quarter, compared with 35.3% in the 2002 period. Gross margin in the prior year period included \$4.1 million, or .3% of sales, of net restructuring charges. Gross margin improved as the benefits of the Strategic Repositioning Program are being realized through lower cost sourcing and improved manufacturing efficiencies.

Marketing, administrative and general expenses were 25.8% of sales in the quarter, compared with 24.3% in the 2002 period. The 2002 quarter included costs of \$1.2 million, or .1% of sales, related to the Strategic Repositioning Program. Expenses as a percent of sales increased due to certain higher fixed expenses (for example, pension expense) without a proportionate increase in sales volume.

Net interest expense decreased in 2003 due to lower average borrowings, as over \$300 million of long-term debt was repaid during 2002.

The effective income tax rate was 34.9%, compared with 36.3% for the 2002 quarter. The effective rate declined in 2003 due to an expected lower effective tax rate on foreign earnings and expected lower foreign operating losses with no related tax benefit.

##### Information by Business Segment

The Consumer Apparel segment consists of our jeanswear, women's intimate apparel and children's apparel businesses. Overall, segment sales increased by 1%. Segment sales in 2003 included a benefit of 3% from foreign currency translation. Domestic jeanswear sales declined 7% in the quarter, although unit shipments declined by approximately 3%. Approximately one-half of the decline was due to store closures by certain major customers, with the remainder due to inventory reduction efforts by retailers and a change in sales mix to more seasonable, lower priced products in this economic climate.

Jeanswear sales in international markets increased by 15% in the quarter, with an 18% gain in Europe being offset in part by a decline in Latin America. Jeanswear sales in international markets benefited by 12% over the prior year quarter by foreign currency translation effects. Global intimate apparel sales increased 9% including a 4% benefit from foreign currency translation effects, with growth in international markets and in the department store and mass channels in the United States. Notable was the launch of the *Curvation*<sup>™</sup> brand in the mass channel. Segment profit increased 2% in the quarter. Profits in our international jeanswear and global intimate apparel businesses increased on higher sales. Domestic jeanswear profits declined due to lower sales volume and changes in product mix, with a higher percentage of sales of lower margin products such as capris and shorts.

During the first quarter, we announced that we were exploring strategic options for our children's playwear business, including its possible sale. This business unit had 2002 sales of \$175 million of *Healthtex*<sup>®</sup> and licensed *Nike*<sup>®</sup> branded products. Playwear sales declined by 15% during the first quarter of 2003 compared with the 2002 quarter, while operating profits were comparable in both periods. Any effect on the Company's financial position or operating results as a result of actions taken would not be significant.

The Occupational Apparel segment includes the Company's industrial, career and safety apparel businesses. Sales increased 2% in the quarter. New uniform programs with major corporate and government customers more than offset continuing declines in basic workwear accounts. Segment profit increased with higher margins earned due to cost reduction efforts achieved through the Strategic Repositioning Program.

The Outdoor Apparel and Equipment segment consists of the Company's outdoor-related businesses represented by outerwear, equipment, backpacks and daypacks. Sales increased 15% in the quarter, including an 8% benefit from foreign currency translation. Sales and profits at The North Face, in both domestic and international markets, have been advancing since the acquisition of this business in 2000. Due to the seasonal nature of the businesses comprising this segment, the low level of first quarter profitability is not indicative of expected full year results.

The All Other segment includes the Company's licensed sports apparel and distributor knitwear businesses. Sales and profits advanced in licensed sports apparel, led by increased sales under the agreement with the National Football League and particularly sales in connection with the most recent Super Bowl.

## **Discussion and Analysis of Financial Condition of Continuing Operations**

### **Balance Sheets**

Accounts receivable at the end of the first quarter of 2003, considering the sales increase, are comparable to the same period in 2002. Receivables are higher than at the end of 2002 due to seasonal sales patterns. The allowance for bad debts increased during 2003 due to additional potential losses on receivables and to higher receivable balances.

Inventories increased 9% from the comparable date in the prior year. Of this increase, approximately 3% resulted from foreign currency translation effects, with the balance due to planned increases to support improvements in customer service and due to a greater portion of products being sourced from international locations instead of domestic locations.

Property, plant and equipment declined over the last year due to depreciation expense exceeding capital spending and the disposition of assets related to the 2002 restructuring actions.

Accounts payable decreased from the end of 2002 due to lower purchases of inventory near the end of the quarter and due to reduced purchases of raw materials since more products are being sourced as finished

goods from contractors instead of being manufactured in Company-owned facilities. The decrease in other accrued liabilities from the end of 2002 results from a contribution to the pension fund of \$75.0 million that had been accrued at year-end as part of our minimum pension liability and payment of incentive compensation that had been earned during 2002.

Long-term debt declined from the level of March 2002 by the early redemption in September 2002 of \$100.0 million of debentures due in 2022.

Other long-term liabilities increased from the balance at March 2002 due to the recognition of \$102.6 million of minimum pension liability related to the Company's defined benefit pension plans.

### Liquidity and Cash Flows

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

	April 5 2003	January 4 2003	March 30 2002
	(Dollars in millions)		
Working capital	\$ 1,252.1	\$ 1,199.7	\$ 1,099.6
Current ratio	2.7 to 1	2.4 to 1	2.3 to 1
Debt to total capital	28.0%	28.6%	32.2%

For the ratio of debt to total capital, debt is defined as interest-bearing obligations and total capital is defined as debt plus common shareholders' equity. Our ratio of net debt to total capital, with net debt defined as debt less cash and equivalents, was 18.9% at the end of the first quarter of 2003.

The Company's primary source of liquidity is cash flow provided by operations. Cash provided by operations 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 first quarter of 2003, cash used in operations was \$136.1 million, as contrasted with higher than normal cash provided by operations of \$108.5 million in the prior year quarter. The difference relates to (1) a contribution to the Company's pension plan of \$75.0 million that had been accrued as part of the current minimum pension liability at the end of 2002, (2) an overall increase in inventory in the 2003 quarter compared with a decrease in the 2002 quarter and (3) a reduction in accounts payable.

In addition to cash flow from operations, VF is well positioned to finance its ongoing operations and meet unusual circumstances that may arise. VF maintains a \$750.0 million unsecured committed bank facility that expires in July 2004. This bank facility supports a \$750.0 million commercial paper program. Any issuance of commercial paper would reduce the amount available under the bank facility. At April 5, 2003, there were no commercial paper or bank borrowings against this facility. 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.

