

**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

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

Date of Report: April 27, 2004

Commission file number: 001-05256

**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)

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ITEM 5 - Other Events

On April 27, 2004, V.F. Corporation ("VF") announced that it and its wholly owned subsidiary McGarrett Corporation had entered into an Agreement and Plan of Merger with Vans, Inc. ("Vans") dated as of April 27, 2004 (the "Merger Agreement"), which sets forth the terms and conditions of a proposed business combination of VF and Vans.

A copy of the Merger Agreement among VF, Vans and McGarrett Corporation is attached hereto as Exhibit 2.1 and made a part hereof. A copy of the press release issued by VF on April 27, 2004 is attached hereto as Exhibit 99.1 and made a part hereof.

ITEM 7 - Exhibits

Exhibit 2.1                      Agreement and Plan of Merger dated as of April 27, 2004 among  
Vans, VF and McGarrett Corporation (schedules and exhibits omitted).

Exhibit 99.1                    Press Release dated April 27, 2004.

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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 hereunto duly authorized.

**V. F. CORPORATION**

(Registrant)

By: /s/ Robert K. Shearer

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

Date: April 27, 2004

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**EXHIBIT INDEX**

EXHIBIT  
NUMBER      DESCRIPTION

2.1 Agreement and Plan of Merger dated  
as of April 27, 2004 among Vans,  
VF and McGarrett Corporation  
(schedules and exhibits omitted).

99.1 Press Release dated April 27, 2004.

**AGREEMENT AND PLAN OF MERGER**

dated as of

April 27, 2004

among

**VANS, INC.,****VF CORPORATION**

and

**MCGARRETT CORP.****TABLE OF CONTENTS<sup>1</sup>**

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**AGREEMENT AND PLAN OF MERGER**

AGREEMENT AND PLAN OF MERGER (this “**Agreement**”) dated as of April 27, 2004 among Vans, Inc., a Delaware corporation (the “**Company**”), VF Corporation, a Pennsylvania corporation (“**Parent**”), and McGarrett Corp., a Delaware corporation and a wholly owned subsidiary of Parent (“**MergerSub**”).

The parties to this Agreement agree as follows:

ARTICLE 1  
DEFINITIONS

Section 1.01. *Definitions.* (a) As used in this Agreement, the following terms have the following meanings:

“**Acquisition Proposal**” means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry by a Third Party relating to, or any Third Party indication of interest in, (i) any acquisition or purchase, direct or indirect (and however structured), of 15% or more of the consolidated assets of the Company and its Subsidiaries, taken as a whole, or over 15% of any class of equity or voting securities of the Company or any of its Subsidiaries whose assets, individually or in the aggregate, constitute more than 15% of the consolidated assets of the Company, (ii) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in that Third Party beneficially owning 15% or more of any class of equity or voting securities of the Company or any of its Subsidiaries whose assets, individually or in the aggregate, constitute more than 15% of the consolidated assets of the Company, or (iii) a merger, consolidation, share exchange, business combination, material asset sale outside the ordinary course of business, joint venture, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Company or any of its Subsidiaries whose assets, individually or in the aggregate, constitute more than 15% of the consolidated assets of the Company.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with that Person.

“**Business Day**” means any day, other than Saturday, Sunday or other day on which commercial banks in New York, New York or Los Angeles, California are authorized or required by law to close.

“**Code**” means the Internal Revenue Code of 1986.

“**Company Balance Sheet**” means the consolidated balance sheet of the Company as of May 31, 2003 and the footnotes thereto, as set forth in the Company 10-K.

“**Company Balance Sheet Date**” means May 31, 2003.

“**Company Common Stock**” means the common stock, \$0.001 par value, of the Company.

“**Company 10-K**” means the Company’s annual report on Form 10-K for the fiscal year ended May 31, 2003.

“**Delaware Law**” means the General Corporation Law of the State of Delaware.

“**Environmental Laws**” means any federal, state, local or foreign law (including common law), treaty, judicial decision, regulation, rule, judgment, order, decree, injunction, permit or governmental restriction or requirement or any agreement with any Governmental Entity, relating to protection of the environment or to pollutants, contaminants, wastes or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances, wastes or materials.

“**Environmental Permits**” means all permits, licenses, franchises, certificates, approvals and other similar authorizations of governmental authorities relating to or required by Environmental Laws and affecting, or relating in any way to, the business of the Company or any Subsidiary as currently conducted.

“**ERISA**” means the Employee Retirement Income Security Act of 1974.

“**ERISA Affiliate**” of any entity means any other entity that, together with that entity, would be treated as a single employer under Section 414 of the Code.

“**Governmental Entity**” means (i) any government or any state, department, local authority or other political subdivision thereof, (ii) any governmental body, agency, authority (including, but not limited to, any central bank, taxing authority or transgovernmental or supranational entity or authority) or instrumentality (including any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, or (iii) The New York Stock Exchange (the “**NYSE**”) or the NASDAQ Stock Market (“**NASDAQ**”).

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

“**Intellectual Property Rights**” means (i) inventions reduced to practice or made the subject of one or more pending patent applications, (ii) national and multinational statutory invention registrations, patents and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof) registered or applied for in the United States and all other jurisdictions throughout the world, (iii) trademarks, service marks, trade dress, logos, Internet domain name registrations, and trade names (whether or not registered) in the United States and all other nations throughout the world,

including all registrations and applications for registration of the foregoing and all goodwill associated therewith, (iv) copyrights (whether or not registered) and registrations and applications for registration thereof in the United States and all other nations throughout the world, including all moral rights, renewals, extensions, reversions or restorations associated with those copyrights, now or hereafter provided by law, regardless of the medium of fixation or means of expression, (v) rights in computer software (including source code, object code, firmware, operating systems and specifications), (vi) non-patentable inventions the confidentiality of which have been maintained, rights in trade secrets and, to the extent protectable as trade secrets or proprietary information, business information (including confidential pricing and cost information, business and marketing plans and customer and supplier lists) and know-how (including confidential manufacturing and production processes and techniques and research and development information), (vii) rights in industrial designs (whether or not registered), (viii) rights in databases and data collections, and (ix) all rights in all of the foregoing provided by treaties, conventions and common law.

“**Knowledge**” of the Company means the actual knowledge of any officer or director of the Company or of any other individual listed on Schedule 1.01(a) (without any

inquiry).

“**Licensed Intellectual Property Rights**” means all Intellectual Property Rights owned by a Person other than the Company or a Subsidiary of the Company and licensed or sublicensed to either the Company or a Subsidiary of the Company or for which the Company or a Subsidiary of the Company is the recipient of a covenant not to sue.

“**Lien**” means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of that property or asset. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to that property or asset.

“**Material Adverse Effect**” means a material adverse effect on (i) the condition (financial or otherwise), business, assets or results of operations of the Company and its Subsidiaries, taken as a whole, or (ii) the Company’s ability to consummate the transactions contemplated by this Agreement or to perform its obligations under this Agreement, other than, in the case of the immediately preceding clause (i), any such effect arising out of, resulting from or caused by, (x) any change in GAAP or interpretations thereof that applies to the Company or (y) any change in economic conditions generally or in the apparel or footwear industries specifically (*provided* such change does not affect the Company and its Subsidiaries taken as a whole in a materially disproportionate manner).

“**1933 Act**” means the Securities Act of 1933.

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“**1934 Act**” means the Securities Exchange Act of 1934.

“**Owned Intellectual Property Rights**” means all Intellectual Property Rights owned by either the Company or a Subsidiary of the Company.

“**Permitted Liens**” means (i) Liens securing liabilities which are reflected or reserved against in the Company Balance Sheet to the extent so reflected or reserved, (ii) Liens for Taxes not yet due and payable or which are being contested in good faith and by appropriate proceedings (*provided* adequate reserves with respect thereto are maintained on the Company’s books in accordance with GAAP), (iii) mechanic’s, materialmen’s and similar Liens, and (iv) Liens that, individually and in the aggregate, do not and would not materially detract from the value of the property and assets of the Company or materially interfere with the use thereof as currently used.

“**Person**” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Entity.

“**SEC**” means the Securities and Exchange Commission.

“**Subsidiary**” means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at any time directly or indirectly owned by that Person.

“**Third Party**” means any Person as defined in this Agreement or in Section 13(d) of the 1934 Act, other than Parent or any of its Affiliates.

(b) Each of the following terms is defined in the Section set forth opposite that term:

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2000 Plan	4.05
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Section 1.02. *Other Definitional and Interpretative Provisions.* The words “of this Agreement”, “in this Agreement” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions in this Agreement are included for convenience of reference only and shall be ignored in the construction or interpretation of this Agreement. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed to this Agreement or referred to in this Agreement are hereby incorporated in and made a part of this Agreement as if set forth in full in this Agreement. Any

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capitalized terms used but not otherwise defined in any Exhibit or Schedule shall have the meaning set forth in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words, “but not limited to,” whether or not they are in fact followed by those words or words of like import. “Writing”, “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms of this Agreement and that agreement or contract, as applicable. References to any Person include the successors and permitted assigns of that Person. Any reference in this Agreement to a statute shall be to that statute, as amended from time to time, and to the rules and regulations promulgated thereunder. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

## ARTICLE 2 THE MERGER

Section 2.01. *The Merger.* (a) At the Effective Time, MergerSub shall be merged (the “**Merger**”) with and into the Company in accordance with Delaware Law, whereupon the separate existence of MergerSub shall cease, and the Company shall be the surviving corporation (the “**Surviving Corporation**”).

(b) As soon as practicable after satisfaction and/or, to the extent permitted by this Agreement, waiver of all conditions to the Merger, the Company and MergerSub shall file a certificate of merger with the Delaware Secretary of State and make all other filings or recordings required by Delaware Law in connection with the Merger. The Merger shall become effective at the time (the “**Effective Time**”) that the certificate of merger is duly filed with the Delaware Secretary of State (or at any later time that may be specified in the certificate of merger).

(c) From and after the Effective Time, the Surviving Corporation shall possess all the rights, powers, privileges and franchises and be subject to all of the obligations, liabilities, restrictions and disabilities of the Company and MergerSub, all as provided under Delaware Law.

Section 2.02. *Conversion of Shares.* At the Effective Time,

(a) except as otherwise provided in Section 2.02(b), Section 2.04 or Section 2.05, each share of Company Common Stock that is outstanding immediately before the Effective Time, together with each preferred share purchase right (each, a “**Right**”) issued pursuant to the amended and restated Rights Agreement dated as of May 18, 1999 between the Company and Mellon

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Investor Services (formerly ChaseMellon Shareholder Services, LLC), as rights agent (the “**Rights Agreement**”), shall be collectively converted into the right to receive \$20.55 in cash, without interest (the “**Merger Consideration**”);

(b) each share of Company Common Stock held by the Company as treasury stock or owned by Parent or any of its Subsidiaries immediately before the Effective Time shall be canceled, and no payment shall be made with respect to any such share; and

(c) each share of common stock of MergerSub outstanding immediately before the Effective Time shall be converted into and become one share of common stock of the Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

Section 2.03. *Surrender and Payment.* (a) Prior to the Effective Time, Parent shall appoint an agent reasonably acceptable to the Company (the “**Exchange Agent**”) for the purpose of exchanging for the Merger Consideration (i) certificates representing shares of Company Common Stock (the “**Certificates**”) or (ii) uncertificated shares of Company Common Stock (the “**Uncertificated Shares**”). Parent shall make available to the Exchange Agent, as needed in order to ensure prompt payment to the holders of Company Common Stock pursuant to the Merger in accordance with the terms of this Agreement, the Merger Consideration to be paid in respect of the Certificates and the Uncertificated Shares. Promptly after the Effective Time, Parent shall send, or shall cause the Exchange Agent to send, to each holder of shares of Company Common Stock at the Effective Time a letter of transmittal and instructions (which shall be in a form reasonably acceptable to each of Parent and the Company and which shall specify that the

delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the Certificates or transfer of the Uncertificated Shares to the Exchange Agent) for use in that exchange.

(b) Each holder of shares of Company Common Stock that have been converted into the right to receive the Merger Consideration shall be entitled to receive, upon (i) surrender to the Exchange Agent of a Certificate, together with a properly completed letter of transmittal, or (ii) receipt of an "agent's message" by the Exchange Agent (or any other evidence, if any, of transfer that the Exchange Agent may reasonably request) in the case of a book-entry transfer of Uncertificated Shares, the Merger Consideration in respect of the Company Common Stock represented by a Certificate or Uncertificated Share. Until so surrendered or transferred, as the case may be, each such Certificate or Uncertificated Share shall represent after the Effective Time for all purposes only the right to receive the Merger Consideration in respect of the Company Common Stock represented thereby.

(c) If any portion of the Merger Consideration is to be paid to a Person, other than the Person in whose name the surrendered Certificate or the transferred Uncertificated Share is registered, it shall be a condition to that payment that (i)

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either such Certificate shall be properly endorsed or shall otherwise be in proper form for transfer or that Uncertificated Share shall be properly transferred and (ii) the Person requesting that payment shall pay to the Exchange Agent any transfer or other taxes required as a result of that payment to a Person other than the registered holder of that Certificate or Uncertificated Share or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) After the Effective Time, there shall be no further registration of transfers of shares of Company Common Stock. If, after the Effective Time, Certificates or Uncertificated Shares are presented to the Surviving Corporation, they shall be canceled and exchanged for the Merger Consideration provided for, and in accordance with the procedures set forth, in this Article 2.

(e) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to Section 2.03(a) that remains unclaimed by the holders of shares of Company Common Stock six months after the Effective Time shall be returned to Parent, upon demand, and any such holder who has not exchanged shares of Company Common Stock for the Merger Consideration that is payable in respect of those shares in accordance with this Section 2.03 after that time shall thereafter look only to Parent for payment of the Merger Consideration that is so payable without any interest thereon. Notwithstanding the foregoing, Parent shall not be liable to any holder of shares of Company Common Stock for any amounts paid to a public official pursuant to applicable abandoned property, escheat or similar laws. Any amounts remaining unclaimed by holders of shares of Company Common Stock two years after the Effective Time (or any earlier date, immediately before that time when the amounts would otherwise escheat to or become property of any governmental authority) shall become, to the extent permitted by applicable law, the property of Parent, free and clear of any claims or interest of any Person previously entitled to those amounts.

