

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended OCTOBER 3, 1998

Commission file number: 1-5256

V. F. CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA

(State or other jurisdiction of  
incorporation or organization)

23-1180120

(I.R.S. employer  
identification number)

628 GREEN VALLEY ROAD, SUITE 500  
GREENSBORO, NORTH CAROLINA 27408  
(Address of principal executive offices)

(336) 547-6000

(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 X NO

On October 31, 1998, there were 119,921,260 shares of 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 DATA)

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	OCTOBER 3 1998	OCTOBER 4 1997	OCTOBER 3 1998	OCTOBER 4 1997
<S> NET SALES	<C> \$ 1,458,780	<C> \$ 1,416,906	<C> \$ 4,135,304	<C> \$ 3,935,236
COSTS AND OPERATING EXPENSES				
Cost of products sold	944,672	929,595	2,712,015	2,602,438
Marketing, administrative and general expenses	304,464	296,940	912,903	874,435
Other operating expense	3,180	719	4,940	1,208
	1,252,316	1,227,254	3,629,858	3,478,081
OPERATING INCOME	206,464	189,652	505,446	457,155
OTHER INCOME (EXPENSE)				
Interest income	1,772	2,689	5,031	10,281
Interest expense	(15,975)	(12,721)	(46,570)	(37,882)
Miscellaneous, net	687	1,494	1,194	801
	(13,516)	(8,538)	(40,345)	(26,800)
INCOME BEFORE INCOME TAXES	192,948	181,114	465,101	430,355
INCOME TAXES	73,333	72,422	180,599	172,573
NET INCOME	\$ 119,615	\$ 108,692	\$ 284,502	\$ 257,782
EARNINGS PER COMMON SHARE				
Basic	\$ 0.98	\$ 0.86	\$ 2.31	\$ 2.01
Diluted	0.96	0.84	2.26	1.96
CASH DIVIDENDS PER COMMON SHARE	\$ 0.20	\$ 0.19	\$ 0.60	\$ 0.57

See notes to consolidated financial statements.

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

<TABLE>  
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	OCTOBER 3 1998	JANUARY 3 1998	OCTOBER 4 1997
	<C>	<C>	<C>
<S> ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 65,185	\$ 124,094	\$ 57,404
Accounts receivable, less allowances: Oct 3 - \$50,268; Jan 3 - \$39,576; Oct 4 - \$43,880	828,979	587,934	747,873
Inventories:			
Finished products	538,391	434,000	452,847
Work in process	199,869	166,947	181,167
Materials and supplies	178,377	173,808	133,210
	916,637	774,755	767,224
Other current assets	151,509	114,683	119,967
Total current assets	1,962,310	1,601,466	1,692,468
PROPERTY, PLANT AND EQUIPMENT	1,676,487	1,568,952	1,597,745
Less accumulated depreciation	917,476	862,962	885,046
	759,011	705,990	712,699
INTANGIBLE ASSETS	942,906	814,332	826,775

OTHER ASSETS	232,305	200,994	190,726
	-----	-----	-----
	\$ 3,896,532	\$ 3,322,782	\$ 3,422,668
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	\$ 233,715	\$ 24,191	\$ 22,312
Current portion of long-term debt	844	450	461
Accounts payable	353,735	301,103	288,882
Accrued liabilities	572,255	440,164	531,110
	-----	-----	-----
Total current liabilities	1,160,549	765,908	842,765
LONG-TERM DEBT	518,574	516,226	516,558
OTHER LIABILITIES	166,528	143,813	167,752
REDEEMABLE PREFERRED STOCK	54,891	56,341	56,799
DEFERRED CONTRIBUTIONS TO EMPLOYEE STOCK OWNERSHIP PLAN	(21,859)	(26,275)	(27,604)
	-----	-----	-----
	33,032	30,066	29,195
COMMON SHAREHOLDERS' EQUITY			
Common Stock	120,149	121,225	61,225
Additional paid-in capital	792,551	744,108	725,267
Foreign currency translation	(30,006)	(36,110)	(31,255)
Retained earnings	1,135,155	1,037,546	1,111,161
	-----	-----	-----
	2,017,849	1,866,769	1,866,398
	-----	-----	-----
	\$ 3,896,532	\$ 3,322,782	\$ 3,422,668
	=====	=====	=====

</TABLE>

See notes to consolidated financial statements.