In February 2003, Standard & Poors confirmed its 'A minus' long-term corporate credit and senior unsecured debt ratings for VF, as well as its 'A-2' short-term credit and commercial paper ratings. Standard & Poors' ratings outlook is "stable." In June 2002, Moody's Investors Service confirmed its ratings of 'A2' for VF's senior unsecured debt and 'Prime-1' for commercial paper based on the value of VF's brands, its strong market share in the jeans business and the strength of its systems which allow the Company to effectively manage inventory risks. While Moody's confirmed the Company's ratings, it did revise its rating outlook from "stable" to "negative" based on declines in sales volume at the domestic jeanswear business



and reductions in the level of operating profitability. Based on current conditions, we believe that a negative rating change by Moody's, if one were to occur, from 'A2' to 'A3' for senior debt and from 'Prime-1' to 'Prime-2' for commercial paper would not have a material impact on the Company's financial results or on the Company's ability to issue commercial paper. Existing debt agreements do not contain acceleration of maturity clauses based on changes in credit ratings.

Since the filing of the Company's 2002 Annual Report on Form 10-K, there have been no material changes relating to the Company's fixed obligations that require the use of funds or other financial commitments that may require the use of funds. Management believes that VF's financial condition is strong and that its cash balances, operating cash flows, access to equity capital markets and borrowing capacity, taken as a whole, provide adequate liquidity to meet all of its obligations when due and flexibility to meet investment opportunities that may arise.

Capital expenditures for the full year are expected to be approximately \$100 million, compared with \$64.5 million in the prior year. Capital spending will be funded by cash flow from operations.

The Company purchased .8 million shares of its Common Stock in open market transactions during the first quarter of 2003 at a total cost of \$28.6 million. Under its current authorization from the Board of Directors, the Company may purchase up to an additional 6.2 million shares. We intend to continue to purchase shares at a rate of approximately 1.0 million shares per quarter, although the rate of repurchase may be adjusted depending on acquisition opportunities that may arise.

The Internal Revenue Service has proposed various income tax adjustments for the Company's 1995 to 1997 tax years. Our outside advisers and we believe that our tax positions comply with applicable tax law, and the Company is defending its positions vigorously. We have accrued amounts that reflect our best estimate of the probable outcome related to these matters, as well as our other tax positions, and do not anticipate any material impact on earnings from their ultimate resolution.

#### **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. This includes statements concerning plans, objectives, projections and expectations relating to the Company's operations or economic performance, and assumptions related thereto.

Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company 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. We do not undertake any obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise.

Important factors that could cause the actual results of operations or financial condition of the Company to differ include, but are not necessarily limited to, the overall level of consumer spending for apparel; changes in trends in the segments of the market in which the Company competes; competitive conditions in and financial strength of our suppliers and of our retail customers; actions of competitors, customers, suppliers and service providers that may impact the Company's business; completion of software developed by outside vendors and the related implementation of the Company's common systems project; the ability to achieve anticipated cost savings from the recent restructuring initiatives; the availability of new acquisitions that increase shareholder value and our ability to integrate new acquisitions successfully; any continuation of hostilities or additional terrorist actions; and the impact of economic and political factors in the markets where the Company competes, such as recession or changes in interest rates, currency exchange rates, price

levels, capital market valuations and other external economic and political factors over which we have no control.

### Item 3 - Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes in the Company's market risk exposures from what was disclosed in Item 7A of the Company's Annual Report on Form 10-K for the year ended January 4, 2003.

### Item 4 – Controls and Procedures

#### (a) Evaluation of disclosure controls and procedures:

The term "disclosure controls and procedures" is defined in the Securities Exchange Act of 1934. These rules refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files with the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within required time periods.

The Company has had controls and procedures in place for many years for the gathering and reporting of business, financial and other information in our SEC filings. To centralize and formalize this process, we have formed a Disclosure Committee comprised of various members of management. Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, this Committee has evaluated the effectiveness of the disclosure controls and procedures at VF and its subsidiaries as of a date within 90 days before the filing of this quarterly report. 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 operating effectively. Further, they have concluded that there are no significant deficiencies in the design or operation of internal controls that could significantly affect our ability to record, process, summarize or report financial data.

#### (b) Changes in internal controls:

Subsequent to the evaluation date referred to above, there have been no significant changes in internal controls or in other factors that could significantly affect those controls.

## Part II – Other Information

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

At the Annual Meeting of Shareholders of the Company held on April 22, 2003, the following four nominees to the Board of Directors were elected to serve until the 2006 Annual Meeting:

	Votes For	Votes Withheld
Robert J. Hurst	97,199,936	2,586,384
W. Alan McCollough	97,232,580	2,553,740
M. Rust Sharp	97,206,541	2,579,779
Raymond G. Viault	97,235,031	2,551,289

There were three additional proposals as follows:

- The proposal requesting approval of the Executive Incentive Compensation Plan, as amended and restated February 11, 2003, was approved by the shareholders. The vote was 95,668,883 for, 3,261,313 against and 856,124 abstaining.
- The proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent accountants for the 2003 fiscal year was approved by the shareholders. The vote was 96,781,500 for,

2,363,923 against and 640,847 abstaining.

- The proposal requesting that the Board of Directors take necessary steps, in compliance with state law and without affecting the unexpired terms of previously elected directors, to declassify the Board for the purpose of director elections was approved by the shareholders. The vote was 51,186,376 for, 39,014,032 against and 940,248 abstaining.

Item 6 - Exhibits and Reports on Form 8-K

- (a) Exhibit 10 (A) – Second Amended Supplemental Annual Benefit Determination Pursuant to the VF Corporation Amended and Restated Supplemental Executive Retirement Plan
- Exhibit 10 (B) – Fourth Supplemental Annual Benefit Determination Pursuant to the VF Corporation Amended and Restated Supplemental Executive Retirement Plan
- Exhibit 10 (C) – Seventh Supplemental Annual Benefit Determination Pursuant to the VF Corporation Amended and Restated Supplemental Executive Retirement Plan
- Exhibit 10 (D) – Amended and Restated Eighth Supplemental Annual Benefit Determination Pursuant to the VF Corporation Amended and Restated Supplemental Executive Retirement Plan
- Exhibit 10 (E) – Amended and Restated Ninth Supplemental Annual Benefit Determination Pursuant to the VF Corporation Amended and Restated Supplemental Executive Retirement Plan
- Exhibit 10 (F) – Tenth Supplemental Annual Benefit Determination Pursuant to the VF Corporation Amended and Restated Supplemental Executive Retirement Plan
- Exhibit 10 (G) – VF Corporation Executive Incentive Compensation Plan as Amended and Restated February 11, 2003
- Exhibit 99.1 – 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.
- Exhibit 99.2 – 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.
- (b) Reports on Form 8-K:
- In a report on Form 8-K dated February 11, 2003, the Company issued a press release announcing its fourth quarter and full year 2002 financial results.