Section 2.04. *Dissenting Shares.* Notwithstanding Section 2.02, shares of Company Common Stock outstanding immediately before the Effective Time and held by a holder who has not voted in favor of the Merger or consented to the Merger in writing and who has demanded appraisal for those shares of Company Common Stock in accordance with Delaware Law shall not be converted into a right to receive the Merger Consideration that is payable in respect of those shares, unless that holder fails to perfect, withdraws or otherwise loses the right to appraisal. If, after the Effective Time, such holder fails to perfect, withdraws or loses the right to appraisal, each share of Company Common Stock of that Holder shall be treated as if they had been converted as of the Effective Time into a right to receive the Merger Consideration that is payable in respect of each such share. The Company shall give Parent prompt notice of any demands received by the Company for appraisal of shares of Company Common Stock, and Parent shall have the right to participate in and control all negotiations and proceedings with respect to those demands. Except with the prior written consent of Parent, the Company shall not make any payment with respect to, or offer to settle or settle, any of those demands.

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Section 2.05. *Stock Options.* (a) At or immediately before the Effective Time, each employee stock option to purchase shares of Company Common Stock outstanding under any employee stock option or compensation plan or arrangement of the Company (a "**Company Stock Option**"), whether or not vested or exercisable, shall be canceled, and Parent shall pay or cause the Surviving Corporation to pay each holder of any such option cancelled at or promptly after the Effective Time for each such option an amount in cash determined by multiplying (i) the excess, if any, of \$20.55 per share of Company Common Stock over the applicable exercise price of that option by (ii) the number of shares of Company Common Stock that holder could have purchased (assuming full vesting of all options) had that holder exercised that option in full immediately before the Effective Time.

(b) Prior to the Effective Time, the Company shall use all commercially reasonable efforts (but without the expenditure of any funds) to (i) obtain any consents from holders of options to purchase shares of Company Common Stock granted under the Company's stock option or compensation plans or arrangements and (ii) make any amendments to the terms of that stock option or compensation plans or arrangements that, in the case of either clauses (i) or (ii), are reasonably necessary to give effect to the transactions contemplated by Section 2.05(a). Notwithstanding any other provision of this Section, payment may be withheld in respect of any employee stock option until those necessary consents are obtained.

Section 2.06. *Adjustments.* If, during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock of the Company shall occur, including by reason of any reclassification, recapitalization, stock split or combination, exchange or readjustment of shares, or any stock dividend thereon with a record date during that period, the Merger Consideration and any other amounts payable pursuant to this Agreement shall be appropriately adjusted.

Section 2.07. *Withholding Rights.* Each of the Surviving Corporation and Parent shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Article 2 any amounts that it is required to deduct and withhold with respect to the making of that payment under any provision of federal, state, local or foreign tax law. If the Surviving Corporation or Parent, as the case may be, so withholds amounts, those amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Company Common Stock in respect of which the Surviving Corporation or Parent, as the case may be, made that deduction and withholding.

Section 2.08. *Lost Certificates.* If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming that Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by that Person of a bond, in any reasonable amount that the Surviving Corporation may direct, as indemnity against any claim that may be made against it with respect to that Certificate, the Exchange Agent will issue, in exchange for that lost, stolen or destroyed Certificate, the Merger

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Consideration to be paid in respect of the shares of Company Common Stock represented by that Certificate, as contemplated by this Article 2.

Section 3.01. *Certificate of Incorporation.* The certificate of incorporation of the Company in effect at the Effective Time shall be the certificate of incorporation of the Surviving Corporation until amended in accordance with applicable law.

Section 3.02. *Bylaws.* The bylaws of MergerSub in effect at the Effective Time shall be the bylaws of the Surviving Corporation until amended in accordance with applicable law.

Section 3.03. *Directors and Officers.* From and after the Effective Time, until successors are duly elected or appointed and qualified in accordance with applicable law, (i) the directors of MergerSub at the Effective Time shall be the directors of the Surviving Corporation, and (ii) the officers of the Company at the Effective Time shall be the officers of the Surviving Corporation.

#### ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the schedules attached to this Agreement (the “**Schedules**”) (it being understood and agreed by the parties that each disclosure in any such Schedule shall make a specific reference to the particular Section or subsection of this Agreement to which exception is being taken or disclosure is being made), the Company represents and warrants to Parent that:

Section 4.01. *Corporate Existence and Power.* The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all corporate powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where qualification is necessary, except for those jurisdictions where failure to be so qualified would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Company has made available to Parent before the date of this Agreement true and complete copies of the certificate of incorporation and bylaws of the Company as currently in effect.

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Section 4.02. *Corporate Authorization.* (a) The execution, delivery and performance by the Company of this Agreement, and the consummation by the Company of the transactions contemplated by this Agreement, are within the Company’s corporate powers and, except for the required approval of the Company’s stockholders in connection with the consummation of the Merger, have been duly authorized by all necessary corporate action on the part of the Company. The affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock is the only vote of the holders of any of the Company’s capital stock that is necessary in connection with the consummation of the Merger. The Company does not have outstanding any bonds, debentures, notes or other indebtedness of the Company, the holders of which have the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which stockholders of the Company may vote. This Agreement constitutes a valid and binding agreement of the Company enforceable in accordance with its terms, except as that enforceability may be limited by laws relating to bankruptcy, insolvency and creditors’ rights generally and by general equitable principles.

(b) At a meeting duly called and held, the Company’s Board of Directors has (i) unanimously determined that this Agreement and the transactions contemplated by this Agreement are advisable to the Company’s stockholders, (ii) unanimously approved this Agreement and the transactions contemplated by this Agreement and (iii) unanimously resolved (subject to Section 6.03(b)) to recommend adoption of this Agreement by its stockholders.

Section 4.03. *Governmental Authorization.* The execution, delivery and performance by the Company of this Agreement, and the consummation by the Company of the transactions contemplated by this Agreement, require no action by or in respect of, or filing with, any Governmental Entity, other than (i) the filing of a certificate of merger with respect to the Merger with the Delaware Secretary of State and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (ii) compliance with any applicable requirements of the HSR Act and of laws, rules and regulations analogous to the HSR Act existing in foreign jurisdictions (“**Foreign Antitrust Laws**”), (iii) compliance with any applicable requirements of the 1934 Act, and any other applicable securities laws, whether state or foreign, and (iv) any actions or filings the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.04. *Non-Contravention.* The execution, delivery and performance by the Company of this Agreement, and the consummation of the transactions contemplated by this Agreement, do not and will not (i) contravene, conflict with, or result in any violation or breach of any provision of the certificate of incorporation or bylaws of the Company, (ii) assuming compliance with the matters referred to in Section 4.03, contravene, conflict with or result in a violation or breach of any provision of any applicable law, statute, ordinance, rule, regulation, judgment, injunction, order, or decree, (iii) require any consent

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by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or loss of any benefit to which the Company or any of its Subsidiaries is entitled under any provision of any agreement or other instrument binding upon the Company or any of its Subsidiaries or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of the Company and its Subsidiaries or (iv) result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries, except for those contraventions, conflicts and violations referred to in clause (ii) and for those failures to obtain any such consent or other action, defaults, terminations, cancellations, accelerations, changes, losses or Liens referred to in clauses (iii) and (iv) that would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.05. *Capitalization.* (a) The authorized capital stock of the Company consists of 40,000,000 shares of Company Common Stock, of which 17,951,584 shares of Company Common Stock were outstanding as of the close of business on April 26, 2004 and 5,000,000 shares of Preferred Stock, par value \$.001 per share (the “**Preferred Shares**”), of which no shares were outstanding as of the close of business on April 26, 2004. All of the outstanding shares of Company Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. The Company has no shares of Company Common Stock reserved for issuance, except that, as of April 26, 2004, there were 2,300,000 shares of Company Common Stock reserved for issuance pursuant to the Company’s 1991 Long-Term Incentive Plan (the “**1991 Plan**”), 400,000 shares of Company Common Stock reserved for issuance pursuant to the Company’s Vanstastic Employee Stock Incentive Plan (the “**Vanstastic Plan**”) and 2,250,000 shares of Company Common Stock reserved for issuance pursuant to the Company’s 2000 Long-Term Incentive Plan (the “**2000 Plan**”) (collectively, the 1991 Plan, the Vanstastic Plan and the 2000 Plan are the “**Stock Plans**”). Other than the Rights, there are no Preferred Shares reserved for issuance. As of April 26, 2004, there were 599,180 shares of Company Common Stock subject to outstanding options granted under the 1991 Plan, 157,114 shares of Company Common Stock subject to outstanding options granted under the Vanstastic Plan and 1,421,801 shares of Company Common Stock subject to outstanding options granted under the 2000 Plan. As of the Effective Time, there will be no more than an aggregate of 20,129,679 shares of Company Common Stock which are either then outstanding or subject to Company Stock Options which are then outstanding. The shares of Company Common Stock that may be issued pursuant to the Stock Plans will be, when issued in accordance with the respective terms thereof, duly authorized and validly issued, fully paid and nonassessable. No Company Subsidiary owns any shares of capital stock of the Company.

(b) There are no agreements or understandings to which the Company or any of its Subsidiaries are a party with respect to the voting (including voting

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trusts and proxies) or sale or transfer (including agreements imposing transfer restrictions) of any shares of capital stock of the Company or any of its Subsidiaries.

(c) Except as set forth in this Section 4.05 and except for changes since April 26, 2004 resulting from the exercise of Company Stock Options outstanding under the Stock Plans on that date, there are no outstanding (i) shares of capital stock or voting securities of the Company, (ii) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (iii) options or other rights to acquire from the Company, or other obligation of the Company to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company (the items in (i), (ii), and (iii) being referred to collectively as the “**Company Securities**”). There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of the Company Securities.

Section 4.06. *Subsidiaries.* (a) Each Subsidiary of the Company is a business entity that is duly organized, validly existing and (to the extent relevant in the jurisdiction of organization) in good standing under the laws of its jurisdiction of organization, has all organizational powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not reasonably be expected to have, individually and in the aggregate, a Material Adverse Effect. Each such Subsidiary is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where qualification is necessary, except for those jurisdictions where failure to be so qualified would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Company has no Significant Subsidiaries (as defined in Regulation S-X of the 1934 Act).

(b) All of the outstanding capital stock of, or other voting securities or ownership interests in, each Subsidiary of the Company, is owned by the Company, directly or indirectly, free and clear of any Lien and free of any other limitation or restriction (including any restriction on, or required process with respect to, the right to vote, sell or otherwise dispose of that capital stock or other voting securities or ownership interests) other than restrictions imposed by federal and state securities laws. There are no outstanding (i) securities of the Company or any of its Subsidiaries convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any Subsidiary of the Company or (ii) options or other rights to acquire from the Company or any of its Subsidiaries, or other obligation of the Company or any of its Subsidiaries to issue, any capital stock or other voting securities or ownership interests in, or any securities convertible into or exchangeable for any capital stock or other voting securities or ownership interests in, any Subsidiary of the Company (the items in clauses (i) and (ii) being referred to collectively as the “**Company Subsidiary Securities**”). There are no outstanding obligations of the Company or any of its

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Subsidiaries to repurchase, redeem or otherwise acquire any of the Company Subsidiary Securities.

(c) Neither the Company nor any Subsidiary has any obligation (i) under any agreement, contract or arrangement to provide any funds, capital or other assets to any Subsidiary that is not wholly owned on a fully diluted basis or (ii) to satisfy any liability or provide any funds, capital or other asset to any joint venture that has been wound down, liquidated or dissolved since May 31, 2003.

Section 4.07. *SEC Filings and Sarbanes-Oxley.* (a) The Company has made available to Parent (i) the Company’s annual reports on Form 10-K for its fiscal years ended May 31, 2002 and 2003, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended August 31, 2003, November 30, 2003 and February 28, 2004, (iii) its proxy or information statements relating to meetings of, or actions taken without a meeting by, the stockholders of the Company held since May 31, 2003, and (iv) all of its other reports, statements, schedules and registration statements filed with the SEC since May 31, 2003 (the documents referred to in this Section 4.07(a), collectively, the “**Company SEC Documents**”).

(b) As of its filing date, each Company SEC Document complied, and each such Company SEC Document filed subsequent to the date of this Agreement will comply, as to form in all material respects with the applicable requirements of the 1933 Act and the 1934 Act, as the case may be.

(c) As of its filing date (or, if amended or superseded by a filing before the date of this Agreement, on the date of that filing), each Company SEC Document filed pursuant to the 1934 Act did not, and each such Company SEC Document filed subsequent to the date of this Agreement will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(d) Each Company SEC Document that is a registration statement, as amended or supplemented, if applicable, filed pursuant to the 1933 Act, as of the date that registration statement or amendment became effective, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated in that Company SEC Document or necessary to make the statements in that Company SEC Document not misleading.

(e) The Company is in compliance in all material respects with (i) the applicable provisions of the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”) and (ii) the applicable listing and corporate governance rules and regulations of the NASDAQ. Except as permitted by the Exchange Act, including, without limitation, Sections 13(k)(2) and (3), since the enactment of the Sarbanes-Oxley Act, neither the Company nor any of its Affiliates has made, arranged or modified (in any material way) personal loans to any executive officer or director of the Company.

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(f) The Company has designed disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated Subsidiaries, is made known to the management of the Company by others within those entities.

(g) The Company and its Subsidiaries have devised and maintained systems of internal accounting control over financial reporting sufficient in all material respects to (i) in reasonable detail accurately and fairly reflect the transactions and dispositions of Company assets, and (ii) provide reasonable assurances (A) that transactions are recorded as necessary to permit the preparation of financial statements in conformity with generally accepted accounting principles in the United States (“**GAAP**”) and that receipts and expenditures are being made only in accordance with authorization of management and directors and (B) regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Section 4.08. *Financial Statements.* The audited consolidated financial statements and unaudited consolidated interim financial statements of the Company included or incorporated by reference in the Company SEC Documents filed before the date of this Agreement fairly present in all material respects, in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to normal year-end adjustments in the case of any unaudited interim financial statements).

Section 4.09. *Disclosure Documents.* The proxy statement of the Company to be filed with the SEC in connection with the Merger (the “**Company Proxy Statement**”) and any amendments or supplements to the Company Proxy Statement will, when filed, comply as to form in all material respects with the applicable requirements of the 1934 Act. At the time the Company Proxy Statement or any amendment or supplement to the Company Proxy Statement is first mailed to stockholders of the Company, and at the time those stockholders vote on adoption of this Agreement, the Company Proxy Statement, as supplemented or amended, if applicable, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 4.09 will not apply to statements or omissions included in the Company Proxy Statement based upon information furnished to the Company in writing by Parent specifically for use therein.