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

<TABLE>  
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	NINE MONTHS ENDED	
	OCTOBER 3 1998	OCTOBER 4 1997
	-----	-----
	<C>	<C>
OPERATIONS		
Net income	\$ 284,502	\$ 257,782
Adjustments to reconcile net income to cash provided by operations:		
Depreciation	97,480	98,814
Amortization of intangible assets	24,277	20,656
Other, net	380	(15,117)
Changes in current assets and liabilities:		
Accounts receivable	(172,099)	(174,848)
Inventories	(32,312)	(48,686)
Accounts payable	6,615	(25,207)
Other, net	59,021	116,128
	-----	-----
Cash provided by operations	267,864	229,522
INVESTMENTS		
Capital expenditures	(146,306)	(105,010)
Business acquisitions	(250,785)	(5,797)
Other, net	19,223	(3,030)
	-----	-----
Cash invested	(377,868)	(113,837)
FINANCING		
Increase in short-term borrowings	191,165	6,838
Proceeds from long-term debt	1,000	0
Payment of long-term debt	(620)	(1,250)
Purchase of Common Stock	(105,045)	(310,100)

Cash dividends paid	(75,578)	(74,894)
Proceeds from issuance of stock	38,950	48,842
Other, net	1,223	1,654
	-----	-----
Cash provided (used) by financing	51,095	(328,910)
	-----	-----
NET CHANGE IN CASH AND EQUIVALENTS	(58,909)	(213,225)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	124,094	270,629
	-----	-----
CASH AND EQUIVALENTS - END OF PERIOD	\$ 65,185	\$ 57,404
	=====	=====

</TABLE>

See notes to consolidated financial statements.

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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. 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 nine months ended October 3, 1998 are not necessarily indicative of results that may be expected for the year ending January 2, 1999. 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 3, 1998.

NOTE B - EARNINGS PER COMMON SHARE

Earnings per share amounts for 1997 have been restated in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share. Earnings per share are computed as follows (in thousands, except per share amounts):

<TABLE>

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	Third Quarter		Nine Months	
	1998	1997	1998	1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Basic earnings per share:				
Net income	\$119,615	\$108,692	\$284,502	\$257,782
Less Preferred Stock dividends and redemption premium	1,366	1,325	4,505	3,593
	-----	-----	-----	-----
Net income available for Common Stock	\$118,249	\$107,367	\$279,997	\$254,189
	=====	=====	=====	=====
Weighted average Common Stock outstanding	120,843	124,894	121,083	126,734
	=====	=====	=====	=====
Basic earnings per share	\$ 0.98	\$ 0.86	\$ 2.31	\$ 2.01
Diluted earnings per share:				
Net income	\$119,615	\$108,692	\$284,502	\$257,782
Increased ESOP expense if Preferred Stock were converted to Common Stock	290	313	869	937
	-----	-----	-----	-----
Net income available for Common Stock and dilutive securities	\$119,325	\$108,379	\$283,633	\$256,845
	=====	=====	=====	=====
Weighted average Common Stock outstanding	120,843	124,894	121,083	126,734
	=====	=====	=====	=====
Additional Common Stock resulting from dilutive securities:				
Preferred Stock	2,845	2,944	2,867	2,966
Stock options and other	1,137	1,480	1,476	1,210
	-----	-----	-----	-----
Weighted average Common Stock and dilutive securities outstanding	124,825	129,318	125,426	130,910
	=====	=====	=====	=====
Diluted earnings per share	\$ 0.96	\$ 0.84	\$ 2.26	\$ 1.96

</TABLE>

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NOTE C - CAPITAL

The Company declared a two-for-one stock split in November 1997. References in

this report to per share and average amounts have been restated, but numbers of shares presented are based on the actual amounts outstanding.

At October 3, 1998, there were 300,000,000 authorized shares of Common Stock, no par value - stated capital \$1 per share. At October 3, 1998, there were 120,148,260 shares outstanding, excluding 16,416,919 treasury shares. At January 3, 1998 and October 4, 1997, there were 121,225,298 and 61,225,408 shares outstanding, excluding 13,910,519 and 6,058,041 treasury shares, respectively.

There are 25,000,000 authorized shares of Preferred Stock, \$1 par value. Of these shares, 2,000,000 were designated as Series A, of which none have been issued, and 2,105,263 shares were designated and issued as 6.75% Series B Preferred Stock, of which 1,777,857 shares were outstanding at October 3, 1998, 1,824,820 at January 3, 1998 and 1,839,640 at October 4, 1997.

NOTE D - ACQUISITIONS

On January 8, 1998, the Company acquired the common stock of Bestform Group, Inc. for \$184.3 million in cash, plus repayment of \$44.4 million in debt. During the second quarter of 1998, the Company acquired a majority interest in VF Japan, a joint venture to manufacture and market Wrangler branded jeanswear in Japan, and near the end of the third quarter, the Company acquired its former licensee for the Lee and Wrangler brands in Turkey. These acquisitions have been accounted for as purchases, and accordingly, operating results have been included in the financial statements from the dates of acquisition. The net assets of these companies are included based on preliminary allocations of the purchase prices, with approximately \$140 million representing intangible assets. Final asset and liability valuations are not expected to have a material effect on the financial statements.