**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  
Vice President - Finance &  
Global Processes and  
Chief Financial Officer  
(Chief Financial Officer)

Date: May 9, 2003

By: /s/ Robert A. Cordaro \_\_\_\_\_  
Robert A. Cordaro  
Vice President - Controller  
(Chief Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, 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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

May 9, 2003

/s/ Mackey J. McDonald

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

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, 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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and we have:
  - d) designed such disclosure controls and procedures 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 quarterly report is being prepared;
  - e) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - f) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:
  - c) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - d) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

May 9, 2003

/s/ Robert K. Shearer

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Robert K. Shearer  
Vice President - Finance & Global  
Processes and Chief Financial Officer  
(Principal Financial Officer)

**SECOND AMENDED SUPPLEMENTAL ANNUAL BENEFIT DETERMINATION  
PURSUANT TO THE VF CORPORATION AMENDED AND  
RESTATED SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**ARTICLE I. Purpose**

The purpose of this Second Amended Supplemental Annual Benefit Determination (the "Determination") is to provide to designated Participants a Supplemental Pension under the VF Corporation Amended and Restated Supplemental Executive Retirement Plan (the "SERP").

**ARTICLE II. Definitions**

As used herein, words and phrases shall have such meanings as are set forth in the SERP, the VF Corporation Pension Plan ("Pension Plan"), and those agreements between the Corporation and certain Executives of the Corporation providing for severance benefits upon employment termination in connection with a "change in control" of the Corporation (the "Change in Control Agreements"). "Committee" shall mean the Organization and Compensation Committee of the Board of Directors of VF Corporation.

**ARTICLE III. Eligibility for Benefits**

The Supplemental Pension shall be payable to the Participant if his employment terminates by reason of: 1) retirement on his Normal Retirement Date, 2) Early Retirement approved by the Committee, 3) involuntary termination without Cause, 4) termination for Good Reason following a change in control of the Corporation or 5) death while an Employee.

**ARTICLE IV. Supplemental Pension Benefits**

4.01. Normal Retirement: The Supplemental Pension payable at Normal or Late Retirement shall be equal to:

- (a) The Normal Retirement Benefit otherwise payable to the Participant under the Pension Plan based upon 25 Years of Credit without reduction for any maximum contribution, benefit or compensation limitations imposed by ERISA or the Code on the Corporation and including in the Normal Retirement Benefit calculation any compensation deferred by Participant. The Participant's "Average Annual Compensation" for Supplemental Pension calculation purposes shall mean the average of the highest three years of the full amount of the Participant's salary and bonus compensation for the ten-year period preceding his Retirement Date.
  - (b) The Supplemental Pension set forth in Section 4.01(a) shall be reduced by any benefits payable to the Participant under all other qualified and non-qualified retirement plans, including without limitation the Pension Plan and the retirement plan(s) of former employer(s). For this purpose, "retirement plan" shall not include
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the VF Corporation Tax-Advantaged Savings Plan or any other savings or thrift plan of the Corporation or any former employer(s).

4.02. Early Retirement: No Supplemental Pension shall be payable with respect to a Participant's Early Retirement unless the Committee approves benefit payments hereunder in connection with such Early Retirement. If so approved, the Supplemental Pension payable at Early Retirement shall commence at the Participant's Retirement Date and be equal to the benefit provided by Section 4.01 above, multiplied by a fraction to reflect termination of employment prior to Normal Retirement Date and further reduced to reflect commencement of payments prior to age 65. The numerator of the pre-Normal Retirement Date termination fraction shall be 26 less the number of full years it would take for the Participant to reach or pass his Normal Retirement Date. The denominator of this fraction shall be 25, except that the fraction shall never exceed 1. The additional reduction for pre-age 65 commencement of benefits shall be the same as applies under the Pension Plan.

4.03. Involuntary Termination without Cause: The Supplemental Pension payable upon the Participant's involuntary termination without Cause shall, without requiring approval by the Committee, be as provided by Section 4.02.

4.04. Termination for Good Reason: The Supplemental Pension payable upon the Participant's termination for Good Reason after a change in control shall be as provided by Section 4.03.

4.05. Death while an Employee: The Supplemental Pension payable upon the death of the Participant while an Employee shall be as provided by Section 4.03.

4.06. Form of Supplemental Pension: Except as otherwise provided in this Section 4.06, the Supplemental Pension will be paid to the Participant or his or her Surviving Spouse at the same time and in the same form as benefits are paid under the Pension Plan, provided, however, that death or survivor benefits upon the death of the Participant are payable only to his or her Surviving Spouse, if any. Notwithstanding the foregoing, benefits payable pursuant to Section 4.03 ("involuntary termination without Cause"), Section 4.04 ("termination for Good Reason") or Section 4.05 ("death while an Employee") shall not commence prior to the Participant's Normal Retirement Date except that, at his or her sole discretion, the Participant or his or her Surviving Spouse, as applicable, may elect, in the event of termination for Good Reason after a change in control or death while an Employee, to receive in a lump sum the actuarial present value of the Participant's Supplemental Pension under this Determination. Moreover, at any other time that a Supplemental Pension is scheduled to commence, the Participant may elect to receive in a lump sum the actuarial present value of his or her Supplemental Pension under this Determination. The lump sum actuarial present value calculation for a Participant in the event of termination for Good Reason after a change in control will be based on a 6% interest rate assumption and a mortality assumption equal to the difference between (a) 85 and (b) the Participant's whole number age at the time of his or her termination of employment. All other lump sum actuarial present value calculations under this Determination will be based on an interest rate assumption equal to the expected rate of return on assets for financial accounting purposes under the Pension Plan for the year in which the lump sum



payment is to be made and the mortality assumption set forth in the Pension Plan for purposes of calculating lump sums.

**ARTICLE V. Participants**

The Committee shall from time to time designate the Employees who shall be Participants for purposes of this Determination by attaching hereto a Schedule A (as amended or supplemented).

**ARTICLE VI. Vesting**

The Participant shall become vested in the Supplemental Pension payable pursuant to this Determination upon satisfaction of the vesting period provided in the SERP or, if applicable, as provided in Participant's Change in Control Agreement, whichever is earlier. Nothing in this Determination shall preclude the Board of Directors from making a Participant ineligible to participate in the SERP and this Determination any time before the Participant shall become vested hereunder.