Section 4.10. *Absence of Certain Changes.* Since the Company Balance Sheet Date, except as expressly disclosed in the Company 10-K or any SEC Document filed subsequent to the filing of the Company 10-K but prior to the date of this Agreement (collectively, the “**Current SEC Documents**”) or as may be permitted to be taken pursuant to Section 6.01 or actions expressly contemplated

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to be taken by this Agreement, the business of the Company and its Subsidiaries has been conducted in the ordinary course consistent with past practices, and since the Balance Sheet Date, except as expressly disclosed in the Current SEC Documents, there has not been:

- (a) any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (b) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of the Company or any repurchase, redemption or other acquisition by the Company or any of its Subsidiaries of any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company or any of its Subsidiaries;
- (c) any amendment of any material term of any outstanding security of the Company or any of its Subsidiaries;
- (d) any incurrence, assumption or guarantee by the Company or any of its Subsidiaries of any indebtedness for borrowed money, other than in the ordinary course of business and in amounts and on terms consistent with past practices;
- (e) any creation or other incurrence by the Company or any of its Subsidiaries of any Lien on any material asset, other than in the ordinary course of business consistent with past practices;
- (f) any making of any loan, advance or capital contributions to or investment in any Person, other than loans, advances or capital contributions to investments in its wholly owned Subsidiaries in the ordinary course of business consistent with past practices;
- (g) any damage, destruction or other casualty loss (whether or not covered by insurance) affecting the business or assets of the Company or any of its Subsidiaries that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (h) any transaction or commitment made, or any contract or agreement entered into, by the Company or any of its Subsidiaries relating to its assets or business (including the acquisition or disposition of any assets) or any relinquishment by the Company or any of its Subsidiaries of any contract or other right, in either case, material to the Company and its Subsidiaries, taken as a whole, other than transactions and commitments in the ordinary course of business consistent with past practices and those contemplated by this Agreement;
- (i) any change in any method of accounting or accounting principles practice by the Company or any of its Subsidiaries, except for any such change

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required by reason of a concurrent change in GAAP or Regulation S-X under the 1934 Act;

- (j) any (i) increase or change in any severance or termination pay or protection to (or amendment to any existing arrangement with) any current or former director, officer or employee of the Company or any of its Subsidiaries, (ii) entering into any employment, deferred compensation, change of control, sale bonus or other similar agreement or any change of control, sale bonus or other plan or arrangement (or any amendment to any such existing agreement, plan or arrangement) with any director, officer or employee of the Company or any of its Subsidiaries (other than any such agreement or amendment entered into in the ordinary course of business, consistent with past practices, *provided* that, in the aggregate, all such new commitments shall not entail any actual or contingent liability to the Company upon termination of employment in an amount in excess of \$300,000), (iii) establishment, adoption or amendment (except as required by applicable law or expressly contemplated by this Agreement) of any collective bargaining, bonus, profit-sharing, thrift, pension, retirement, deferred compensation, compensation, stock option, restricted stock or other benefit plan or arrangement covering any director, officer or employee of the Company or any of its Subsidiaries or (iv) increase in compensation, bonus or other benefits payable to any director, officer or employee of the Company or any of its Subsidiaries, other than in the ordinary course of business consistent with past practice;
- (k) any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of the Company or any of its Subsidiaries, which employees were not subject to a collective bargaining agreement at the Company Balance Sheet Date, or any lockouts, strikes, slowdowns, work stoppages or, to the Knowledge of the Company, threats thereof by or with respect to those employees; or
- (l) any Tax election made or changed, any annual tax accounting period changed, any method of tax accounting adopted or changed, any amended Tax Returns or claims for Tax refunds filed, any closing agreement entered into, any Tax claim, audit or assessment settled, or any right to claim a Tax refund, offset or other reduction in Tax liability surrendered which would be reasonably expected to have a Material Adverse Effect.

Section 4.11. *No Undisclosed Material Liabilities.* There are no liabilities or obligations of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise other than:

- (a) liabilities or obligations disclosed and provided for in the Company Balance Sheet;
- (b) liabilities or obligations under this Agreement;

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(c) out-of-pocket fees and expenses (including, but not limited to, any obligations to pay any such fees and expenses to Goldman, Sachs & Co. and the outside counsel, accountants and other advisors to the Company and its Subsidiaries) incurred in connection with the transactions contemplated by this Agreement;

(d) current operational liabilities or obligations incurred after the Balance Sheet Date in the ordinary course of business and consistent with past practice; *provided* that in no event shall any tortious, litigation, breach of contract or Intellectual Property Rights or other extraordinary liability be deemed to be a current operational liability that was incurred in the ordinary course of business;

(e) liabilities or obligations incurred in performing its obligations expressly set forth, and in compliance with (but not from any breach or default under) any agreement, contract or other instrument binding upon the Company or any of its Subsidiaries, including any agreement, contract or other instrument that is entered into after the date of this Agreement, as long as entering into such agreement, contract or other instrument does not violate any provision of this Agreement; and

(f) other liabilities or obligations that, individually or in the aggregate, would not be reasonably expected to have a Material Adverse Effect.

Section 4.12. *Material Contracts.* (a) Neither the Company nor any of its Subsidiaries is a party to or bound by:

- (i) any lease of personal property providing for annual rentals of \$500,000 or more;
- (ii) any agreement (other than purchase orders and currently budgeted store openings and store remodelings, in each case in the ordinary course of business) for the purchase of materials, supplies, goods, services, equipment or other assets providing for either (A) annual payments by the Company and its Subsidiaries of \$500,000 or more or (B) aggregate payments by the Company and its Subsidiaries of \$1,000,000 or more;
- (iii) any sales, distribution or other similar agreement providing for the sale by the Company or any of its Subsidiaries of materials, supplies, goods, services, equipment or other assets (other than sales of inventory pursuant to purchase orders of third parties in the ordinary course of business) that provides for either (A) annual payments to the Company and its Subsidiaries of \$500,000 or more or (B) aggregate payments to the Company and the Subsidiaries of \$1,000,000 or more;
- (iv) any partnership, joint venture or other similar agreement or arrangement;

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(v) any agreement relating to the acquisition or disposition of any business or of any material assets outside of the ordinary course of business (in each case, whether by merger, sale of stock, sale of assets or otherwise) under which the Company or any Subsidiary has any ongoing material rights or obligations;

(vi) any agreement relating to indebtedness for borrowed money or the deferred purchase price of property (in either case, whether incurred, assumed, guaranteed or secured by any asset), except any such agreement (A) with an aggregate outstanding principal amount not exceeding \$1,000,000 and which may be prepaid on not more than 30 days' notice without the payment of any penalty and (B) entered into subsequent to the date of this Agreement as permitted by Section 6.01;

(vii) any material franchise or similar agreement that is not terminable on 90 days' notice or less;

(viii) any material agency, dealer or sales representative agreement that is not terminable on 90 days' notice or less;

(ix) any agreement that (A) limits or purports to limit the freedom of the Company or any of its Subsidiaries to compete in any line of business or with any Person or in any area or which would so limit the freedom of the Company or any of its Subsidiaries after the Effective Time, (B) grants any exclusive license or supply or distribution agreement or right or other exclusive rights or (C) grants any "most favored nation" or similar rights;

(x) any agreement for material Licensed Intellectual Property Rights;

(xi) any agreement that grants material rights to or materially restricts the rights of the Company or its Subsidiaries in the material Owned Intellectual Property Rights (excluding purchase orders entered into in the ordinary course of business but including all grants of exclusive licenses);

(xii) any agreement with any director or officer of the Company or any of its Subsidiaries or with any "associate" or any member of the "immediate family" (as such terms are respectively defined in Rules 12b-2 and 16a-1 of the 1934 Act) of any such director or officer; or

(xiii) any other agreement, commitment, arrangement or plan not made in the ordinary course of business that is material to the Company and the Subsidiaries, taken as a whole.

(b) Each agreement, contract, plan, lease, arrangement or commitment disclosed in any Schedule to this Agreement or required to be disclosed pursuant

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to this Section (collectively, the "**Material Contracts**") is a valid and binding agreement of the Company or one of its Subsidiaries, as the case may be, and is in full force and effect, and none of the Company, any of its Subsidiaries or, to the Knowledge of the Company, any other party thereto is in default or breach in any material respect under the terms of any such agreement, contract, plan, lease, arrangement or commitment, and, to the Knowledge of the Company, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute any event of default thereunder, except for such failure to be in full force and effect and such breaches and defaults which, in the aggregate, would not be reasonably expected to have a Material Adverse Effect. True and complete copies of each such agreement, contract, plan, lease, arrangement or commitment have been made available to Parent.

Section 4.13. *Compliance with Laws and Court Orders.* Except as expressly disclosed in the Current SEC Documents, the Company and each of its Subsidiaries is and since January 1, 2001 has been in compliance with, and, to the Knowledge of the Company, is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any applicable law, statute, ordinance, rule, regulation, judgment, injunction, order or decree, except for failures to comply or violations that would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.14. *Litigation.* Except as expressly disclosed in the Current SEC Documents, there is no action, suit, investigation or proceeding pending against, or, to the Knowledge of the Company, threatened against, the Company, any of its Subsidiaries, any present or former officer, director or employee (in such officer's, director's or employee's capacity as such) of the Company or any of its Subsidiaries or any Person for whom the Company or any Subsidiary may be liable or any of their respective properties before any court or arbitrator or before or by any other Governmental Entity that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Schedule 4.14 lists each action, suit and proceeding pending on the date of this Agreement involving an amount in controversy greater than \$250,000 (or that is otherwise material), against the Company, any of its Subsidiaries, any of its present or former directors, officers or employees or any Person for whom the Company or any Subsidiary may be liable or any of their respective properties before any court or arbitrator or by or before any other Governmental Entity.

Section 4.15. *Finders' Fees.* Except for Goldman, Sachs & Co., a copy of whose engagement agreement has been provided to Parent in its entirety, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries who might be entitled to any fee

or commission from the Company or any of its Affiliates in connection with the transactions contemplated by this Agreement.

Section 4.16. *Opinion of Financial Advisor.* The Company has received the opinion of Goldman, Sachs & Co., financial advisor to the Company, to the

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effect that, as of the date of this Agreement, the Merger Consideration is fair to the Company's stockholders from a financial point of view.

Section 4.17. *Taxes.* (a) All material Tax Returns required by applicable law to be filed with any Taxing Authority by, or on behalf of, the Company or any of its Subsidiaries have been filed when due in accordance with all applicable laws, and all of those Tax Returns were, at the time of filing, true and complete in all material respects.

(b) The Company and each of its Subsidiaries has paid (or has had paid on its behalf) or has withheld and remitted to the appropriate Taxing Authority all Taxes shown as due and payable on such filed Tax Returns referred to in subsection (a), or, where payment is not yet due, has established (or has had established on its behalf and for its sole benefit and recourse) in accordance with GAAP an adequate accrual for all Taxes through the end of the last period for which the Company and its Subsidiaries ordinarily record items on their respective books.

(c) The income and franchise Tax Returns of the Company and its Subsidiaries through the Tax year ended May 31, 1997 have been examined and closed or are Tax Returns with respect to which the applicable period for assessment under applicable law, after giving effect to extensions or waivers, has expired.

(d) There is no claim, audit, action, suit, proceeding or investigation now pending or, to the Company's Knowledge, threatened against or with respect to the Company or its Subsidiaries in respect of any Tax or Tax Asset.

(e) During the two-year period ending on the date of this Agreement, neither the Company nor any of its Subsidiaries was a distributing corporation or a controlled corporation in a transaction intended to be governed by Section 355 of the Code.

(f) Schedule 4.17(f) contains a list, as of the date of this Agreement, of all jurisdictions (whether foreign or domestic) in which the Company or any of its Subsidiaries currently files Tax Returns.

(g) Neither the Company nor any of its Subsidiaries is a party to any understanding or arrangement described in Section 6111(d) of the Code, or has "participated" in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4.

(h) Neither the Company nor any of its Subsidiaries is party to any tax sharing agreement or to any other agreement or arrangement referred to in clause (ii) or (iii) of the definition of "Tax".

(i) "**Tax**" means (i) any tax or other like assessment or charge of any kind whatsoever (including withholding on amounts paid by or on behalf of the

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Company or any of its Subsidiaries), together with any interest, penalty, addition to tax or additional amount imposed by any governmental authority (a "**Taxing Authority**") responsible for the imposition of any such tax (domestic or foreign), and any liability for any of the foregoing as transferee, (ii) in the case of the Company or any of its Subsidiaries, liability for the payment of any amount of the type described in clause (i) as a result of being or having been before the Effective Time a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of the Company or any of its Subsidiaries to a Taxing Authority is determined or taken into account with reference to the activities of any other Person, and (iii) liability of the Company or any of its Subsidiaries for the payment of any amount as a result of being party to any tax sharing agreement or with respect to the payment of any amount imposed on any person of the type described in (i) or (ii) as a result of any existing express or implied agreement or arrangement (including an indemnification agreement or arrangement). "**Tax Return**" means any report, return, document, declaration or other information or filing required to be supplied to any Taxing Authority with respect to Taxes, including information returns, any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information. "**Tax Asset**" means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including without limitation deductions and credits related to alternative minimum Taxes).

Section 4.18. *Employee Benefit Plans and Labor Matters.* (a) Schedule 4.18(a) contains a correct and complete list identifying each material "employee benefit plan," as defined in Section 3(3) of ERISA (whether or not subject to ERISA), each material employment, severance or similar contract, plan, arrangement or policy and each other material plan or arrangement (written or oral) providing for compensation, bonuses, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangements), health or medical benefits, employee assistance program, disability or sick leave benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) which is maintained, administered or contributed to by the Company or any ERISA Affiliate and covers any current or former employee, director, officer or independent contractor or former employee of the Company or any of its Subsidiaries, or with respect to which the Company or any of its Subsidiaries has any liability. Copies of those plans (and, if applicable, related trust or funding agreements or insurance policies) and all amendments thereto and written interpretations thereof have been made available to Parent together with the most recent annual report (Form 5500 including, if applicable, Schedule B thereto) prepared in connection with any such plan or trust. Those plans are referred to collectively in this Agreement as the "**Employee Plans**".

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(b) Neither the Company nor any ERISA Affiliate nor to the Knowledge of the Company any predecessor thereof sponsors, maintains or contributes to, or has in the past sponsored, maintained or contributed to, any Employee Plan subject to Title IV of ERISA with such exceptions as would not be reasonably expected to have any material liability for the Company, the Surviving Corporation or their respective Affiliates.