The following pro forma results of operations assume that these businesses had been acquired at the beginning of 1997 (in thousands, except per share amounts):

<TABLE>  
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	Third Quarter		Nine Months	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Net sales	\$ 1,463,871	\$ 1,543,173	\$ 4,203,851	\$ 4,298,712
Net income	119,615	112,614	283,612	267,192
Earnings per common share:				
Basic	\$ 0.98	\$ 0.89	\$ 2.31	\$ 2.08
Diluted	0.96	0.87	2.25	2.03

</TABLE>

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NOTE E - NEW ACCOUNTING STANDARDS

Effective January 4, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income. Comprehensive income consists of net income from operations, 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 was as follows (in thousands):

<TABLE>  
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	Third Quarter		Nine Months	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Net income as reported	\$ 119,615	\$ 108,692	\$ 284,502	\$ 257,782
Other comprehensive income:				
Foreign currency translation adjustments, net of income taxes	9,516	(4,510)	6,104	(37,683)
Comprehensive income	\$ 129,131	\$ 104,182	\$ 290,606	\$ 220,099

</TABLE>

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, which is required to be adopted in years beginning after June 15, 1999. Because of the Company's limited use of derivatives, management does not anticipate that the adoption of the new Statement will have a significant effect on net income or the financial position of the Company.

NOTE F - SUBSEQUENT EVENT

On November 10, 1998, the Company acquired the common stock of Penn State Textile Manufacturing, Inc., and an affiliated entity, Washables, Inc. The

companies are engaged in the manufacturing and marketing of service and restaurant apparel and supplies.

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

RESULTS OF OPERATIONS

Consolidated sales increased 3% for the quarter and 5% for the nine months ended October 3, 1998, compared with the comparable periods of 1997.

Sales in the Company's growth categories -- jeanswear, domestic intimate apparel, workwear and daypacks, where investments are focused to achieve sales increases -- advanced 9% in the quarter and 12% in the nine months, due in part to recently acquired companies. Domestic jeanswear sales declined in the quarter as shifting consumer trends have resulted in lower sales in the Company's high volume basic jeanswear business, partially offset by the faster growing sales of the Company's fashion products. For the nine months, domestic jeanswear sales increased 2%. Intimate apparel sales increased from the acquisition of Bestform Group, Inc. (Bestform) and the continuing growth of the Vassarette brand. Total international sales for our jeanswear and intimate apparel businesses increased 13% in the quarter and 1% in the nine months due primarily to the acquisition of the formerly licensed Wrangler business in Japan. Sales declined in knitwear in both periods due to difficult market conditions.

Gross margins were 35.2% of sales in the quarter and 34.4% in the nine months, compared with 34.4% and 33.9% in the 1997 periods. Margins continue to improve in most businesses due to the continuing shift to lower cost sourcing, lower raw material costs and improved operating efficiencies.

Marketing, administrative and general expenses were 20.9% of sales during the quarter and 22.1% in the nine months, compared with 21.0% and 22.2%, respectively, in 1997. Overall marketing and administrative expenses as a percent of sales have declined slightly during 1998 through cost savings efforts. Advertising spending in 1998 and 1997 to support and build our brands remains above historical levels. In addition, the Company has continued to incur significant costs to implement shared services and common systems.

Net interest expense increased in 1998 due to higher short-term borrowings related to the 1998 business acquisitions.

The effective income tax rate for the nine months of 1998 was 38.8%, based on the expected rate for the year, compared with 40.1% in the prior year. The effective rate is lower in 1998 due to a reduction in foreign operating losses that had no current tax benefit.

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FINANCIAL CONDITION AND LIQUIDITY

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

<TABLE>  
<CAPTION>

	OCTOBER 3 1998 -----	JANUARY 3 1998 -----	OCTOBER 4 1997 -----
	(Dollars in millions)		
<S>	<C>	<C>	<C>
Working capital	\$801.8	\$835.6	\$849.7
Current ratio	1.7 to 1	2.1 to 1	2.0 to 1
Debt to total capital	27.2%	22.5%	22.4%

</TABLE>

Accounts receivable balances at the end of the third quarter of 1998 include those of businesses acquired during 1998. Excluding these acquisitions, receivables are comparable to the prior year level and higher than at year-end due to seasonal sales patterns.

Inventories at the end of the third quarter of 1998 include those of businesses acquired during 1998. Excluding these acquisitions, inventories are higher than at the end of 1997 due to seasonal sales patterns and 9% higher than at the end of the third quarter of 1997 due to a change in mix of domestic jeanswear inventories toward higher cost fashion products and sales growth expectations.

Intangible assets increased during 1998 due to the acquisitions of Bestform, VF Japan and VF Turkey.

The increase in short-term borrowings relates primarily to the 1998 business

acquisitions.