**ARTICLE VII. Adoption**

This Amended Determination was approved and adopted by the Committee on December 2, 1991, and the Committee's action was ratified by the Board of Directors of the Corporation on December 3, 1991. This document includes all amendments adopted through February 21, 2003.

**FOURTH SUPPLEMENTAL ANNUAL BENEFIT DETERMINATION  
PURSUANT TO THE VF CORPORATION AMENDED AND  
RESTATED SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**Article I. Purpose**

The purpose of this Fourth Supplemental Annual Benefit Determination (the "Determination") is to provide to designated Participants a Supplemental Pension under the VF Corporation Amended and Restated Supplemental Executive Retirement Plan (the "SERP").

**Article II. Definitions**

As used herein, words and phrases shall have such meanings as are set forth in the SERP, the VF Corporation Pension Plan ("Pension Plan"), and the VF Corporation Deferred Compensation Plan (the "Deferred Compensation Plan"). "Committee" shall mean the Organization and Compensation Committee of the Board of Directors of VF Corporation.

**Article III. Eligibility for Benefits**

The Supplemental Pension shall be payable to the Participant if his employment ceases by reason of: 1) retirement on his Normal Retirement Date, 2) termination of employment or 3) death while an Employee.

**Article IV. Supplemental Pension Benefits**

4.01 Normal Retirement: The Participants in this Determination shall receive the following Supplemental Pension payable at Normal or Late Retirement:

- (a) The Normal Retirement Benefit otherwise payable to the Participant under the Pension Plan computed without reduction for any compensation deferred by the Participant under the Deferred Compensation Plan.
- (b) The Supplemental Pension set forth in Section 4.01(a) shall be reduced by any benefits payable to the Participant under the Pension Plan.

4.02 Termination of Employment: The Supplemental Pension payable by reason of the Participant's termination of employment shall be equal to the benefit provided by Section 4.01 above multiplied by a fraction. The numerator of this fraction shall be the number of full and part years of the Participant's employment with the Corporation. The denominator of this fraction shall be the number of full and part years of the Participant's employment as if the Participant had been employed until Normal Retirement Date.

4.03 Death while an Employee: The Supplemental Pension payable upon the death of the Participant while an Employee shall be as provided by Section 4.02.

4.04 Form of Supplemental Pension: The form of benefits payable to the Participant shall be the form which has been elected under the Pension Plan unless the Participant or Beneficiary has elected a different form under this Determination. Except as

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otherwise provided in this Section 4.04, payment of Supplemental Pension benefits hereunder shall commence at the same time as the Participant's or Beneficiary's benefits commence under the Pension Plan, and shall be subject to the same reductions for commencement of payments prior to Normal Retirement Date as apply to the recipient's benefits under the Pension Plan. Notwithstanding the foregoing, a Participant may elect to receive in a lump sum the actuarial present value of his or her Supplemental Pension under this Determination, and if a Participant dies while employed, his or her Beneficiary may elect to receive in a lump sum the actuarial present value of the Participant's Supplemental Pension under this Determination. The lump sum actuarial present value calculations shall be based on an interest rate assumption equal to the expected rate of return on assets for financial accounting purposes under the Pension Plan for the year in which the lump sum payment is to be made and on the mortality assumption set forth in the Pension Plan for purposes of calculating lump sum payments.

#### **Article V. Participants**

The Committee designates as Participants for purposes of this Determination any Employees who participated at any time in the Deferred Compensation Plan, provided, however, that any Employees who have been designated in any other SERP Determination shall be excluded from this Determination to the extent that such other Determination provides for the Supplemental Pension set forth above.

#### **Article VI. Vesting**

The Participant shall become vested in the Supplemental Pension payable pursuant to this Determination upon satisfaction of the vesting period provided in the SERP. Nothing in this Determination shall preclude the Board of Directors from discontinuing eligibility to participate in the SERP and this Determination at any time before the Participant shall become vested hereunder.

#### **Article VII. Adoption**

This Determination was approved and adopted by the Board of Directors of the Corporation on February 13, 1990, to be effective as of January 1, 1985. This document includes all amendments adopted through February 21, 2003.

**SEVENTH SUPPLEMENTAL ANNUAL BENEFIT DETERMINATION  
PURSUANT TO THE VF CORPORATION AMENDED AND RESTATED  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**Article I. Purpose**

The purpose of this Seventh Supplemental Annual Benefit Determination (the "Determination") is to provide to designated Participants a Supplemental Pension under the VF Corporation Amended and Restated Supplemental Executive Retirement Plan (the "SERP").

**Article II. Definitions**

As used herein, words and phrases shall have such meanings as are set forth in the SERP, the VF Corporation Pension Plan ("Pension Plan"), and the VF Executive Deferred Savings Plan (the "Executive Deferred Savings Plan"). "Committee" shall mean the Organization and Compensation Committee of the Board of Directors of VF Corporation.

**Article III. Eligibility for Benefits**

The Supplemental Pension shall be payable to the Participant if his employment ceases by reason of: 1) retirement on his Normal Retirement Date, 2) termination of employment or 3) death while an Employee.

**Article IV. Supplemental Pension Benefits**

**4.01 Normal Retirement:** The Participants in this Determination shall receive the following Supplemental Pension payable at Normal or Late Retirement:

- (a) The Normal Retirement Benefit otherwise payable to the Participant under the Pension Plan computed without reduction for any compensation deferred by the Participant under the Executive Deferred Savings Plan.
- (b) The Supplemental Pension set forth in Section 4.01(a) shall be reduced by any benefits payable to the Participant under the Pension Plan.

**4.02 Termination of Employment:** The Supplemental Pension payable by reason of the Participant's termination of employment shall be equal to the benefit provided by Section 4.01 above multiplied by a fraction. The numerator of this fraction shall be the number of full and part years of the Participant's employment with the Corporation. The denominator of this fraction shall be the number of full and part years of the Participant's employment as if the Participant had been employed until Normal Retirement Date.

**4.03 Death While an Employee:** The Supplemental Pension payable upon the death of the Participant while an Employee shall be as provided by Section 4.02.