(c) Neither the Company nor any ERISA Affiliate nor any predecessor thereof contributes to, or has in the past contributed to, any multiemployer plan, as defined in Section 3(37) of ERISA (a "**Multiemployer Plan**").

(d) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter, or has pending or has time remaining in which to file, an application for that determination from the Internal Revenue Service, and the Company is not aware of any reason why any such determination letter should be revoked or not be reissued. The Company has made available to Parent copies of the most recent Internal Revenue Service determination letters with respect to each such Employee Plan. Each Employee Plan has been maintained in material compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations, including ERISA and the Code, which are applicable to that Employee Plan with such exceptions as would not be reasonably expected, individually or in the aggregate, to have any material liability for the Company, the Surviving Corporation or their respective Affiliates. No material events have occurred with respect to any Employee Plan that could result in payment or assessment by or against the Company of any material excise taxes under Sections 4972, 4975, 4976, 4977, 4979, 4980B,

4980D, 4980E or 5000 of the Code with such exceptions as would not be reasonably expected, individually or in the aggregate, to have any material liability for the Company, the Surviving Corporation or their respective Affiliates.

(e) The consummation of the transactions contemplated by this Agreement will not (either alone or together with any other event) entitle any director, officer, employee or independent contractor of the Company or any of its Subsidiaries to severance pay or accelerate the time of payment or vesting or trigger any payment of funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any Employee Plan. There is no contract, plan or arrangement (written or otherwise) covering any employee or former employee of the Company or any of its Subsidiaries that, individually or collectively, would entitle any employee or former employee to any severance or other payment solely as a result of the transactions contemplated hereby, or could give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G or 162(m) of the Code. Schedule 4.18(e) sets forth, opposite the name of each person listed in that schedule, the maximum bonus payment to which that person may be entitled in respect of the Company's fiscal year ending

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May 31, 2004 under the Company's CEO Bonus Plan, 2004 Bonus Plan, Long-Term Executive Bonus Plan and any other bonus plan or arrangement.

(f) Neither the Company nor any of its Subsidiaries has any liability in respect of post-retirement health, medical or life insurance benefits for retired, former or current employees of the Company or its Subsidiaries except as required to avoid excise tax under Section 4980B of the Code or as may be required under other applicable law.

(g) There has been no amendment to, written interpretation or announcement (whether or not written) by the Company or any of its Affiliates relating to, or change in employee participation or coverage under, an Employee Plan which would increase materially the expense of maintaining that Employee Plan above the level of the expense incurred in respect thereof for the fiscal year ended May 31, 2003.

(h) All contributions and payments accrued under each Employee Plan, determined in accordance with prior funding and accrual practices, as adjusted to include proportional accruals for the period ending as of the date of this Agreement, have been discharged, paid or accrued in accordance with ordinary Company practice.

(i) There is no action, suit, investigation, audit or proceeding pending against or involving or, to the Knowledge of the Company, threatened against or involving, any Employee Plan before any court or arbitrator or any state, federal or local governmental body, agency or official with such exceptions as would not be reasonably expected, individually or in the aggregate, to have any material liability for the Company, the Surviving Corporation or their respective Affiliates.

(j) The Company has no material Employee Plan that principally covers non-U.S. employees.

(k) Neither the Company nor any of its Subsidiaries is a party to or subject to, or is currently negotiating in connection with entering into, any collective bargaining agreement or other contract or understanding with a labor union or organization nor, as of the date hereof, is the Company or any of its Subsidiaries the subject of any material proceeding asserting that the Company or any of its Subsidiaries has committed an unfair labor practice or seeking to compel it to bargain with any labor union or labor organization nor is there pending or, to the Knowledge of the Company, threatened, nor has there been for the past five years, any labor strike, material dispute, walk-out, work stoppage, slow-down or lockout involving the Company or any of its Subsidiaries. There are no campaigns being conducted to solicit cards from Company employees to authorize representation by a labor organization or other proposed bargaining unit representative.

(l) Since January 1, 2000, neither the Company nor any of its Subsidiaries has closed any facility or work site used in the business of the

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Company or any of its Subsidiaries or effectuated any material employee layoffs or down-sizing or implemented any early retirement, separation or window program or announced any such action or program that has triggered any WARN Act requirements or similar state or foreign labor laws.

Section 4.19. *Environmental Matters.* (a) Except as expressly set forth in the Company SEC Documents or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:

(i) no notice, notification, demand, request for information, citation, summons or order has been received, no complaint has been filed, no penalty has been assessed, and no investigation, action, claim, suit, proceeding or review (or any basis therefor) is pending or, to the Knowledge of the Company, is threatened by any governmental entity or other Person relating to or arising out of any Environmental Law;

(ii) the Company and its Subsidiaries are and have been in compliance during the past five years with all Environmental Laws and all Environmental Permits; and

(iii) there are no liabilities of or relating to the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise arising under or relating to any Environmental Law.

(b) There has been no environmental investigation, study, audit, test, review or other analysis in the possession of the Company that has been prepared in the past ten years concerning the current or prior business of the Company or any of its Subsidiaries or any property or facility now or previously owned or leased by the Company or any of its Subsidiaries that has not been delivered to Parent at least five Business Days prior to the date of this Agreement.

(c) Neither the Company nor any of its Subsidiaries owns, leases or operates or has owned, leased or operated any real property, or conducts or has conducted any operations, in New Jersey or Connecticut, that in any such case is subject to the environmental transfer acts of either such state.

(d) For purposes of this Section 4.19, the terms "**Company**" and "**Subsidiaries**" shall include any entity that is deemed by operation of law to be a corporate predecessor of the Company or any of its Subsidiaries.

Section 4.20. *Antitakeover Statutes and Rights Agreement.* (a) The Company has taken all action necessary to exempt the Merger, this Agreement and the transactions contemplated by this Agreement from Section 203 of Delaware Law, and, accordingly, neither such Section nor any other anti-takeover or similar statute or regulation (each, a "**Takeover Statute**") applies or purports to apply to any of those transactions. No other "control share acquisition," "fair price," "moratorium" or other anti-takeover laws or regulations enacted under

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U.S. state or federal laws apply to this Agreement or any of the transactions contemplated by this Agreement.

(b) The Company has amended the Rights Agreement to provide that Parent shall not be deemed an Acquiring Person (as defined in the Rights Agreement) and that the Rights will not separate from the shares of Company Common Stock or become exercisable solely as a result of entering into this Agreement, or consummation of the Merger and/or the other transactions contemplated by this Agreement. The Company has taken all other action necessary to render the rights issued pursuant to the terms of the Rights Agreement inapplicable to the Merger, this Agreement and the transactions contemplated hereby.

Section 4.21. *Intellectual Property.* (a) Schedule 4.21(a)(i) contains a true and complete list of patents, registered copyrights, registered trademarks, registered service marks, Internet domain name registrations and any applications for registrations for any of the foregoing included in the Owned Intellectual Property Rights (collectively, the “**Company Registered Intellectual Property Rights**”), specifying as to each such Intellectual Property Right, as applicable, (i) the owner of such Intellectual Property Right, (ii) the jurisdictions by or in which such Intellectual Property Right has been issued or registered or in which an application for such issuance or registration has been filed and (iii) the registration or application numbers thereof. Schedule 4.21(a)(ii) contains a true and complete list of all pending inter-parties proceedings or actions before any court, tribunal (including the United States Patent and Trademark Office (“**PTO**”) or equivalent authority anywhere in the world) involving the Company or any Subsidiary of the Company and Company Registered Intellectual Property Rights, specifying as to each, the Company Registered Intellectual Property Right at issue, the name of the counterparty, the jurisdiction, the filing date and the status. Neither the Company nor a Subsidiary of the Company incorrectly has claimed “small business status” in application for any U.S. patents which are Company Registered Intellectual Property Rights.

(b) The Licensed Intellectual Property Rights and the Owned Intellectual Property Rights together constitute all of the Intellectual Property Rights necessary to conduct the business of the Company and any Subsidiary of the Company as currently conducted by the Company or the Subsidiary of the Company except, individually or in the aggregate, as would not be reasonably expected to have a Material Adverse Effect. All material Company Registered Intellectual Property Rights are owned exclusively by the Company or a Subsidiary of the Company. The consummation of the transactions contemplated by this Agreement will not alter, impair or extinguish any of Company’s or the Company’s Subsidiaries’ rights, as of the date hereof, in material Owned Intellectual Property Rights or material Licensed Intellectual Property Rights.

(c) All of the material Company Registered Intellectual Property Rights are valid and enforceable.

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(d) There are no contracts, licenses or agreements between the Company or a Subsidiary of the Company and any other Person wherein or whereby the Company or a Subsidiary of the Company has agreed to, or assumed, any obligation or duty to warrant, indemnify, reimburse, hold harmless, guaranty or otherwise assume or incur any obligation or liability in connection with any Intellectual Property Right that could, individually or in the aggregate, result in a Material Adverse Effect. Schedule 4.21(d) lists all pending warranty claims asserted in writing by any Third Party against the Company or a Subsidiary of the Company that would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

(e) Neither the Company nor a Subsidiary of the Company has infringed, misappropriated or otherwise violated any Intellectual Property Right of any Third Party except, individually or in the aggregate, as would not be reasonably expected to have a Material Adverse Effect. There is no claim, action, suit or proceeding asserted, or to the Knowledge of the Company threatened in writing, against the Company or a Subsidiary of the Company (i) based upon, or challenging or seeking to deny or restrict, the rights of the Company or a Subsidiary of the Company in any of the material Owned Intellectual Property Rights, the Company Registered Intellectual Property Rights or the material Licensed Intellectual Property Rights, (ii) alleging that the use by the Company or a Subsidiary of the Company of the material Owned Intellectual Property Rights, the Company Registered Intellectual Property Rights or the material Licensed Intellectual Property Rights does or may misappropriate, infringe or otherwise violate any Intellectual Property Right of any Third Party breach any obligation owed to a Third Party with respect to such party’s Intellectual Property Rights or (iii) alleging on or after April 26, 2001 that the Company or a Subsidiary of the Company has infringed, misappropriated or otherwise violated any Intellectual Property Right of any Third Party. Neither the Company nor a Subsidiary of the Company has received any written offer on or after April 26, 2001 for a license of Intellectual Property Rights, including, but not limited to, patent rights, from any Third Party in connection with a written allegation by such Third Party giving rise to a reasonable apprehension of suit that the Company or a Subsidiary of the Company has misappropriated or infringed any of the Intellectual Property Rights of such Third Party.

(f) To the Knowledge of the Company, there is no reasonable basis (including any prior use, application or registration) that would prevent the Company from obtaining trademark registrations for each of the VANS, SWITCH, PRO-TEC, OFF THE WALL, VANS OFF THE WALL and TRIPLE CROWN, marks in International Classes 9, 18, 25, 28, 35 and 41 (or corresponding national classes) for footwear, clothing, equipment and accessories as reasonably required to conduct its business materially as currently conducted each of the United States, Canada, the European Union, Mexico, Japan, South Korea, Switzerland, People’s Republic of China, Chile, Russia, Australia and New Zealand.

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(g) The Company or a Subsidiary of the Company holds its rights to the material Owned Intellectual Property Rights and the material Licensed Intellectual Property Rights free and clear of any Lien, other than restrictions contained in agreements for the Licensed Intellectual Property Rights. The Company and all of the Company’s Subsidiaries have taken actions reasonably necessary to maintain and protect all material Intellectual Property Rights and Company Registered Intellectual Property Rights, including payment of applicable maintenance fees and filing of applicable statements of use.

(h) To the Knowledge of the Company, within three (3) years prior to the date of this Agreement, no Person has infringed, misappropriated, breached otherwise violated any Owned Intellectual Property Right or Licensed Intellectual Property Rights (other than nonexclusively Licensed Intellectual Property Rights) except, individually or in the aggregate, as would not be reasonably expected to have a Material Adverse Effect.

(i) The Company and all of the Company’s Subsidiaries have taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of (i) all of the Company’s and Company’s Subsidiaries’ confidential information and trade secrets (ii) information received from Third Parties which the Company or a Subsidiary of the Company is obligated to treat as confidential. To the Knowledge of the Company, none of the material Intellectual Property Rights of the Company or of a Subsidiary of the Company, the value of which to the Company or a Subsidiary of the Company is contingent upon maintaining the confidentiality thereof, has been disclosed other than pursuant to written confidentiality agreements.

(j) The Company and all of the Company’s Subsidiaries have taken reasonable steps in accordance with normal industry practice to secure from all parties who have created any material portion of the Owned Intellectual Property Rights valid and enforceable written assignments of any such work or other rights to the Company. Without limiting the foregoing, the Company has, and enforces, a policy requiring each employee who contributes to the development of the Company’s Intellectual Property Rights to execute proprietary information, confidentiality and assignment agreements substantially in the form of the Company’s standard forms.

(k) Except, individually or in the aggregate, as would not be reasonably expected to have a Material Adverse Effect no (i) product, technology, service or publication provided to the public by the Company or a Subsidiary of the Company, (ii) material published or distributed to the public by the Company or Subsidiary of the Company, or (iii) conduct or statement of the Company or a Subsidiary of the Company directed to the public, constitutes obscene material, a defamatory statement or false advertising.

Section 4.22. *Properties.* The Company and its Subsidiaries have sufficient title to all their tangible properties and assets to conduct their respective businesses as currently conducted or as contemplated to be conducted, with only

such exceptions as, individually or in the aggregate, have not had and are not reasonably expected to have a Material Adverse Effect. Schedule 4.22(a) correctly describes by common address all real property owned by the Company or any Subsidiary, and such real property is owned free and clear of all Liens, except for Liens disclosed in the Company SEC Documents and Permitted Liens. Schedule 4.22(b)(1) contains a correct and complete list of all properties in which the Company or a Subsidiary holds a leasehold or sub-leasehold estate in, or is granted the right to use or occupy, any land, buildings, improvements, fixtures or other interest in real property (collectively, the “Leases”). The Company has made available to Parent true and complete copies of the Leases listed in Schedule 4.22(b)(2). All Leases are in full force and effect and have not been further modified or amended, and there exists no default under any such Lease by the Company or any such Subsidiary, nor any event which with notice or lapse of time or both would constitute a default under any such Lease by the Company or any such Subsidiary, except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect. None of the Leases permit the landlord under any such Lease to terminate that Lease at will and, in connection with that termination, require the tenant under that Lease to pay any termination fee, accelerated rent or other similar charge.