During the first nine months of 1998, the Company repurchased 2,277,000 shares of its Common Stock in open market transactions for a total cost of \$105.0 million. Under its current authorization from the Board of Directors, the Company may repurchase up to an additional 2.9 million Common Shares.

#### YEAR 2000 UPDATE

The Year 2000 issue relates to computer systems that will not properly recognize date-sensitive information when the year changes to 2000. A Year 2000 issue that is not properly addressed could result in a system failure or miscalculations. While the Company's products are not directly affected by the Year 2000 problem, its computer systems and equipment, as well as the systems and equipment of its vendors, service providers and customers, may be affected.

Senior management of the Company has established a task force to address Year 2000 issues in four broad business categories: (1) infrastructure; (2) applications software; (3) processors embedded in machinery and equipment used in the Company's manufacturing, distribution and administrative operations; and (4) significant third party vendors, service providers and customers. Actions common to evaluation of Year 2000 issues in each of these business categories include:

- Inventorying all date-sensitive systems and equipment,
- Assessing compliance and assigning priorities to items identified as not being compliant,
- Repairing or replacing items identified as not being compliant,
- Testing items and
- Developing and implementing contingency plans.

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The infrastructure category referred to above relates to all mainframe, personal computer and network hardware, as well as system software. The Company estimates that 65% of the activities related to this category have been completed at October 3, 1998. All such components are expected to be fully compliant by June 1999. The testing phase is ongoing as hardware or system software is remediated, upgraded or replaced and is scheduled to be completed by June 1999.

Applications software refers to all computer software programs, whether internally developed or purchased from outside parties. The Company estimates that 80% of such software systems are compliant at October 3, 1998, and all software is expected to be fully compliant by June 1999. The testing phase has begun and is scheduled to be completed for all critical applications by June 1999.

The Company is currently taking an inventory of all processors embedded in the Company's manufacturing, distribution and administrative equipment. Such data gathering is expected to be completed by December 1998. As Year 2000 issues are noted, the hardware or software is remediated, upgraded or replaced. The testing phase is ongoing and is scheduled to be completed during the second quarter of 1999.

The Company has initiated formal communications with all of its significant vendors, service providers and customers to determine the extent to which the Company is vulnerable to those third parties' failure to remediate their own Year 2000 issues. The communication and evaluation process is ongoing and will include visits to certain critical third parties through the second quarter of 1999.

The Company's contingency plans are being developed and will evolve as the testing phase and third party assessments are completed.

Although the Company expects its critical systems to be compliant by the middle of 1999, it is possible that all Year 2000 problems may not be identified or corrected or that third parties with which the Company has significant relationships will not resolve all of their Year 2000 issues. However, with the investigation and remediation of Year 2000 issues as scheduled, the Company expects to significantly reduce the level of uncertainty about the Year 2000 problem and, in particular, about the Year 2000 compliance and readiness of its material third party relationships. Also, since the Company conducts business with numerous vendors, has numerous manufacturing and distribution facilities around the world and has a broad customer base, the Company believes that the possibility of significant interruptions of normal operations should be reduced. Nevertheless, if there were serious systems failures by the Company or its third party relationships, they could have a material adverse effect on the Company's financial position or results of operations.

The estimated total cost of resolving the Year 2000 issues, including internal personnel and outside vendors and consultants, is approximately \$25 million over

the period 1997 through 1999, of which \$20 million has been spent through October 3, 1998. These costs, which are being expensed as incurred, do not include any costs related to implementation of contingency plans.

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CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements included herein are "forward-looking statements" within the meaning of the federal securities laws. This includes statements concerning plans and objectives of management relating to the Company's operations or economic performance, and assumptions related thereto. In addition, the Company and its representatives may from time to time make other oral or written statements that are also forward-looking statements.

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

Important factors that could cause the actual results of operations or financial condition of the Company to differ include, but are not necessarily limited to, the overall level of consumer spending for apparel; changes in trends in the segments of the market in which the Company competes; the financial strength of the retail industry; actions of competitors that may impact the Company's business; the impact of Year 2000 issues on the Company and its significant suppliers and customers; and the impact of unforeseen economic changes in the markets where the Company competes, such as changes in interest rates, currency exchange rates, inflation rates, recession, and other external economic and political factors over which the Company has no control.

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

- (a) Exhibit 27 - Financial data schedule as of October 3, 1998
- (b) Reports on Form 8-K - There were no reports on Form 8-K filed for the three months ended October 3, 1998.

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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  
(Chief Financial Officer)

Date: November 12, 1998

By: /s/ Timothy R. Wheeler  
-----  
Timothy R. Wheeler  
Vice President-Controller  
(Chief Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS INCLUDED IN FORM 10-Q FOR OCTOBER 3, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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