**4.04 Form of Supplemental Pension:** The form of benefits payable to the Participant shall be the form which has been elected under the Pension Plan unless the Participant or Beneficiary has elected a different form under this Determination. Except as otherwise provided

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in this Section 4.04, payment of Supplemental Pension benefits hereunder shall commence at the same time as the Participant's or Beneficiary's benefits commence under the Pension Plan, and shall be subject to the same reductions for commencement of payments prior to Normal Retirement Date as apply to the recipient's benefits under the Pension Plan. Notwithstanding the foregoing, a Participant may elect to receive in a lump sum the actuarial present value of his or her Supplemental Pension under this Determination, and if a Participant dies while employed, his or her Beneficiary may elect to receive in a lump sum the actuarial present value of the Participant's Supplemental Pension under this Determination. The lump sum actuarial present value calculations shall be based on an interest rate assumption equal to the expected rate of return on assets for financial accounting purposes under the Pension Plan for the year in which the lump sum payment is to be made and on the mortality assumption set forth in the Pension Plan for purposes of calculating lump sum payments.

#### **Article V. Participants**

The Committee designates as Participants for purposes of this Determination any Employees who participated at any time in the Executive Deferred Savings Plan, provided, however, that any Employees who have been designated in any other SERP Determination shall be excluded from this Determination to the extent that such other Determination provides for the Supplemental Pension set forth above.

#### **Article VI. Vesting**

The Participant shall become vested in the Supplemental Pension payable pursuant to this Determination upon satisfaction of the vesting period provided in the SERP. Nothing in this Determination shall preclude the Board of Directors from discontinuing eligibility to participate in the SERP and this Determination at any time before the Participant shall become vested hereunder.

#### **Article VII. Adoption**

This Determination was approved and adopted by the Corporation on August 17, 1993, effective as of February 1, 1992, as authorized by the Board of Directors on December 3, 1991. This document includes all amendments adopted through February 21, 2003.

**AMENDED AND RESTATED  
EIGHTH SUPPLEMENTAL ANNUAL BENEFIT DETERMINATION  
PURSUANT TO THE VF CORPORATION AMENDED AND RESTATED  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**Article I. Purpose**

The purpose of this Amended and Restated Eighth Supplemental Annual Benefit Determination (the "Determination"), which is dated October 17, 2001, is to provide to designated Participants a Supplemental Pension under the VF Corporation Amended and Restated Supplemental Executive Retirement Plan (the "SERP").

**Article II. Definitions**

As used herein, words and phrases shall have such meanings as are set forth in the SERP and the VF Corporation Pension Plan ("Pension Plan"). "Committee" shall mean the Organization and Compensation Committee of the Board of Directors of VF Corporation, or any successor committee thereto.

**Article III. Eligibility for Benefits**

The Supplemental Pension shall be payable to the Participant if his employment ceases by reason of: 1) retirement on his Normal Retirement Date, 2) termination of employment or 3) death while an Employee.

**Article IV. Supplemental Pension Benefits**

4.01 Normal Retirement: The Participants in this Determination shall receive the following Supplemental Pension payable at Normal or Late Retirement:

- (a) The Normal Retirement Benefit otherwise payable to the Participant under the Pension Plan computed without application of the annual compensation limitation imposed under Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor section thereto, which limits the amount of a Participant's annual compensation used in determining his benefits under the Pension Plan.
- (b) The Supplemental Pension set forth in Section 4.01(a) shall be reduced by any benefits payable to the Participant under the Pension Plan.

4.02 Termination of Employment: The Supplemental Pension payable by reason of the Participant's termination of employment shall be equal to the benefit provided by Section 4.01 above multiplied by a fraction. The numerator of this fraction shall be the number of full and part years of the Participant's employment with the Corporation. The denominator of this fraction shall be the number of full and part years of the Participant's employment as if the Participant had been employed until Normal Retirement Date.

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4.03 Death while an Employee: The Supplemental Pension payable upon the death of the Participant while an Employee shall be as provided by Section 4.02.

4.04 Form of Supplemental Pension: The form of benefits payable to the Participant shall be the form which has been elected under the Pension Plan unless the Participant or Beneficiary has elected a different form under this Determination. Except as otherwise provided in this Section 4.04, payment of Supplemental Pension benefits hereunder shall commence at the same time as the Participant's or Beneficiary's benefits commence under the Pension Plan, and shall be subject to the same reductions for commencement of payments prior to Normal Retirement Date as apply to the recipient's benefits under the Pension Plan. Notwithstanding the foregoing, a Participant may elect to receive in a lump sum the actuarial present value of his or her Supplemental Pension under this Determination, and if a Participant dies while employed, his or her Beneficiary may elect to receive in a lump sum the actuarial present value of the Participant's Supplemental Pension under this Determination. The lump sum actuarial present value calculations shall be based on an interest rate assumption equal to the expected rate of return on assets for financial accounting purposes under the Pension Plan for the year in which the lump sum payment is to be made and on the mortality assumption set forth in the Pension Plan for purposes of calculating lump sum payments.

#### **Article V. Participants**

The Committee designates as Participants, for purposes of this Determination, any Employee who loses retirement benefits under the Pension Plan because of the Code Section 401(a)(17) limitation on the amount of annual compensation permitted to be used in calculating Pension Plan benefits; provided, however, that any Employee otherwise designated hereunder shall be excluded from participating in this Determination to the extent that he participates in another SERP Determination that provides for the same Supplemental Pension set forth herein.

#### **Article VI. Vesting**

The Participant shall become vested in the Supplemental Pension payable pursuant to this Determination upon satisfaction of the vesting period provided in the SERP. Nothing in this Determination shall preclude the Board of Directors from discontinuing eligibility to participate in the SERP and this Determination at any time before the Participant shall become vested hereunder.

#### **Article VII. Adoption**

This Determination was originally approved and adopted by the Corporation on August 17, 1993, effective as of January 1, 1989, as authorized by the Board of Directors on May 16, 1989, and amended and restated by the Board of Directors on October 17, 2001, effective on such date. This document includes all amendments adopted through February 21, 2003.

**AMENDED AND RESTATED  
NINTH SUPPLEMENTAL ANNUAL BENEFIT DETERMINATION  
PURSUANT TO THE VF CORPORATION AMENDED AND RESTATED  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**Article I. Purpose.**

The purpose of this Amended and Restated Ninth Supplemental Annual Benefit Determination (the "Determination"), which is dated October 17, 2001, is to provide to designated Participants a Supplemental Pension under the VF Corporation Amended and Restated Supplemental Executive Retirement Plan (the "SERP").

**Article II. Definitions.**

As used herein, words and phrases shall have such meanings as are set forth in the SERP and the VF Corporation Pension Plan ("Pension Plan"). "Committee" shall mean the Organization and Compensation Committee of the Board of Directors of VF Corporation, or any successor committee thereto.