Section 4.23. *Insurance.*

(a) Attached as Schedule 4.23 to this Agreement is a list of all material insurance policies, fidelity bonds and self-insurance arrangements relating to the assets, business, operations, employees, officers or directors of the Company and its Subsidiaries. Except as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, (i) all premiums payable under all such policies and bonds have been timely paid in all material respects and the Company and the Subsidiaries have otherwise complied in all material respects with the terms and conditions of all of those policies and bonds, and (ii) such policies and bonds provide sufficient coverage for all normal risks incident to the business of the Company and its Subsidiaries and their respective properties and assets.

(b) There is no material claim by the Company or any of its Subsidiaries pending under any of those policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of those policies or bonds or in respect of which those underwriters have reserved their rights.

Section 4.24. *Transactions with Affiliates.* Except as expressly disclosed in the Company SEC Documents, neither the Company nor any of its Subsidiaries has entered into any transaction with any director, officer or other “affiliate” (as defined in Rule 405 promulgated under the Securities Act) of the Company or its Subsidiaries (each, a “Company Affiliate”) or any transaction that would be subject to proxy statement disclosure pursuant to Item 404 of Regulation S-K. Schedule 4.24 sets forth a complete list of each contract, agreement or arrangement to which the Company or its Subsidiaries is a party or bound with any Company Affiliate.

ARTICLE 5  
REPRESENTATIONS AND WARRANTIES OF PARENT

Parent represents and warrants to the Company that:

Section 5.01. *Corporate Existence and Power.* Each of Parent and MergerSub is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all corporate powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not materially impair or delay the ability of Parent to consummate the transactions contemplated by this Agreement.

Section 5.02. *Corporate Authorization.* The execution, delivery and performance by Parent and MergerSub of this Agreement, and the consummation by Parent and MergerSub of the transactions contemplated by this Agreement, are within the corporate powers of Parent and MergerSub and have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and binding agreement of each of Parent and MergerSub enforceable in accordance with its terms, except as that enforceability may be limited by laws relating to bankruptcy, insolvency and creditors’ rights generally and by general equitable principles.

Section 5.03. *Governmental Authorization.* The execution, delivery and performance by Parent and MergerSub of this Agreement, and the consummation by Parent and MergerSub of the transactions contemplated by this Agreement, require no action by or in respect of, or filing with, any Governmental Entity, other than (i) the filing of a certificate of merger with respect to the Merger with the Delaware Secretary of State and appropriate documents with the relevant authorities of other states in which Parent is qualified to do business, (ii) compliance with any applicable requirements of the HSR Act and of the Foreign Antitrust Laws, (iii) compliance with any applicable requirements of the 1934 Act and any other securities laws, whether state or foreign, and (iv) any actions or filings the absence of which would not materially impair or delay the ability of Parent and MergerSub to consummate the transactions contemplated by this Agreement.

Section 5.04. *Non-Contravention.* The execution, delivery and performance by Parent and MergerSub of this Agreement, and the consummation by Parent and MergerSub of the transactions contemplated by this Agreement, do not and will not (i) contravene, conflict with, or result in any violation or breach of any provision of the certificate of incorporation or bylaws of Parent or MergerSub, (ii) assuming compliance with the matters referred to in Section 5.03, result in a violation or breach of any provision of any law, rule, regulation, judgment, injunction, order or decree, (iii) require any consent or other action by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, could become a default, under, or cause or permit the

termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which Parent or any of its Subsidiaries is entitled under any provision of any agreement or other instrument binding upon Parent or any of its Subsidiaries or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of the Parent and its Subsidiaries or (iv) result in the creation or imposition of any Lien on any asset of the Parent or any of its Subsidiaries, except for those contraventions, conflicts and violations referred to in clause (ii) and for those failures to obtain any such consent or other action, defaults, terminations, cancellations, accelerations, changes, losses or Liens referred to in clauses (iii) and (iv) that would not materially impair or delay the ability of Parent and MergerSub to consummate the transactions contemplated by this Agreement.

Section 5.05. *Disclosure Documents.* None of the information provided or to be provided in writing by Parent for inclusion in the Company Proxy Statement or any amendment or supplement to the Company Proxy Statement, at the time the Company Proxy Statement or any amendment or supplement to the Company Proxy Statement is first mailed to stockholders of the Company and at the time the stockholders vote on adoption of this Agreement, will contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made in any such document, in the light of the circumstances under which they were made, not misleading.

Section 5.06. *Finders’ Fees.* Except for Wachovia Securities, whose fees will be paid by Parent, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Parent who is entitled to any fee or commission from the Company or any of its Affiliates upon consummation of the transactions contemplated by this Agreement.

Section 5.07. *Financing.* Parent has sufficient cash, available lines of credit or other sources of immediately available funds to satisfy its obligations under this Agreement and in connection with the transactions contemplated by this Agreement.

ARTICLE 6  
COVENANTS OF THE COMPANY

The Company agrees that:

Section 6.01. *Conduct of the Company.* From the date of this Agreement until the Effective Time, the Company and its Subsidiaries shall conduct their business in the ordinary course consistent with past practice and shall use all commercially reasonable efforts to (i) preserve intact its present business organization, (ii) maintain in effect all material foreign, federal, state and local licenses, approvals and authorizations, including, without limitation, all material

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licenses and permits that are required for the Company or any Company Subsidiary to carry on its business, (iii) keep available the services of its officers and key employees, and (iv) maintain satisfactory relationships with its material customers, lenders, suppliers and others having material business relationships with it. Without limiting the generality of the foregoing, except as set forth in Schedule 6.01 or as expressly contemplated by this Agreement, from the date of this Agreement until the Effective Time, without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), the Company shall not, nor shall it permit any Company Subsidiary to:

(a) amend the Company's articles of incorporation or by-laws;

(b) split, combine or reclassify any shares of capital stock of the Company or any less than wholly owned Company Subsidiary or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any of its securities or any securities of any Company Subsidiary, except for regular dividends by less than wholly owned Company Subsidiaries on a *pro rata* basis to the equity owners thereof;

(c) (i) issue, deliver or sell, or authorize the issuance, delivery or sale of, any shares of its capital stock of any class or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such capital stock or any such convertible securities, other than the issuance of any shares of the Company Common Stock upon the exercise of Company Stock Options that are outstanding under the Stock Plans on the date of this Agreement in accordance with the present terms of those options or (ii) amend any term of any outstanding Company Security or Subsidiary Security;

(d) other than in connection with transactions permitted by Section 6.01(e), incur any capital expenditures or any obligations or liabilities in respect thereof, except for (i) those contemplated by the capital expenditure budget for the Company and the Company Subsidiaries attached as Schedule 6.01(d) and (ii) any unbudgeted capital expenditures not to exceed \$500,000 individually or \$1,000,000 in the aggregate;

(e) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, other than in the ordinary course of business of the Company and the Company Subsidiaries in a manner that is consistent with past practice;

(f) other than sales in the ordinary course of business consistent with past practice, sell, lease, encumber or otherwise transfer, any assets having a fair market value exceeding \$100,000 in any one transaction or \$250,000 in the aggregate;

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(g) other than in connection with actions permitted by Section 6.01(d), (i) make any loans, advances or capital contributions to, or investments in, any other Person, other than pursuant to any existing contract with or other legal obligation to that Person or in the ordinary course of business consistent with past practice or (ii) create, incur, assume, suffer to exist or otherwise be liable with respect to, any indebtedness or guarantees thereof having an aggregate principal amount outstanding at any time greater than \$1,000,000;

(h) (i) enter into any agreement or arrangement that limits or otherwise restricts the Company, any Company Subsidiary or any of their respective Affiliates or any successor thereto or that could, after the Effective Time, limit or restrict the Company, any Company Subsidiary, the Surviving Corporation, Parent or any of their respective Affiliates, from engaging or competing in any line of business, in any territory or location or with any Person or (ii) enter into, amend or modify in any material respect or terminate any Material Contract of the Company or any Company Subsidiary (other than any termination pursuant to the lapse of the term of any such Material Contract) or otherwise waive, release or assign any material rights, claims or benefits of the Company or any Company Subsidiary;

(i) (i) other than across-the-board increases to non-executive employees in the ordinary course of business consistent with past practices, increase the amount of compensation of any director or executive officer or, except as required by an existing agreement, make any increase in any employee benefits, (ii) other than pursuant to the terms of any existing Employee Plan or as may be required by applicable law, grant any severance or termination pay to any director, officer or employee of the Company or any Company Subsidiary, (iii) enter into any new employment contract or arrangement, (iv) adopt any additional employee benefit plan or make any contribution to any existing such plan, other than the minimum contributions required by law, (v) amend in any material respect any Employee Plan or (vi) enter into or amend any agreement, contract or arrangement with any current or former director, officer, employee (or any individual hired in any such capacity) or commit to provide any payment to any such individual that would have been required to be disclosed on Schedule 4.18(e) if any such commitment existed on or before the date of this Agreement;

(j) change the Company's methods of accounting, except as required by changes in GAAP or by Regulation S-X of the Exchange Act, as concurred in by its independent public accountants;

(k) settle, or propose to settle, any litigation, investigation, arbitration, proceeding or other claim involving or against the Company or any Company Subsidiary involving an amount in controversy that is greater than \$250,000 for any individual matter or \$500,000 for all such matters (or that seeks equitable relief that is material to the Company and its Subsidiaries, taken as a whole);

(l) knowingly take any action that would make any representation or warranty of the Company in this Agreement that is qualified by materiality or

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Material Adverse Effect inaccurate; or, with regard to any representation or warranty that is not so qualified, inaccurate in any material respect, at, or as of any time before, the Effective Time; or

(m) agree, resolve or commit to do any of the foregoing;

provided that the limitations set forth in Section 6.01(a) through 6.01(m) shall not apply to any action, transaction or event occurring exclusively between the Company and any wholly owned Company Subsidiary or between any wholly owned Company Subsidiaries.

Section 6.02. *Stockholder Meeting; Proxy Material.* The Company shall cause a meeting of its stockholders (the “**Company Stockholder Meeting**”) to be duly called and held as soon as reasonably practicable for the purpose of voting on the approval and adoption of this Agreement and the Merger. Subject to Section 6.03(b), the Board of Directors of the Company shall recommend approval and adoption of this Agreement and the Merger by the Company’s stockholders. In connection with that meeting, the Company shall (i) promptly prepare and file with the SEC, use all commercially reasonable efforts to have cleared by the SEC and thereafter mail to its stockholders as promptly as practicable the Company Proxy Statement and all other proxy materials for that meeting, (ii) use all commercially reasonable efforts to obtain the necessary approvals by its stockholders of this Agreement and the transactions contemplated by this Agreement and (iii) otherwise comply with all legal requirements applicable to that meeting.

Section 6.03. *No Solicitation; Other Offers.* (a) Neither the Company nor any of its Subsidiaries shall, nor shall the Company or any of its Subsidiaries authorize or permit any of its or their officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors to, directly or indirectly, (i) solicit, initiate or take any action to facilitate the submission of any Acquisition Proposal, (ii) engage in any discussions or negotiations with, furnish any nonpublic information relating to the Company or any of its Subsidiaries or afford access to the business, properties, assets, books or records of the Company or any of its Subsidiaries to, otherwise cooperate in any way with, or knowingly assist, participate in, facilitate or encourage any effort by any Third Party that is seeking to make, or has made, an Acquisition Proposal, (iii) grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of the Company or any of its Subsidiaries or (iv) enter into any agreement with respect to an Acquisition Proposal (other than a confidentiality agreement in compliance with Section 6.03(b)(ii) or a letter of intent or any agreement or contract accepting any Superior Proposal in accordance with Section 10.01(d)).

(b) Notwithstanding the foregoing, the Board of Directors of the Company, directly or indirectly through advisors, agents or other intermediaries, may (i) subject to the Company’s compliance with Sections 6.03(a) and 6.03(c), engage in negotiations or discussions with any Third Party that submits a *bona*

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*fide*, unsolicited written Acquisition Proposal that the Board of Directors reasonably believes will lead to a Superior Proposal, (ii) furnish to that Third Party nonpublic information relating to the Company or any of its Subsidiaries pursuant to a confidentiality agreement with terms no less favorable to the Company than those contained in the Confidentiality Agreement dated as of March 3, 2004 between the Company and Parent (the “**Confidentiality Agreement**”) (a copy of which shall be provided to Parent), (iii) following receipt of any such Acquisition Proposal, fail to make, withdraw, or modify in a manner adverse to Parent its recommendation to its stockholders referred to in Section 6.02 of this Agreement or fail to call the Company Stockholder Meeting in accordance with Section 6.02 of this Agreement and/or (iv) take any non-appealable, final action that any court of competent jurisdiction orders the Company to take, but in each case referred to in the foregoing clauses (i) through (iv) only if the Board of Directors of the Company determines in good faith, after consultation with its outside legal counsel, that such action is likely to be required in order for its directors to comply with their fiduciary duties under applicable law. Nothing contained in this Agreement shall prevent the Board of Directors of the Company from complying with Rule 14e-2(a) under the 1934 Act with regard to an Acquisition Proposal.

(c) The Board of Directors of the Company shall not take any of the actions referred to in Sections 6.03(b)(i) through (b)(iv) unless the Company shall have delivered to Parent, no later than substantially contemporaneously with the taking of that action, a written notice advising Parent that it is taking (or intends to take) that action, and the Company shall continue to keep Parent reasonably current with any developments after taking that action. In addition, the Company shall notify Parent promptly (but in no event later than 24 hours) after receipt by the Company (or any of its advisors) of any Acquisition Proposal or of any request for information relating to the Company or any of its Subsidiaries or for access to the business, properties, assets, books or records of the Company or any of its Subsidiaries (other than such components of such businesses, properties or assets that are generally accessible to the public) by any Third Party that has made, an Acquisition Proposal. The Company shall provide that notice orally and in writing and shall identify the Third Party making, and the material terms and conditions of, any such Acquisition Proposal, indication or request. The Company shall keep Parent informed in all material respects, on a prompt basis, of the status and material details of any such Acquisition Proposal, indication or request. The Company shall, and shall cause its Subsidiaries and the advisors, employees and other agents of the Company and its Subsidiaries to, cease immediately and cause to be terminated any and all existing activities, discussions or negotiations, if any, with any Third Party conducted prior to the date of this Agreement with respect to any Acquisition Proposal and shall use all commercially reasonable efforts to cause any such party (or its agents or advisors) in possession of confidential information about the Company that was furnished by or on behalf of the Company to return or destroy all of that information.

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(d) “**Superior Proposal**” means any *bona fide*, unsolicited written Acquisition Proposal for at least a majority of the outstanding shares of Company Common Stock on terms that the Board of Directors of the Company determines in good faith, after considering the advice of its outside counsel and a financial advisor of nationally recognized reputation and taking into account all of the terms and conditions of the Acquisition Proposal, including any break-up fees, expense reimbursement provisions and conditions to consummation, is (i) reasonably likely to be consummated and (ii) would, if consummated, result in a transaction more favorable to all of the Company’s stockholders from a financial point of view than as provided hereunder and for which financing, to the extent required, is then fully committed or reasonably determined to be available by the Board of Directors of the Company.

Section 6.04. *Tax Matters.* (a) From the date hereof until the Effective Time, neither the Company nor any of its Subsidiaries shall make or change any Tax election, change any annual tax accounting period, adopt or change any method of tax accounting, file any amended Tax Returns or claims for Tax refunds, enter into any closing agreement, surrender any Tax claim, audit or assessment, surrender any right to claim a Tax refund, offset or other reduction in Tax liability surrendered, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or take or omit to take any other action, if any such action or omission, considered in the aggregate, would have the effect of materially increasing the Tax liability or reducing any Tax Asset of the Company or any of its Subsidiaries.

(b) The Company and each of its Subsidiaries shall establish or cause to be established in accordance with GAAP on or before the Effective Time an adequate accrual for all Taxes due with respect to any period ending prior to or as of the Effective Time.

(c) All transfer, documentary, sales, use, stamp, registration, value added and other Taxes and fees (including any penalties and interest) incurred in connection with the Merger (including any real property transfer tax and any similar Tax) shall be paid by the Company when due, and the Company shall, at its own expense, file all necessary Tax returns and other documentation with respect to all of those Taxes and fees, and, if required by applicable law, the Company shall, and shall cause its Affiliates to, join in the execution of any such Tax returns and other documentation.

Section 6.05. *Intellectual Property Rights.* (a) Except as may be consented to in writing by Parent, after the date of this Agreement and before the Effective Time:

(i) the Company and its Subsidiaries will make payments and take such other actions as are reasonably necessary to maintain material Company Registered Intellectual Property Rights, including the payment of any registration, maintenance or renewal fees or the filing of any responses to office actions by the patent, copyright, trademark or other

authorities in the United States or foreign jurisdictions, documents, applications or certificates for the purposes of obtaining, maintaining, perfecting or preserving or renewing such material Company Registered Intellectual Property Rights, provided that the Company shall not be obligated to do so in any instance in which the Company deems such action unnecessary or inadvisable in its reasonable business judgment not inconsistent with past practices;

(ii) the Company and its Subsidiaries will provide information to Parent upon the Parent's reasonable written request about the status of any pending applications for material Company Registered Intellectual Property Rights and, subject to compliance with any anti-trust or other legal requirements, allow Parent to provide instruction and direction as to the prosecution of such applications in a timely manner so as not to hinder or unduly delay or inconvenience the Company's prosecution activities; and

(iii) neither the Company nor any of its Subsidiaries will license or will commit to license any of the material Owned Intellectual Property Rights or the material Licensed Intellectual Property Rights, except in the ordinary course of business not inconsistent with past practices.

(b) Prior to the Effective Time, the Company will provide Parent with a list of actions that to the Knowledge of the Company (but for the avoidance of doubt excluding knowledge merely of outside counsel or other third person representatives of the Company or its Subsidiaries) must be taken by the Company or any Subsidiary of the Company within sixty (60) calendar days immediately following the Effective Time, including the payment of any registration, maintenance or renewal fees or the filing of any responses to PTO office actions, documents, applications or certificates, for the purposes of obtaining, maintaining, perfecting, preserving or renewing any Company Registered Intellectual Property Rights.

(c) For purposes of Sections 4.21 and 6.05, each trademark (viewing all rights therein and registrations and applications for registration therefor in the aggregate and taken as a whole in each of the United States, Canada, the European Union, Mexico, Japan, South Korea, Switzerland, People's Republic of China, Chile, Russia, Australia and New Zealand) identified in the following list shall be deemed "material": VANS, SWITCH, PRO-TEC, OFF THE WALL, VANS OFF THE WALL and TRIPLE CROWN.

#### ARTICLE 7 COVENANTS OF PARENT

Parent agrees that:

Section 7.01. *Obligations of MergerSub.* Parent shall take all action necessary to cause MergerSub to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement.

Section 7.02. *Voting of Shares.* Parent shall vote all shares of Company Common Stock beneficially owned by it or any of its Subsidiaries in favor of adoption of this Agreement at the Company Stockholder Meeting.

Section 7.03. *Indemnification; Directors' and Officers' Insurance.* Parent shall cause the Surviving Corporation, and the Surviving Corporation hereby agrees, to do the following:

(a) From and after the Effective Time, the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, indemnify and hold harmless any Person who is now, or has been at any time prior to the date of this Agreement or who becomes such prior to the Effective Time, an officer or director of the Company or any of its Subsidiaries (each, an "**Indemnified Person**") from and against, and defend any Indemnified Person from and reimburse any Indemnified Person for, (i) any and all losses, claims, damages, out-of-pocket costs and expenses (including reasonable and documented attorneys' fees), fines, liabilities and judgments and amounts that are paid in settlement arising out of or in connection with any claim, action, suit, proceeding or investigation (A) to the extent based on, or arising out of, the fact that such Person is or was a director or officer of the Company or any of its Subsidiaries pertaining to any action or omission existing or occurring at or prior to the Effective Time and whether asserted or claimed prior to, at or after the Effective Time or (B) to the extent based on, or arising out of, or pertaining to, this Agreement or the transactions contemplated hereby and (ii) without limitation to clause (i), but only to the extent based on, arising out of, or pertaining to, the matters described in the immediately preceding clauses (A) and (B), to the fullest extent permitted by Delaware Law or any other applicable laws or provided under the Company's certificate of incorporation and bylaws in effect on the date of this Agreement, or any applicable indemnification agreement or other document providing for indemnification in existence on the date of this Agreement; *provided* that such indemnification shall be subject to any limitation imposed from time to time under applicable law. The Surviving Corporation will, and the Parent will cause the Surviving Corporation to, pay all reasonable and documented out-of-pocket expenses (including reasonable attorneys' fees) of each Indemnified Person incurred in defending against or investigating any such claim, action, suit, investigation or proceeding with respect to which such Indemnified Person is seeking indemnification hereunder promptly after being invoiced therefor (subject to having received an undertaking from such Indemnified Person to reimburse such expenses if it is subsequently determined that the Indemnified Person is not entitled to indemnification under applicable law).

(b) Parent shall be jointly and severally liable with the Surviving Corporation for the performance of the Surviving Corporation's obligations under this Section 7.03.

(c) Upon receipt by an Indemnified Person of actual notice of a claim, action or proceeding against such Indemnified Person in respect of which indemnity may be sought pursuant to this Section 7.03, such Indemnified Person shall promptly notify the Surviving Corporation with respect thereto. In addition, an Indemnified Person shall promptly notify the Surviving Corporation after any action is commenced (by way of service with a summons or other legal process giving information as to the nature and basis of the claim) against such Indemnified Person. In any event, failure so to notify the Surviving Corporation shall not relieve the Surviving Corporation or Parent from any liability which the Surviving Corporation or Parent may have on account of this indemnity or otherwise, except to the extent the Surviving Corporation shall have been materially prejudiced by such failure. The Surviving Corporation may, at its election (such election to be made within 30 days of receipt of the summons or other legal process referred to above), and, if requested by an Indemnified Person, shall (within 30 days of receipt of a request thereto), assume the defense of and control any litigation or proceeding in respect of which indemnity may be sought hereunder, including the employment of counsel reasonably satisfactory to the Indemnified Person and the payment of the fees and expenses of such counsel, in which event, except as provided below, the Surviving Corporation shall not be liable for the fees and expenses of any other counsel retained by an Indemnified Person in connection with such litigation or proceeding. The Indemnified Person may assume the defense of and control any such litigation or proceeding if within the applicable period specified in the immediately preceding sentence the Surviving Corporation shall not assume the defense of such matter. In the case of any proceeding or litigation the defense and control of which the Indemnified Person shall have assumed in accordance with this Section 7.03(c), (i) the Indemnified Party may retain its own counsel, (ii) the Surviving Corporation shall, and the Parent shall cause the Surviving Corporation to, pay all reasonable and documented fees and expenses of such counsel promptly after receipt of any invoices with respect thereto (subject to having received an undertaking from such Indemnified Person to reimburse such expenses if it is subsequently determined that the Indemnified Person is not entitled to indemnification under applicable law), and (iii) the Surviving Corporation shall use reasonable efforts to assist in the defense of any such matter. In any such litigation or proceeding the defense of which the Surviving Corporation shall have so assumed, any Indemnified Person shall have the right to participate in (but not control) such litigation or proceeding and to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person, unless representation of both parties by the same counsel would, in the good faith opinion of outside counsel to the Surviving Corporation,

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paid by the Surviving Corporation). In any litigation or proceeding of which the Surviving Corporation shall have assumed the defense in which equitable relief or criminal penalties are sought, the Surviving Corporation shall not settle such matter without the prior written consent of the Indemnified Person (which consent shall not be unreasonably withheld or delayed), and no Indemnified Person shall be required to agree to settle such matter unless such settlement (x) includes an unconditional release of such Indemnified Person from all liability arising out of or in connection with such matter, (y) does not include any admission of fault, culpability or a failure to act by, or on behalf of, such Indemnified Person or payment of any money by such Indemnified Person and (z) does not result in the imposition against such Indemnified Person of injunctive or other equitable relief. The Surviving Corporation shall not be liable for any settlement of any litigation or proceeding effected without its written consent (which consent shall not be unreasonably withheld or delayed), but if settled with such consent or if there be a final judgment for the plaintiff, the Surviving Corporation agrees to indemnify the Indemnified Person from and against any loss or liability by reason of such settlement or judgment to the extent that such Indemnified Person is entitled to such indemnification under this Section 7.03; *provided* that, if the Surviving Corporation shall not have assumed the defense of any litigation or proceeding, the Indemnified Person may settle any such litigation or proceeding with the consent of the Surviving Corporation (which consent shall not be unreasonably withheld or delayed), in which case the Surviving Corporation shall be liable for such settlement and promptly indemnify the Indemnified Person from and against any liability by reason of such settlement.

(d) For six years after the Effective Time, the Surviving Corporation shall provide officers' and directors' liability insurance in respect of acts or omissions occurring prior to the Effective Time covering each such Indemnified Person currently covered by the Company's officers' and directors' liability insurance policy on terms with respect to coverage and amount no less favorable than those of that policy in effect on the date of this Agreement (to the extent that those terms are reasonably available in the directors' and officers' insurance market at that time); *provided* that, in satisfying its obligation under this Section 7.03, the Surviving Corporation shall not be obligated to pay an aggregate premium amount in excess of the aggregate amount set forth in Schedule 7.03(d).

(e) If Parent, the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of that consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume all of the obligations set forth in this Section 7.03.

(f) The rights of each Indemnified Person under this Section 7.03 shall be in addition to any rights to indemnification and exculpation of personal

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liability that such Person may have under the certificate of incorporation or bylaws of the Company or the certificate of incorporation or bylaws of any of its Subsidiaries, or under Delaware Law or any other applicable laws or under any agreement of any Indemnified Person with the Company or any of its Subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her personal representatives.

Section 7.04. *Delisting and Deregistration.* The Surviving Corporation shall use all commercially reasonable efforts to cause the Company Common Stock to be no longer quoted on the NASDAQ and deregistered under the Exchange Act as soon as practicable following the Effective Time.

Section 7.05. *Employee Matters.* (a) Parent shall cause the Surviving Corporation and/or any of its Subsidiaries, as applicable, effective on and after the Effective Time, to honor and assume and agree to perform the obligations of the Company or any of its Subsidiaries under the Employee Plans and all employment, severance, termination, change of control, consulting and collective bargaining agreements to which the Company or any Subsidiary is a party, in each case, to the extent the Company or any of its Subsidiaries would have been required to perform such plan or agreement.

(b) Parent agrees that, for at least one year following the Effective Time, subject to applicable law, Parent will provide, or cause to be provided, to the individuals who are employees of the Company and its Subsidiaries as of the Effective Time (the "**Transferred Employees**") benefits materially no less favorable in the aggregate than those currently provided by the Company and its Subsidiaries to such employees or, at the election of Parent, materially no less favorable, in the aggregate, than the benefits provided from time to time to similarly situated employees of Parent and its Subsidiaries (other than any stock option or other equity based incentive plan currently provided by the Company) and Parent shall cause to be provided to any Transferred Employee who is terminated during the one-year period following the Effective Time, severance benefits no less favorable than those described in Schedule 4.18(a). Notwithstanding the foregoing, nothing herein shall otherwise limit Parent's right to amend, modify or terminate any Employee Plan.

(c) Parent agrees that each employee of the Company and its Subsidiaries will receive service credit for all periods of employment with the Company and its Subsidiaries or any predecessors thereto prior to the Effective Time for purposes of participation eligibility and vesting under any employee benefit plan of Parent or its Affiliates in which such employee participates after the Effective Time to the extent that such service was recognized under any analogous Employee Plan of the Company or its Subsidiaries in effect immediately prior to the Effective Time (but not for other purposes, including, but not limited to, benefit accruals, benefit determinations or eligibility for early retirement or special separation programs).

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(d) For purposes of each new or existing employee benefit plan of Parent or its Affiliates providing medical, dental, pharmaceutical or vision benefits to any employee of the Company or its Subsidiaries, Parent or its Affiliates shall cause all pre-existing condition exclusions and actively-at-work requirements of such new or existing employee benefit plan of Parent or its Affiliates to be waived for such employee and his or her covered dependents, to the extent such exclusions were not applicable or requirements were waived under the corresponding Employee Plan, and Parent or its Affiliates shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Employee Plan ending on the date such employee's participation in the corresponding new or existing employee benefit plan of Parent or its Affiliates begins to be taken into account under such new or existing employee benefit plan of Parent or its Affiliates for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and/or his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such new or existing employee benefit plan.

(e) Nothing in this Section 7.05 will be or be deemed to be for the benefit of or enforceable by, any person who is not a party hereto, including, without limitation, any employee of the Company, the Surviving Corporation or any of their respective Affiliates or shall be deemed to limit the Surviving Corporation's or its Affiliates' ability to modify or eliminate any Employee Plan.