**Article III. Eligibility for Benefits.**

The Supplemental Pension shall be payable to the Participant if his or her employment ceases by reason of: 1) retirement on his or her Normal Retirement Date, 2) termination of employment or 3) death while an Employee.

**Article IV. Supplemental Pension Benefits.**

**4.01 Normal Retirement:** The Participants in this Determination shall receive the following Supplemental Pension payable at Normal or Late Retirement:

- (a) The Normal Retirement Benefit otherwise payable to the Participant under the Pension Plan computed without reduction for any maximum contribution, benefit or compensation limitations imposed by ERISA or the Code on the Corporation and including in the Normal Retirement Benefit calculation any compensation deferred by Participant. The Participant's "Average Annual Compensation" for Supplemental Pension calculation purposes shall mean the average of the highest three years of the full amount of the Participant's salary and bonus compensation for the ten-year period preceding his or her Retirement Date.
- (b) The Supplemental Pension set forth in Section 4.01(a) shall be reduced by any benefits payable to the Participant under the Pension Plan.

**4.02 Termination of Employment:** The Supplemental Pension payable by reason of the Participant's termination of employment shall be equal to the benefit provided by Section 4.01 above.

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**4.03 Death While an Employee:** The Supplemental Pension payable upon the death of the Participant while an Employee shall be as provided by Section 4.02.

**4.04 Form of Supplemental Pension:** The form of benefits payable to the Participant shall be the form which has been elected under the Pension Plan unless the Participant or Beneficiary has elected a different form under this Determination. Except as otherwise provided in this Section 4.04, payment of Supplemental Pension benefits hereunder shall commence at the same time as the Participant's or Beneficiary's benefits commence under the Pension Plan, and shall be subject to the same reductions for commencement of payments prior to Normal Retirement Date as apply to the recipient's benefits under the Pension Plan. Notwithstanding the foregoing, a Participant may elect to receive in a lump sum the actuarial present value of his or her Supplemental Pension under this Determination, and if a Participant dies while employed, his or her Beneficiary may elect to receive in a lump sum the actuarial present value of the Participant's Supplemental Pension under this Determination. The lump sum actuarial present value calculations shall be based on an interest rate assumption equal to the expected rate of return on assets for financial accounting purposes under the Pension Plan for the year in which the lump sum payment is to be made and on the mortality assumption set forth in the Pension Plan for purposes of calculating lump sum payments.

**Article V. Participants.**

The Committee designates as Participants for purposes of this Determination any Employee who is classified as salary grade 25 or above for compensation purposes as of the date he or she becomes eligible for benefits under this Determination in accordance with Article III hereof; provided, however, that any Employee who has been designated in any other SERP Determination shall be excluded from this Determination to the extent that such other Determination provides for the Supplemental Pension set forth above.

**Article VI. Vesting.**

The Participant shall become vested in the Supplemental Pension payable pursuant to this Determination upon satisfaction of the vesting period provided in the SERP. Nothing in this Determination shall preclude the Board of Directors from discontinuing eligibility to participate in the SERP and this Determination at any time before the Participant shall become vested hereunder.

**Article VII. Adoption.**

This Determination was originally approved and adopted by the Board of Directors of the Corporation on October 20, 1999, to be effective for Participants whose last day worked for purposes of the Pension Plan is on or after December 31, 1999, and amended and restated by the Board of Directors on October 17, 2001, effective as if included in the Determination as originally adopted. This document includes all amendments adopted through February 21, 2003.

**TENTH SUPPLEMENTAL ANNUAL BENEFIT DETERMINATION  
PURSUANT TO THE VF CORPORATION AMENDED AND RESTATED  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**Article I. Purpose.**

The purpose of this Tenth Supplemental Annual Benefit Determination (the "Determination") is to provide to designated Participants a Supplemental Pension under the VF Corporation Amended and Restated Supplemental Executive Retirement Plan (the "SERP").

**Article II. Definitions.**

As used herein, words and phrases shall have such meanings as are set forth in the SERP, the VF Corporation Pension Plan ("Pension Plan"), and the VF Mid-Term Incentive Plan (the "Mid-Term Incentive Plan"), which is implemented under the VF 1996 Stock Compensation Plan. "Committee" shall mean the Organization and Compensation Committee of the Board of Directors of VF Corporation, or any successor committee thereto.

**Article III. Eligibility for Benefits.**

The Supplemental Pension shall be payable to the Participant if his or her employment ceases by reason of: 1) retirement on his or her Normal Retirement Date, 2) termination of employment or 3) death while an Employee.

**Article IV. Supplemental Pension Benefits.**

4.01 Normal Retirement: The Participants in this Determination shall receive the following Supplemental Pension payable at Normal or Late Retirement:

- (a) The Normal Retirement Benefit otherwise payable to the Participant under the Pension Plan computed without reduction for any maximum contribution, benefit or compensation limitations imposed by ERISA or the Code on the Corporation and including in the Normal Retirement Benefit calculation any compensation deferred by Participant, and by including as Compensation for purposes of the Pension Plan the fair market value of the Stock Units earned as PeRS by the Participant for each Performance Cycle under the Mid-Term Incentive Plan. The fair market value of such Stock Units shall be determined as of the last day of the Performance Cycle for which such Stock Units are earned. The amount includible as Compensation for purposes of the Pension Plan formula with respect to the Participant's participation in the Mid-Term Incentive Plan shall be considered Compensation for the respective Plan Year in which the respective Performance Cycle for which the Stock Units are earned ends.
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(b) The Supplemental Pension set forth in Section 4.01(a) shall be reduced by any benefits payable to the Participant under the Pension Plan.

4.02 Termination of Employment: The Supplemental Pension payable by reason of the Participant's termination of employment shall be equal to the benefit provided by Section 4.01 above multiplied by a fraction (not greater than 1.0). The numerator of this fraction shall be the number of full and part years of the Participant's employment with the Corporation (counting as years of employment for purposes of the numerator the Years of Credit with which the Participant is credited under the Second Amended Supplemental Annual Benefit Determination or any other Supplemental Annual Benefit Determination under the SERP). The denominator of this fraction shall be the number of full and part years of the Participant's employment as if the Participant had been employed until Normal Retirement Date.

4.03 Death While an Employee: The Supplemental Pension payable upon the death of the Participant while an Employee shall be as provided by Section 4.02.