ARTICLE 8  
COVENANTS OF PARENT AND THE COMPANY

The parties to this Agreement agree that:

Section 8.01. *All Commercially Reasonable Efforts.* (a) Subject to the terms and conditions of this Agreement, each of the Company and Parent shall use all commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement, including (i) preparing and filing as promptly as practicable with any Governmental Entity or other third party all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (ii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Entity or other third party that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement; *provided* that for these purposes, all commercially reasonable efforts of any of the Company, Parent and/or MergerSub shall not be deemed to include (i) entering into any settlement, undertaking, consent decree, stipulation or agreement or agreeing to any order regarding antitrust matters in connection with any objections of any Governmental Entity to

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the transactions contemplated by this Agreement or (ii) divesting or otherwise holding separate (including by establishing a trust or otherwise), or taking any other action (or otherwise agreeing to do any of the foregoing) with respect to any material portion of its and/or its Subsidiaries' (or the Surviving Corporation's) business, assets or properties.

(b) In furtherance and not in limitation of the foregoing, each of Parent and the Company shall make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated by this Agreement as promptly as practicable and in any event within 10 Business Days of the date of this Agreement and supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable.

Section 8.02. *Certain Filings.* (a) The Company and Parent shall cooperate with one another (i) in connection with the preparation of the Company Proxy Statement, (ii) in determining whether any action by or in respect of, or filing with, any Governmental Entity is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement and (iii) in taking those actions or making any such filings, furnishing information required in connection therewith or with the Company Proxy Statement and seeking timely to obtain any such actions, consents, approvals or waivers.

(b) Parent and its counsel shall be given a reasonable opportunity to review and comment on the Company Proxy Statement, each time before that document (or any amendment or supplement thereto) is filed with the SEC, and reasonable and good faith consideration shall be given to any comments made by that party and its counsel. Each of Parent and the Company shall provide the other party and its counsel with (i) any comments or other communications, whether written or oral, that such party or its counsel may receive from time to time from the SEC or its staff with respect to the Company Proxy Statement promptly after receipt of those comments or other communications and (ii) a reasonable opportunity to participate in the response to those comments and to provide comments on that response (to which reasonable and good faith consideration shall be given), including by participating in any discussions or meetings with the SEC.

(c) Before any Merger Communication of Parent, the Company or any of their respective "participants" (as defined in Item 4 of Schedule 14A of the 1934 Act) is (i) disseminated to any investor, analyst, member of the media, employee, client, customer or other third party or otherwise made accessible on the website of Parent, the Company or any such participant, as applicable (whether in written, video or oral form via webcast, hyperlink or otherwise), or (ii) utilized by any officer, senior manager, key employee or advisor of Parent, the

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Company or any such participant, as applicable, as a script in discussions or meetings with any such third parties, Parent or the Company, as the case may be, shall (or shall cause any such participant to) provide the other such party and its counsel with a reasonable opportunity to review any such Merger Communication for purposes of, among other things, determining whether that communication constitutes "soliciting material" that is required to be filed by Rule 14a-6(b) or Rule 14a-12(b) of the 1934 Act, as applicable. Parent and MergerSub or the Company, as applicable, shall (or shall cause any such participant to) give reasonable and good faith consideration to any comments made by the other such party or parties and their counsel on any such Merger Communication. For purposes of the foregoing, the term "**Merger Communication**" shall mean, with respect to any Person, any document or other written communication prepared by or on behalf of that Person, or any document or other material or information posted or made accessible on the website of that Person (whether in written, video or oral form via webcast, hyperlink or otherwise), that is related to any of the transactions contemplated by this Agreement and, if reviewed by a holder of Company Common Stock, could reasonably be deemed to constitute a "solicitation" of "proxies" (in each case, as defined in Rule 14a-1 of the 1934 Act) in favor of the Merger.

Section 8.03. *Public Announcements.* Parent and the Company shall consult with each other before issuing any press release, making any other public statement or scheduling any press conference or conference call with investors or analysts with respect to this Agreement or the transactions contemplated by this Agreement and, except as may be required by applicable law, order of a court of competent jurisdiction or any listing agreement with or rule of any national securities exchange or association, shall not issue any such press release, make any such other public statement or schedule any such press conference or conference call before that consultation.

Section 8.04. *Further Assurances.* At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Company or MergerSub, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or MergerSub, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

Section 8.05. *Access to Information.* From the date of this Agreement until the Effective Time and subject to applicable law and the Confidentiality Agreement, the Company shall, upon reasonable notice, (i) give Parent, its counsel, financial advisors, auditors and other authorized representatives reasonably full access to the offices, properties, books and records of the Company (including access to perform physical examinations and to take samples of the soil, ground water, air, products or other areas as desired by that other

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party), (ii) furnish to Parent, its counsel, financial advisors, auditors and other authorized representatives all financial and operating data and other information as those Persons may reasonably request and (iii) instruct its employees, counsel, financial advisors, auditors and other authorized representatives to cooperate with Parent in its investigation; *provided* that the foregoing shall not require the Company (A) to permit any inspection, or to disclose any information, that in the reasonable judgment of the Company would result in the disclosure of any trade secrets of third parties or violate any of its obligations with respect to confidentiality if the Company shall have used all commercially reasonable efforts to obtain the consent of such third party to such inspection or disclosure or (B) to disclose any attorney-client privileged information of the Company or any of its Subsidiaries. Any investigation pursuant to this Section shall be conducted in a manner so as not to interfere unreasonably with the conduct of the business of the Company. No information or knowledge obtained in any investigation pursuant to this Section shall affect or be deemed to modify any representation or warranty made by any party hereunder.

Section 8.06. *Notices of Certain Events.* Each of the Company and Parent shall promptly notify the other of:

(a) any notice or other communication from any Person alleging that the consent of that Person is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any Governmental Entity in connection with the transactions contemplated by this Agreement; and

(c) any actions, suits, claims, investigations or proceedings commenced or, to its Knowledge, threatened against, relating to or involving or otherwise affecting the Company or any of its Subsidiaries or Parent and any of its Subsidiaries, as the case may be, that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Sections 4.13, 4.14, 4.17, 4.18, 4.19, or 4.21, as the case may be, or that relate to the consummation of the transactions contemplated by this Agreement.

(d) any inaccuracy of any representation or warranty contained in this Agreement at any time during the term hereof that could reasonably be expected to cause the condition set forth in Section 9.02(a) not to be satisfied; and

(e) any failure of such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

Section 8.07. *Takeover Statute.* If any Takeover Statute is or may become applicable to the Merger or the other transactions contemplated by this Agreement, each of Parent and the Company and their respective Board of Directors shall grant such approvals and take such actions as are necessary so that such transactions may be consummated as promptly as practicable on the terms

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contemplated hereby or by the Merger and otherwise act to eliminate or minimize the effects of such statute or regulation on such transactions.

#### ARTICLE 9 CONDITIONS TO THE MERGER

Section 9.01. *Conditions to Obligations of Each Party.* The obligations of the Company, Parent and MergerSub to consummate the Merger are subject to the satisfaction of the following conditions:

(a) this Agreement and the Merger shall have been approved and adopted by the stockholders of the Company in accordance with Delaware Law;

(b) no provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of the Merger;

(c) (i) any applicable waiting period under the HSR Act relating to the Merger shall have expired or been terminated, and (ii) all approvals, consents, actions, notices and filings that are required to have been obtained, taken or made under all other Foreign Antitrust Laws in order to consummate the Merger shall have been obtained, taken or made; and

(d) the Company shall have filed its definitive Company Proxy Statement in accordance with the provisions of the 1934 Act, and the SEC shall not have initiated an enforcement action or otherwise sought to prevent the solicitation of proxies with regard to the Merger.

Section 9.02. *Conditions to the Obligations of Parent and MergerSub.* The obligations of Parent and MergerSub to consummate the Merger are subject to the satisfaction of the following further conditions:

(a) (i) the Company shall have performed in all material respects all of its obligations required to be performed by it under this Agreement at or before the Effective Time, (ii) the representations and warranties of the Company that are contained in this Agreement and in any certificate or other writing delivered by the Company pursuant to this Agreement, disregarding all qualifications contained herein or therein relating to materiality or Material Adverse Effect, shall be true and correct at and as of the Effective Time, as if made at and as of that time (except to the extent those representations and warranties expressly relate to an earlier date, in which case as of that earlier date), *provided* that the condition set forth in this 9.02(a)(ii) shall only be deemed to have not been satisfied if the failure of any such representation(s) and warranty(ies) to be so true and correct has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (iii) no event, occurrence, development or state of circumstances or facts shall have occurred or arisen that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (iv) Parent shall have received a certificate signed by the

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Chief Executive Officer, the Chief Financial Officer and the General Counsel of the Company to the foregoing effect;

(b) there shall not have been instituted or pending any action or proceeding (or any investigation or other inquiry that would be reasonably expected to result in that action or proceeding) by any Governmental Entity or by any other Person before any court or other Governmental Entity, (i) challenging or seeking to make illegal, to delay materially or otherwise, directly or indirectly, to restrain or prohibit the consummation of the Merger or seeking to obtain material damages or (ii) seeking to restrain or prohibit Parent's ownership or operation (or that of its respective Subsidiaries or Affiliates) of all or any material portion of the business or assets of the Company and its Subsidiaries, taken as a whole, or of Parent and its Subsidiaries, taken as a whole, or to compel Parent or any of its Subsidiaries or Affiliates to dispose of or hold separate all or any material portion of the business or assets of the Company and its Subsidiaries, taken as a whole, or of Parent and its Subsidiaries, taken as a whole;

(c) there shall not have been after the date of this Agreement any statute, rule, regulation, injunction, order or decree proposed, enacted, enforced, promulgated, issued or deemed applicable to the Merger, by any Governmental Entity, other than the application of the waiting period provisions of the HSR Act to the Merger and any applicable waiting periods under the Foreign Antitrust Laws, that, in the reasonable judgment of Parent, is likely, directly or indirectly, to result in any of the consequences referred to in clauses (i) or (ii) of paragraph (b) above;

(d) the Company shall have delivered a certification, in a form reasonably acceptable to Parent and the Company, dated not more than 30 days before the Effective Time and signed by the Company to the effect that the Company is not, nor has it been within five years of the date of the certification, a "United States real property holding corporation" as defined in Section 897 of the Code.

(e) All consents, approvals, assignments, waivers, authorizations or other certificates from third parties respecting which the failure to obtain, individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect shall have been duly executed by such third parties.

(f) The holders of not more than 8.5% of the outstanding shares of Company Common Stock shall have demanded appraisal of their shares in accordance with Delaware Law.

Section 9.03. *Conditions to the Obligations of the Company.* The obligations of the Company to consummate the Merger are subject to the satisfaction of the following further conditions:

(a) (i) each of Parent and MergerSub shall have performed in all material respects all of its obligations hereunder required to be performed by it at

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or prior to the Effective Time, (ii) the representations and warranties of Parent and MergerSub contained in this Agreement and in any certificate or other writing delivered by Parent or MergerSub pursuant to this Agreement shall be true in all material respects at and as of the Effective Time as if made at and as of that time, and (iii) the Company shall have received a certificate signed by the Chief Executive Officer and Chief Financial Officer of Parent to the foregoing effect.

#### ARTICLE 10 TERMINATION

Section 10.01. *Termination.* This Agreement may be terminated and the Merger may be abandoned at any time before the Effective Time:

(a) by mutual written agreement of the Company and Parent;

(b) by either the Company or Parent, if:

(i) the Merger has not been consummated on or before (A) August 15, 2004 if the SEC has completed its review of the Company Proxy Statement by July 1, 2004 or (B) November 15, 2004 in all other cases (the “**End Date**”); *provided* that the right to terminate this Agreement pursuant to this Section 10.01(b)(i) shall not be available to any party whose breach of any provision of this Agreement is a proximate cause of the failure of the Merger to be consummated by that time;

(ii) (A) there shall be any law or regulation that makes consummation of the Merger illegal or otherwise prohibited, or (B) any judgment, injunction, order or decree of any Governmental Entity having competent jurisdiction enjoining the Company, MergerSub or Parent from consummating the Merger is entered;

(iii) this Agreement shall not have been approved and adopted in accordance with Delaware Law by the Company’s stockholders at the Company Stockholder Meeting (or any adjournment of that meeting); or

(iv) as permitted by Section 6.03, at any time before the approval and adoption of this Agreement and the Merger by the stockholders of the Company, (A) the Board of Directors of the Company shall have failed to make or withdrawn, or modified in a manner adverse to Parent, its approval or recommendation of this Agreement or the Merger, or shall have failed to call the Company Stockholder Meeting in accordance with Section 6.02, (B) the Board of Directors of the Company shall have approved or publicly recommended any Acquisition Proposal or (C) the Company shall have decided to enter into any letter of intent or any agreement or contract accepting any Superior Proposal, *provided* that (x) the Company shall have paid any amounts due pursuant to Sections 11.04(b) and 11.04(c) in accordance with the terms, and at the times,

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specified in those Sections, and (y) in the case of any such termination by the Company, (i) the Company notifies Parent, in writing at least 5 Business Days before that termination, promptly of its intention to terminate this Agreement and to enter into a binding written agreement concerning an Acquisition Proposal that constitutes a Superior Proposal, attaching the most current version of that agreement, and (ii) Parent does not make, within 5 Business Days of receipt of that written notification, an offer that would reasonably be concluded to be at least as favorable to the stockholders of the Company as that Superior Proposal, it being understood that the Company shall not enter into any such binding agreement during that 5-Business Day period.

(c) by Parent, if (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause the condition set forth in Section 9.02(a) not to be satisfied, and such condition is incapable of being satisfied by the End Date or (ii) any of the directors, officers, investment bankers, or outside counsel of the Company shall have committed any willful and material breach of Section 6.03.

(d) by the Company, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Parent or MergerSub set forth in this Agreement shall have occurred that would cause the condition set forth in Section 9.03(a) not to be satisfied, and that condition is incapable of being satisfied by the End Date.

The party desiring to terminate this Agreement pursuant to this Section 10.01 (other than pursuant to Section 10.01(a)) shall give notice of that termination to the other party.

Section 10.02. *Effect of Termination.* If this Agreement is terminated pursuant to Section 10.01, this Agreement shall become void and of no effect without liability of any party or any of its Affiliates (or any stockholder, director, officer, employee, agent, consultant or representative of that party or any of its Affiliates) to the other party to this Agreement; *provided* that, if that termination shall result from the willful (i) failure of any party to fulfill a condition to the performance of the obligations of the other party or (ii) failure of any party to perform a covenant of this Agreement, that party shall be fully liable for any and all liabilities and damages incurred or suffered by the other part(ies) as a result of that failure. The provisions of this Section 10.02 and Sections 10.02, 11.04, 11.05, 11.06, 11.07 and 11.08 shall survive any termination of this Agreement pursuant to Section 10.01.