4.04 Form of Supplemental Pension: The form of benefits payable to the Participant shall be the form which has been elected under the Pension Plan unless the Participant or Beneficiary has elected a different form under this Determination. Except as otherwise provided in this Section 4.04, payment of Supplemental Pension benefits hereunder shall commence at the same time as the Participant's or Beneficiary's benefits commence under the Pension Plan, and shall be subject to the same reductions for commencement of payments prior to Normal Retirement Date as apply to the recipient's benefits under the Pension Plan. Notwithstanding the foregoing, a Participant may elect to receive in a lump sum the actuarial present value of his or her Supplemental Pension under this Determination, and if a Participant dies while employed, his or her Beneficiary may elect to receive in a lump sum the actuarial present value of the Participant's Supplemental Pension under this Determination. The lump sum actuarial present value calculations shall be based on an interest rate assumption equal to the expected rate of return on assets for financial accounting purposes under the Pension Plan for the year in which the lump sum payment is to be made and on the mortality assumption set forth in the Pension Plan for purposes of calculating lump sum payments.

**Article V. Participants.**

The Committee designates as Participants for purposes of this Determination any Employees who at any time earned Stock Units as PeRS under the Mid-Term Incentive Plan, provided, however, that any Employees who have been designated in any other SERP Determination shall be excluded from this Determination to the extent that such other Determination provides for the Supplemental Pension set forth above.

**Article VI. Vesting.**

The Participant shall become vested in the Supplemental Pension payable pursuant to this Determination upon satisfaction of the vesting period provided in the SERP. Nothing in this Determination shall preclude the Board of Directors from discontinuing eligibility to participate

in the SERP and this Determination at any time before the Participant shall become vested hereunder.

**Article VII. Adoption.**

This Determination was approved and adopted by the Board of Directors of the Corporation on October 17, 2001, effective as of the January 1, 1999 effective date of the Mid-Term Incentive Plan. This document includes all amendments adopted through February 21, 2003.

## VF CORPORATION EXECUTIVE INCENTIVE COMPENSATION PLAN

As Amended and Restated February 11, 2003

## I. INTRODUCTION

The objective of the Executive Incentive Compensation Plan, as amended and restated (the "Plan"), is to provide incentive bonus compensation to the most senior members of the management team of VF Corporation (the "Company") upon the achievement of performance goals established for the Company for each fiscal year. The Plan is intended to provide an additional means to attract and retain talented executives, and to link a significant element of each participant's compensation opportunity to measures of the Company's performance, in order to motivate the Company's senior management team toward an even greater contribution to the results of the Company.

## II. DEFINITIONS

- A. EICP COMMITTEE — The members of the Organization and Compensation Committee of the Board of Directors of the Company who are intended to be "outside directors" as defined or interpreted for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").
- B. PARTICIPANT — An employee of the Company or a subsidiary who has been designated by the Board of Directors of the Company as an "executive officer" of the Company pursuant to Rule 16a-1(f) of the Securities Exchange Act of 1934 and selected for participation in a given Plan Period by the EICP Committee.
- C. PERFORMANCE OBJECTIVE — The performance goal established by the EICP Committee for each Plan Period, which must be reached as a condition to payment of an Incentive Award for that Plan Period. The Performance Objective shall be comprised of specified corporate, business group or divisional levels of performance relating to one or more of the following performance criteria: earnings per share; net earnings; pretax earnings; profit before taxes; operating income; net sales; market share; balance sheet measurements; cash return on assets; return on capital, book value; shareholder return, or return on average common equity.
- D. PLAN PERIOD — The Company's fiscal year, commencing with the 1994 fiscal year; provided, however, that the EICP Committee may specify a different Plan Period to meet unusual circumstances.

- E. RETIREMENT — As used in the Plan, Retirement is defined as withdrawal from the regular workforce and entitlement to early, normal or late retirement benefits, in accordance with the Company's pension plan.
- F. TARGET INCENTIVE AWARD — The target incentive bonus established by the EICP Committee for a Participant for a Plan Period.

### III. OPERATION OF THE PLAN

- A. ESTABLISHMENT OF TARGET INCENTIVE AWARDS AND PERFORMANCE OBJECTIVE — No later than 90 days after the commencement of each Plan Period but in no event after more than 25% of the Plan Period has elapsed, the EICP Committee will establish in writing a Target Incentive Award for each Participant for such Plan Period and the Performance Objective for such Participant. The EICP Committee will establish in writing a range of values for the Performance Objective for such Plan Period, which values will represent a percentage of the Target Incentive Award that may be earned for achievement of the Performance Objective at a corresponding level (the "Incentive Awards"), subject to Section III. C. For example, the EICP Committee may establish a threshold level of achievement of the Performance Objective which, if not attained, will result in no Incentive Award, and the EICP Committee likewise may establish a "stretch" level of achievement of the Performance Objective which, if attained, will result in an Incentive Award equal to greater than 100% of the Target Incentive. In establishing the level of Performance Objective to be attained, the EICP Committee may disregard or offset the effect of such factors as extraordinary and/or nonrecurring items as determined by the Company's outside accountants in accordance with generally accepted accounting principles, and changes in accounting standards as may be required by the Financial Accounting Standards Board.
- B. CALCULATION OF INCENTIVE AWARDS — Incentive Awards will be paid to each Participant by reference to the actual attainment of the Performance Objective relative to the Performance Objective levels established by the EICP Committee for the Plan Period. Notwithstanding the foregoing or any provision of Section IV, the EICP Committee may, in its sole discretion, exercise negative discretion to reduce earned Incentive Awards. In addition, in the case of a Participant who is not deemed by the Committee to be a "covered employee" for a given Plan Period, the Committee may exercise discretion to increase the amount of the Incentive Award determined hereunder.
- C. MAXIMUM INCENTIVE AWARD — Other provisions of the Plan notwithstanding, in each calendar year a Participant may be authorized to earn Incentive Awards under the Plan up to but not exceeding the Participant's Annual Limit. For this purpose, the Participant's Annual Limit shall equal \$3.0 million plus the amount of the Participant's unused Annual Limit as of the close of the previous calendar

year. For this purpose, (i) “earning” means satisfying performance conditions so that an amount becomes payable, without regard to whether it is to be paid currently or on a deferred basis or continues to be subject to any service requirement or other non-performance condition, and (ii) a Participant’s Annual Limit is used to the extent an amount may be potentially earned or paid under an Incentive Award, regardless of whether such amount is in fact earned or paid.