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#### ARTICLE 11 MISCELLANEOUS

Section 11.01. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission and electronic mail (“**e-mail**”)) transmission, so long as a receipt of that e-mail is requested and received) and shall be given as follows:

if to Parent or MergerSub, to:

VF Corporation  
105 Corporate Center Blvd.  
Greensboro, NC 27408  
Attention: Candace S. Cummings,  
Vice President – Administration,  
General Counsel and Secretary  
Facsimile No.: (336) 424-7696  
E-mail: candace\_cummings@vfc.com

with a copy to:

Davis Polk & Wardwell  
1600 El Camino Real  
Menlo Park, California 94025  
Attention: John D. Amorosi  
Facsimile No.: (650) 752-2111  
(212) 450-3010  
E-mail: amorosi@dpw.com

if to the Company, to:

Vans, Inc.  
15700 Shoemaker Avenue  
Santa Fe Springs, CA 90670  
Attention: General Counsel  
Facsimile No.: (562) 565-8413  
E-mail: cgosselin@vans.com

with a copy to:

Sullivan & Cromwell LLP  
1888 Century Park East  
Suite 2100  
Los Angeles, CA 90067  
Attention: Alison Ressler  
Facsimile No.: (310) 712-8800  
E-mail: resslera@sullcrom.com

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or to any other address or facsimile number as that party may hereafter specify for the purpose by notice to the other parties to this Agreement. All of those notices, requests and other communications shall be deemed received on the date of receipt by the recipient if received before 5:00 p.m. on a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding Business Day in the place of receipt.

Section 11.02. *Survival of Representations and Warranties.* The representations, warranties, covenants and agreements contained in this Agreement and in any certificate or other writing delivered pursuant to this Agreement shall not survive the Effective Time, except for the agreements set forth in Section 7.03.

Section 11.03. *Amendments and Waivers.* (a) Any provision of this Agreement may be amended or waived before the Effective Time if, but only if, that amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or, in the case of a waiver, by each party against whom the waiver is to be effective; *provided* that, after the adoption of this Agreement by the stockholders of the Company and without their further approval, no such amendment or waiver shall reduce the amount or change the kind of consideration to be received in exchange for the Shares.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 11.04. *Expenses.* (a) Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring that cost or expense. Notwithstanding the foregoing, Parent and the Company each shall pay 50% of any fees and expenses, other than attorneys' and accounting fees and expenses, incurred in respect of the printing, filing and mailing of the Proxy Statement and any amendments or supplements thereto.

(b) If a Payment Event occurs, the Company shall (i) pay Parent (by wire transfer of immediately available funds) simultaneously with the occurrence of that Payment Event, or otherwise within two Business Days following that Payment Event, a fee of \$10,900,000 (the "**Termination Fee**") and (ii) reimburse Parent promptly (but in any event within two Business Days of receipt of any invoice(s) therefor) for all of its reasonable and documented, out-of-pocket expenses incurred in connection with the transactions contemplated hereby up to a maximum of \$1,000,000.

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(c) For purposes of this Agreement, the following terms have the following meanings:

(i) "**Payment Event**" means (A) the termination of this Agreement pursuant to any of Sections 10.01(b)(iv) or 10.01(c)(ii) or (B) the termination of this Agreement pursuant to any of Section 10.01(b)(i), Section 10.01(b)(iii) or Section 10.01(c)(i) and before that termination, (x) an Acquisition Proposal shall have been publicly announced and (y) concurrently with or within 12 months after that termination, a Third Party Acquisition Event occurs.

(ii) A "**Third Party Acquisition Event**" means (A) the consummation of an Acquisition Proposal (which shall, for purposes of this defined term only, be deemed to be defined by replacing each reference to "15%" in the definition thereof (which shall otherwise remain unchanged) with a reference to "50%") or any transaction that, if it had been proposed prior to the termination of this Agreement would have constituted an Acquisition Proposal (again, as so defined) or (B) the entering into by the Company or any of its Subsidiaries of a definitive agreement with respect to any such transaction.

(d) The Company acknowledges that the agreements contained in this Section 11.04 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Parent and MergerSub would not enter into this Agreement. Accordingly, if the Company fails to pay any amount due to Parent pursuant to this Section 11.04 at the time or within the time period prescribed by this Section 11.04, it shall also pay any costs and expenses incurred by Parent or MergerSub in connection with a legal action to enforce this Agreement that results in a judgment against the Company for that amount.

(e) The Company's payment of the Termination Fee and reimbursement of Parent expenses pursuant to this Section 11.04 shall be the sole and exclusive remedy of Parent and Merger Sub against the Company and its Subsidiaries and their respective directors, officers, employees, agents, advisors or other representatives with respect to any termination of this Agreement by the Company pursuant to Section 10.01(b)(iv).

Section 11.05. *Binding Effect; Benefit; Assignment.* (a) The provisions of this Agreement shall be binding upon and, except as provided in Section 7.03, shall inure to the

benefit of the parties to this Agreement and their respective successors and assigns. Except as provided in Sections 7.03, no provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Persons other than the parties to this Agreement and their respective successors and assigns.

(b) No party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party to this Agreement, except that Parent or MergerSub may transfer or assign, in whole

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or from time to time in part, to one or more of their Affiliates, the right to enter into the transactions contemplated by this Agreement, but any such transfer or assignment shall not relieve Parent or MergerSub of its obligations hereunder.

Section 11.06. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of law rules.

Section 11.07. *Jurisdiction.* The parties to this Agreement agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any federal court located in the State of Delaware or any Delaware state court, and each of the parties hereby irrevocably consents to the jurisdiction of those courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on that party as provided in Section 11.01 shall be deemed effective service of process on that party.

Section 11.08. *WAIVER OF JURY TRIAL.* EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

Section 11.09. *Counterparts; Effectiveness.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and to this Agreement were upon the same instrument. This Agreement shall become effective when each party to this Agreement shall have received a counterpart of this Agreement signed by all of the other parties to this Agreement. Until and unless each party has received a counterpart of this Agreement signed by the other party to this Agreement, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 11.10. *Entire Agreement.* This Agreement and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

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Section 11.11. *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

Section 11.12. *Specific Performance.* The parties to this Agreement agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms of this Agreement and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions of this Agreement in any federal court located in the State of Delaware or any Delaware state court, in addition to any other remedy to which they are entitled at law or in equity.

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IN WITNESS OF THIS AGREEMENT, the parties to this Agreement have caused this Agreement to be duly executed by their respective authorized officers as of the date first written above.

**VANS, INC.**

By: /s/ Gary H. Schoenfeld  
Name: Gary H. Schoenfeld  
Title: President & CEO

**VF CORPORATION**

By: /s/ Mackey J. McDonald  
Name: Mackey J. McDonald  
Title: Chairman, President & CEO

**MCGARRETT CORP.**

By: /s/ Candace S. Cummings  
Name: Candace S. Cummings  
Title: President

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## VF TO ACQUIRE VANS, INC. FOR \$20.55 PER SHARE IN CASH

**Greensboro, NC – April 27, 2004** – VF Corporation (NYSE: VFC), the world's largest apparel company, announced that it has signed a definitive merger agreement to acquire Vans, Inc. (NASDAQ: VANS). The acquisition would launch VF into the large and growing action sports market with one of the industry's leading lifestyle brands. Vans' sales in fiscal 2003 were \$330 million, and the company has indicated that it expects sales of approximately \$346 to \$349 million in fiscal 2004, which ends May 31. The transaction, which is expected to close early in VF's third quarter, is expected to be neutral to earnings per share in 2004 and slightly accretive in 2005.

### A New Growth Engine

Mackey J. McDonald, chairman and chief executive officer of VF, said, "We are making growth happen, and we're doing it with a powerful brand that resonates strongly with its core teen consumer base. Vans is the original action sports brand, the industry leader in brand awareness. The acquisition will give us a dynamic new brand to add to our growing Outdoor portfolio, provide us with expertise in footwear and other new products and offer clear opportunities for continued top line growth. We expect that Vans' sales could reach \$500 million in the next three to five years, with the potential to meet VF's operating margin and return on capital targets."

"The combination with VF represents a great opportunity for the VANS brand to become a leader in both footwear and apparel and our Board of Directors is certainly pleased with the terms of this transaction, which it believes brings great value to the Vans shareholders," said Gary H. Schoenfeld, President and CEO of Vans. "VF has a compelling strategy to leverage its global resources through the acquisition of market leading lifestyle brands. Vans clearly fits their model, having established a proprietary position in the youth market over the past 38 years. I believe this transaction is a testament to the passion and commitment of our team and a strong endorsement of what we have accomplished."

Vans, which will become part of VF's Outdoor coalition reporting to Eric Wiseman, will continue to be based in Santa Fe Springs, California.

Said Eric Wiseman, chairman of VF's Outdoor and Sportswear Coalitions, "Vans is an excellent company managed by a great team that is completely connected to their consumer. By focusing on the whole action sports industry, the company has grown beyond its roots in skateboarding, and through events like the Vans Warped Tour and the Vans Triple Crown series, it has created a marketing platform to stay connected to its core consumers. Our first priority is to help the management team there implement their apparel and retail growth strategies. We'll leverage VF's apparel expertise and global presence to deliver the next wave of growth for Vans".

### Terms and Other Information

Pursuant to the merger agreement, VF will pay Vans shareholders \$20.55 per share in cash. The total cost of the shares, including the cashout of stock options, is approximately \$396 million.

The boards of directors of both companies have approved the merger. The merger is subject to Vans shareholder approval, receipt of customary government approvals and other customary conditions.

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April 27, 2004

VF will finance the acquisition initially through available cash and short-term commercial paper borrowings. VF anticipates that with any required borrowings the resulting ratio of debt to total capital would remain below its long-term target of 40%.

The financial adviser to VF was Wachovia Securities and the financial advisor to Vans was Goldman Sachs.

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### Conference Call Webcast

The management of both companies will be available to discuss this transaction with investors during a conference call today at 1:30 p.m. EDT, prior to VF's first quarter earnings conference call scheduled for 2:00 p.m. EDT. Interested parties should call 800-240-4186, domestic, or 303-262-2194, international to access both calls. You may also access this call via the Internet at [www.vfc.com](http://www.vfc.com).

A replay of today's call will be available through May 11 and can be accessed by dialing 800 405-2236 domestic, and 303 590-3000, international. The pass code is 578390. A replay can also be accessed at the Company's web site at [www.vfc.com](http://www.vfc.com).

### Cautionary Statement on Forward-looking Statements

Certain statements included in this release are "forward-looking statements" within the meaning of the federal securities laws. 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 risk factors that could cause the actual results of operations or financial condition of the Company to differ include, but are not limited to, the overall level of consumer spending for apparel; changes in trends in the segments of the market in which the Company or Vans competes; competitive conditions in and financial strength of our or Vans' customers or our or Vans' suppliers; actions of competitors, customers, suppliers and service providers that may impact the Company's or Vans' business; the Company's ability to integrate Vans and any other new acquisitions successfully; the Company's ability to achieve expected sales and earnings growth from Vans and any other new acquisitions; the Company's ability to complete its planned divestitures; terrorist actions; and the impact of economic and political factors in the markets where the Company or Vans 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 neither the Company nor Vans has any control. Investors are also directed to consider the risks and uncertainties discussed in documents filed by the Company or Vans with the Securities and Exchange Commission.

### Certain Additional Information

Investors and security holders are urged to read the proxy statement of Vans and any other relevant documents filed by Vans with the SEC when they become

available, as well as any amendments or supplements to those documents, because they will contain important information. Investors and security holders may obtain a free copy of documents filed with the SEC at the SEC's Internet web site at ([www.sec.gov](http://www.sec.gov)). Such documents may also be obtained free of charge from Vans by directing such request to: Vans, Inc., 15700 Shoemaker Avenue, Santa Fe Springs, California 90670, Attn: Craig Gosselin or by calling (562) 565-8267.

Vans and its directors and executive officers and certain other persons may be deemed to be participants in the solicitation of proxies from the shareholders of Vans in connection with the merger. Information about the directors and executive officers of Vans and their ownership of and interests in Vans stock is set forth in the proxy statement for Vans' 2003 Annual Meeting of Shareholders. Additional information regarding the interests of those participants may be obtained by reading the proxy statement regarding the proposed transaction when it becomes available.

#### **About VF**

VF Corporation is the world's largest apparel company and a leader in jeanswear, intimate apparel, sportswear, workwear and daypacks. Its brands include *Lee*®, *Wrangler*®, *Riders*®, *Rustler*®, *Vanity FVans*®, *Vassarette*®, *Bestform*®, *Lily of France*®, *Nautica*®, *Earl Jean*®, *John Varvatos*®, *JanSport*®, *Eastpak*®, *The North Face*®, *Lee Sport*®, *Healthtex*® and *Red Kap*®. VF Corporation's press releases,

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annual report and other information can be accessed through the Company's home page, <http://www.vfc.com>.

#### **About Vans**

Vans, Inc. is a leading branded lifestyle company for the youth market. Vans reaches its 10 to 24 year-old target consumers through the sponsorship of action sports such as skateboarding, snowboarding, surfing and wakeboarding, and through major entertainment events and venues, such as the VANS Triple Crown Series, the VANS Warped Tour®, the VANS World Amateur Skateboarding Championships, and the VANS High Cascade Snowboard Camp®, located on Mt. Hood. The Company operates 155 retail stores in the U.S. and Europe, and designs, markets and distributes active-casual footwear, clothing and accessories, performance footwear for action sports snowboard boots, strap snowboard boot bindings under its AGENCY™ brand, step-in snowboard boot bindings under its SWITCH® brand, and outerwear worldwide. The Company also offers the PRO-TEC line of protective helmets and pads through its subsidiary, Pro-Tec, Inc. Vans' website is [www.vans.com](http://www.vans.com) and its news releases, SEC filings, and other investor information can be accessed at [www.vans.biz](http://www.vans.biz).

#### Contacts:

VF Corporation: Cindy Knoebel, CFA  
VP, Financial & Corporate Communications  
VF Services, Inc.  
(336) 424-6189/(212) 841-7141

Vans, Inc.: Chad Jacobs  
CO-CEO  
Integrated Corporate Relations, Inc.  
(203) 222-9013

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