- D. PAYMENT OF INCENTIVE AWARDS — Payment of Incentive Awards for a Plan Period will be made as soon as practicable following the EICP Committee’s certification in writing as to the level of Performance Objective attained for the Plan Period, except to the extent (i) the Committee has specified that Incentive Awards will be paid on a deferred basis or subject to additional conditions to payment, or (ii) payment has been deferred by the Participant pursuant to any Company deferred compensation plan then in effect.

#### IV. CONTINGENCIES

- A. EMPLOYMENT TERMINATION — Except as provided in Sections IV. B, IV. C and IV. E regarding permanent disability, death and Retirement, or unless the EICP Committee exercises its discretion under Section IV. D, a Participant who terminates employment voluntarily or who is terminated involuntarily prior to his receipt of an Incentive Award payment under this Plan forfeits all such payments, except as provided under the terms of any required or permitted deferral of such payments. A Participant who is employed by the Company at the end of a Plan Period shall not be deemed or considered to have accrued any right to or vested in an Incentive Award for the Plan Period.
- B. PERMANENT DISABILITY — A Participant whose employment with the Company is terminated by reason of permanent disability is eligible to participate in the Plan for the Plan Period in which he becomes permanently disabled. The Incentive Award payment will be calculated as if employment had continued throughout the Plan Period, but, unless otherwise determined by the Committee, the amount of the Incentive Award payable will be prorated according to the Participant’s actual length of active service during the Plan Period.
- C. DEATH — The estate of a Participant whose employment with the Company is terminated by reason of death during a Plan Period is eligible to receive a pro rata share of the Incentive Award payment to which the Participant would have been entitled. The Incentive Award payment will be calculated as if employment had continued throughout the Plan Period, but, unless otherwise determined by the Committee, the amount of the Incentive Award payable will be prorated according to the Participant’s actual length of active service during the Plan Period.

- D. EICP COMMITTEE DISCRETION — The EICP Committee may grant an Incentive Award for a Plan Period to a terminated employee who had been a Plan Participant for part or all of the Plan Period if, in the EICP Committee’s judgment, the payment of such Incentive Award would be in the best interest of the Company. Subject to the Committee’s negative discretion under Section III. C above, any such Incentive Award payment will be calculated as if termination had not occurred, but, unless otherwise determined by the Committee, with payment prorated according to the Participant’s actual length of active service during the Plan Period.
- E. RETIREMENT — A Participant whose Retirement occurs prior to the distribution of an Incentive Award for a Plan Period does not forfeit the payment of such Incentive Award. The Incentive Award payment will be calculated as if Retirement had not occurred, but, unless otherwise determined by the Committee, payment will be prorated according to the Participant’s actual length of active service during the Plan Period.

#### V. ADMINISTRATION

The EICP Committee shall have the authority and responsibility for all aspects of administration of the Plan, including but not limited to:

- A. Interpretation of the Plan.
- B. Establishment of the Target Incentive Awards, Performance Objective and related terms under Section III. A. for each Plan Period.
- C. Certification in writing as to the level of each Performance Objective attained for each Plan Period, and that other material terms upon which payment of Incentive Awards was conditioned have been satisfied.
- D. Determination of Incentive Awards and final approval of payments to Participants.
- E. Determination of permanent disability and Retirement for purposes of the Plan.
- F. Payment of a prorated award to a terminated employee under Section IV. D. if, in its judgment, the payment of such Incentive Award would be in the best interest of the Company.
- G. Certification of death for the purpose of payment of a prorated Incentive Award to the estate of a Participant.

The EICP Committee may delegate to specified officers or employees of the Company authority to perform ministerial functions under the Plan.



## VI. AMENDMENT AND TERMINATION

The EICP Committee shall have the power to amend, modify, suspend or terminate any part of the Plan at any time; provided, however, that, (i) any such change to the Plan that is beyond the delegated authority of the EICP Committee shall be subject to the approval of the Board of Directors of the Company, and (ii) any such amendment or modification shall be subject to the approval of the shareholders of the Company if such shareholder approval is required to preserve the Company's federal income tax deduction for Incentive Awards paid under the Plan pursuant to the "other performance-based compensation" exception in Section 162(m)(4)(C) of the Code.

## VII. GENERAL PROVISIONS

- A. **NO RIGHT TO EMPLOYMENT** — Eligibility to receive an Incentive Award or the grant of an Incentive Award shall not be construed as giving a Participant the right to be retained in the employ of the Company, nor will it affect in any way the right of the Company to terminate such employment at any time, with or without cause. In addition, the Company may at any time dismiss a Participant from employment free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan.
- B. **NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS** — Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
- C. **TAX WITHHOLDING.** The Company will deduct from any Incentive Award or other payment to a Participant any Federal, state, or local withholding or other tax or charge which the Company is then required to deduct under applicable law.
- D. **NON-TRANSFERABILITY.** The opportunity to earn an Incentive Award, any resulting Incentive Award, and any other purported right hereunder shall be non-assignable and non-transferable, and shall not be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a subsidiary or subject to any lien, obligation, or liability of the Participant to any party other than the Company or a subsidiary.
- E. **GOVERNING LAW** — The validity, construction and effect of the Plan or any Incentive Award hereunder shall be determined in accordance with the laws of the State of North Carolina, without giving effect to principles of conflicts of laws.
- F. **SEVERABILITY** — If any provision of the Plan or any Incentive Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or

would disqualify the Plan or any Incentive Award under any law deemed applicable by the EICP Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the EICP Committee, materially altering the purpose or intent of the Plan or the Incentive Award, such provision shall be stricken as to such jurisdiction or Incentive Award, and the remainder of the Plan or any such Incentive Award shall remain in full force and effect.

- G. NO TRUST OR FUND CREATED — Neither the Plan nor any Incentive Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any Participant or other person acquires a right to receive payments from the Company pursuant to the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.
- H. HEADINGS — Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

#### VIII. EFFECTIVE DATE

The Plan is effective initially for the fiscal year ended December 31, 1994, subject to approval by the shareholders of the Company at the annual meeting of shareholders on April 19, 1994. The amendment and restatement of the Plan is effective for the fiscal year ending January 3, 2004, subject to the approval of shareholders of the Company at the Annual Meeting of Shareholders on April 22, 2003.

**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 April 5, 2003 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. § 1350, as adopted pursuant to § 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.

May 9, 2003

/s/ Mackey J. McDonald

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Mackey J. McDonald  
Chairman, President 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 April 5, 2003 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. § 1350, as adopted pursuant to § 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.

May 9, 2003

/s/ Robert K. Shearer

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Robert K. Shearer  
Vice President - Finance &  
Global Processes and  
Chief Financial Officer